



A multibrand company



INTERIM REPORT AT 30 SEPTEMBER 2021



**DIRECTORS' REPORT ON OPERATIONS
AT 30 SEPTEMBER 2021**

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This report is available online at: www.newlat.it

Newlat Food S.p.A.

Registered Office in Reggio Emilia, Via J.F. Kennedy, 16

Paid-up share capital: Euro 43,935,050.00

Tax and VAT code 00183410653 / no. 277595 on the Economic and Administrative Index (REA) of Reggio Emilia

Company subject to management and coordination by Newlat Group S.A. pursuant to Articles 2497 et seq. of the Italian Civil Code.

The continuous search for growth through external lines led to the acquisition of 100% of the ordinary shares and voting rights of the Symington's Group in the third quarter.

The company operates in the UK and produces – both under its own brands and for third-party brands – a wide range of instant noodles (Naked) where it is a market leader in the authentic and Asian inspiration segment, soups and various ready meals under the Mug Shot brand, rice and couscous ready meals (Twistd), baked goods including croutons (Rochelle brand), cake and cake mixes (with about 75% market share in the private label segment), Chicken Tonight brand condiments and Ragu brand sauces. These products are mainly sold in the United Kingdom, the United States and Australia. The company has three production plants and a logistics distribution centre located in northern England, with annual revenues of approximately Euro 123 million.

The acquisition aims to consolidate Newlat Food's presence in the UK market, leveraging Symington's national distribution platform.

The acquisition of Symington's falls perfectly within the plans and timings envisaged by the external growth and capital utilisation strategies announced during the IPO phase, thus allowing the Newlat Group to exceed the annual revenue threshold of over Euro 600 million from August 2021.

The transaction will generate significant synergies between Newlat Food and Symington's, including:

- The instant food market.
- Cross-selling and expansion of the Group's product portfolio.
- Internalisation or production.
- Synergies in the supply of raw materials.

In a market that is still heavily influenced by the pandemic, the Group managed to maintain excellent sales, registering a slight decrease of 2.2% compared with the same period of the previous year, with an excellent performance during Q3 considering that the first half of the year ended with a dip of 3.9%. All this demonstrates the Group's ability to achieve outstanding performances that are even better than the market.

In this context, worthy of note is the excellent performance of the dairy sector which saw results +21% thanks to the acquisition of new customers in the purchase of mascarpone. There was an excellent recovery in the milk sector, which, after a drop of 5.9%, recorded a positive trend in Q3 compared with the same period of the previous year.

The other business units showed a substantial linearity with respect to the same period of the previous year, but much higher than the company forecasts and the performance of the market.

The new instant noodles segment, acquired during 2021, for the same scope of consolidation recorded a decrease of 4.3% mainly due to a greater promotional boost compared with the same period of the previous year and a contraction in demand back to pre-COVID levels.

These figures augur well for the end of the financial year and provide a solid basis to develop the guidelines of the business plan and to embark on external growth.

Growth figures by geographical area are also reassuring: +5% in the German market, which offers hope also in light of the recent acquisition of the Symington's Group and the inclusion of new products in a context of strong expansion.

Finally, the financial data once again confirm the Group's great ability to generate cash from operations, thanks also to those synergies and economies of scale that made it possible to maintain the margins recorded in the same period of the previous year (9.6% proforma EBITDA margin at 30 September 2021 v 9.8% at 30 September 2020 with the same scope of consolidation) and a net financial position improving by Euro 10.3 million and with a cash conversion of 80%.

BOARDS AND OFFICERS

Board of Directors

Name and surname	Position
Angelo Mastrolia	Executive Chairman of the Board of Directors and Director (**)
Giuseppe Mastrolia	Chief Executive Officer and Director (**)
Stefano Cometto	Chief Executive Officer and Director (**)
Benedetta Mastrolia	Director (***)
Maria Cristina Zoppo	Director (*)
Valentina Montanari	Director (*)
Eric Sandrin	Director (*) <i>Lead Independent Director</i>

(*) Independent director, pursuant to article 148 of the Consolidated Law on Finance (TUF) and article 3 of the Corporate Governance Code, who took office on the trading start date. Member of the *Control and Risks Committee*, member of the *Remuneration and Appointments Committee*, member of the *Related Party Transactions Committee*,

(**) Executive director.

(***) Non-executive director.

Board of Statutory Auditors

Name and surname	Position
Massimo Carlomagno	Chairman
Ester Sammartino	Standing Auditor
Antonio Mucci	Standing Auditor
Giovanni Carlozzi	Alternate Auditor
Giorgio de Franciscis	Alternate Auditor

Remuneration and Appointments Committee

Name and surname	Position
Eric Sandrin	Chairman
Maria Cristina Zoppo	Member
Valentina Montanari	Member

Control and Risks Committee

Name and surname	Position
Valentina Montanari	Chairman
Maria Cristina Zoppo	Member
Eric Sandrin	Member

Related Party Transactions Committee

Name and surname	Position
Maria Cristina Zoppo	Chairman
Valentina Montanari	Member
Eric Sandrin	Member

Financial Reporting Officer

Rocco Sergi

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

General information

Newlat Food S.p.A. (hereinafter also “Newlat” or the “Company” and, together with its subsidiaries, the “Newlat Group” or the “Group”) is incorporated in Italy in the form of a public limited company and operates under Italian law. The Company has its registered office at 16, Via J. F. Kennedy, Reggio Emilia.

The Newlat Group is a group operating in the food sector with a large and structured product portfolio organised into the following business units: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products, Instant Noodles and Other Products.

The Company is subject to management and coordination by the parent Newlat Group S.A. (hereinafter “Newlat Group”), a company that as at 30 September 2021 directly owns 61.64% of the share capital, while the remaining part (38.36%) is held primarily by institutional investors.

This management report contains the proforma economic, equity and financial information of the Newlat Group at 30 September 2021 and 30 September 2020, which includes the Symington's Group in the new scope of consolidation from 1 January 2020 for the purposes of a better understanding of the Group's business and economic performance.

Alternative performance indicators

The following financial report presents and comments on some financial indicators and reclassified statements (relating to the statement of financial position and the statement of cash flows) not defined by IFRSs.

These amounts, defined below, are used to comment on the Group's business performance in compliance with the provisions of the Consob Communication of 28 July 2006 (DEM 6064293), as subsequently amended and supplemented (Consob Communication no. 0092543 of 3 December 2015 implementing the ESMA/2015/1415 guidelines).

The alternative performance indicators listed below constitute additional information beyond IFRS requirements to help users of the financial report to better understand the Group's results, assets and liabilities and cash flows. Note that Newlat Food's method of calculating these indicators, which is consistent from one year to the next, may differ from the methods used by other companies.

Financial indicators used to measure the economic performance of the Group:

- EBITDA: the operating income (OI) before depreciation, amortisation and write-downs, as well as income from business combinations.
- Gross Income (GI) / Profit (Loss) before taxes: operating income less financial expense.
- Net profit (NP): gross profit less taxes;
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.

Net financial position is given by the algebraic sum of:

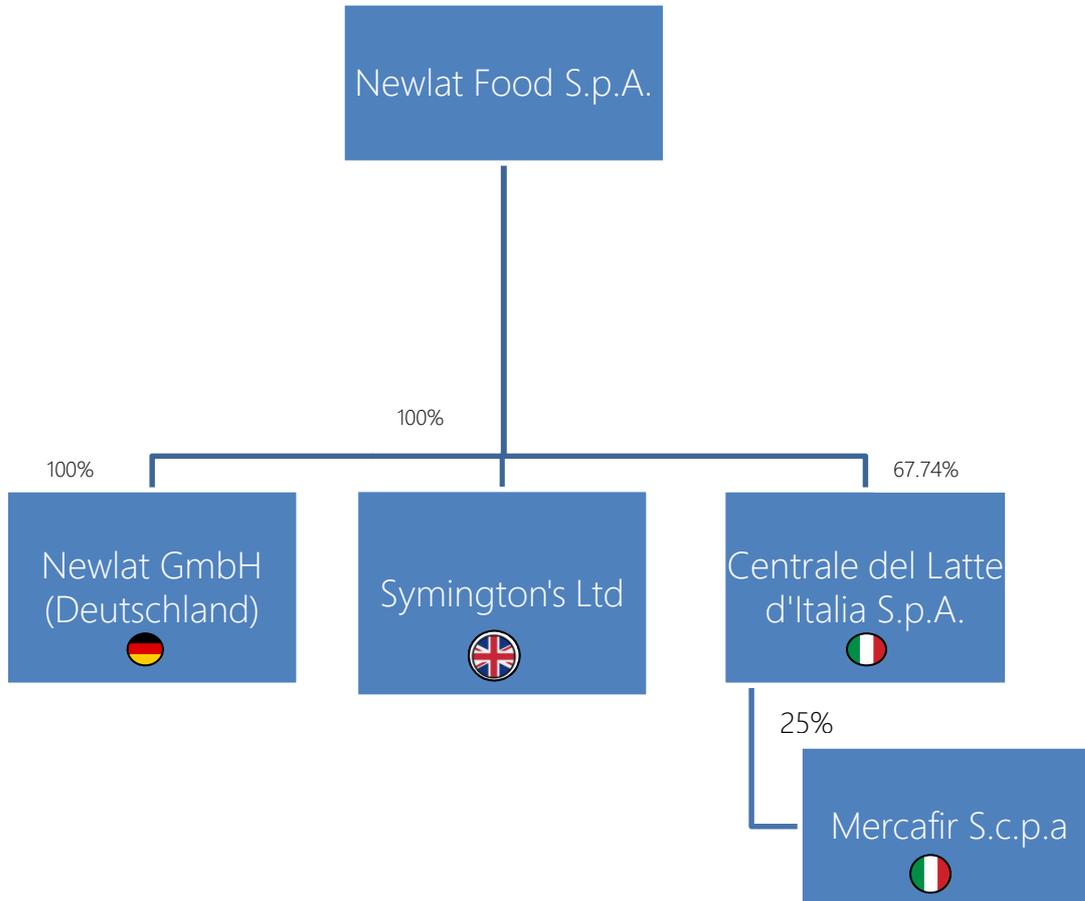
- Cash and cash equivalents
- Non-current financial assets, recorded under 'other non-current assets'
- Current financial assets, recorded under 'other receivables'
- Payables to banks
- Non-current financial liabilities, recorded under 'other non-current liabilities'

Reclassified statement of cash flows

A cash flow that represents a measure of the Group's self-financing and is calculated from the cash flow generated by operating activities, adjusted for net interest paid and cash flow absorbed by investments, less income from the realisation of fixed assets. The statement of cash flows is presented using the indirect method.

The Group presents the income statement by destination (otherwise known as "at cost of sales"), which is considered more representative than the so-called presentation by nature of expenditure, which is also reported in the notes to the Annual Financial Report. The form chosen is, in fact, compliant with the internal reporting and business management methods.

Group Structure



The table below shows the main information regarding the Newlat Group companies:

Name	Registered Office	Currency	Share capital at 30 September 2021	Control percentage	
				At 30 September 2021	At 31 December 2020
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Newlat GmbH	Germany - Franzosenstraße 9, Mannheim (Germany)	EUR	1,025,000	100%	100%
Centrale del Latte d'Italia S.p.A.	Via Filadelfia 220, 10137 Turin Thornes Farm Business	EUR	28,840,041.20	67.74%	67.59%
Symington's Ltd	Park, Pontefract Ln, Leeds LS9	GBP	100	100%	

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 30 September 2021 and the equity and profit/loss data for the period for each subsidiary is provided below:

Name	Carrying amount of equity investment (in thousands of euros)	Shareholders' equity (thousands of euros)	Profit / loss for the period (in thousands of euros)
	30/09/2021	30/09/2021	30/09/2021
Newlat GmbH (Deutschland)	68,324	30,458	1,860
Centrale del Latte d'Italia S.p.A.	25,409	67,663	6,841
Symington's Ltd	63,631	25,414	1,134

A brief description of the subsidiaries' activities is provided below:

- Newlat GmbH Deutschland is active in the production and sale in Germany of traditional forms of German pasta (spätzle and flavoured pasta), instant cups and sauces, as well as the marketing of pasta produced by Newlat Food.
- Centrale del Latte d'Italia S.p.A. is a company active in the production and marketing of about 120 products ranging from milk and its derivatives to yoghurt and plant-based beverages that are distributed under the trademarks TappoRosso, Mukki, Tigullio and Vicenza in the reference territories at over 16,000 points of sale, both mass-market retailers and traditional traders. Its shares are listed on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A.
- Symington's Ltd is active in the production and sale of a wide range of products, including:

- Instant noodles, where it is the leader in the authentic and Asian inspiration segment
- Soups and various ready meals, rice and couscous ready meals
- Baked goods including toasted breads for desserts and cakes

The company has three production plants and a logistics distribution centre, and its markets are United Kingdom, United States and Australia.

INTERIM MANAGEMENT REPORT

**DIRECTORS' OBSERVATIONS ON PERFORMANCE
AT 30 SEPTEMBER 2021**

Significant events in the period and outlook

On 1 February 2021, the Board of Directors of Newlat S.p.A. approved the issue of an unrated, unsecured, non-convertible and non-subordinated senior bond for a minimum value of Euro 150 million and a maximum of Euro 200 million. The duration of the bond is set at six years from the date of issue.

On 19 February 2021, this bond was successfully issued at an interest rate of 2.625% for a value of Euro 200 million. This substantial amount of liquidity was partially used for the acquisition of all of Symington's shares on 4 August 2021 and will also be used for future acquisitions.

On 4 August 2021 a contract was stipulated with Speedboat Acquisitionco Limited, as the seller, for the purchase of 100% of the ordinary shares and voting rights of the Symington's Group (consisting of Symington's Limited, Symington's Limited (Holding) and Symington's Australia PTY Limited) for a consideration of GBP 53 million, equal to Euro 62.13 million. Not being subject to any conditions precedent, the operation involved the purchase of the shares on the same date of 4 August 2021.

Considering the short period of time historically covered by the Group's order book and the difficulties and uncertainties of the current global economic situation, it is not easy to develop detailed forecasts for Q4 2021, which is however expected to be positive. The Group will continue to pay particular attention to cost controls and financial management in order to maximise the generation of free cash flow, to be allocated both to organic and external growth.

Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Company feels it is fair and reasonable to assume that the interim report as at 30 September 2021 was prepared on the basis of this assumption, taking into account the ability of the Newlat Group to generate cash flows from operations and fulfil its obligations in the foreseeable future, particularly in the next 12 months, based on the Group's solid financial structure as described below:

- The considerable level of cash reserves available at 30 September 2021.
- The Group's constant ability to generate cash from operations.
- The presence of authorised credit lines at 30 September 2021 and at today's date but not used.
- The solidity of Newlat Group S.A. as the majority shareholder and the continual support provided by the leading Italian and foreign banks to the Group, partly because of its market-leading status.

Given the global spread of COVID-19 in 2020 and at 30 September 2021, the Group's economic and financial performance as at 30 September 2021 was higher than the budget forecast and the business plan. It should also be noted that the cash and cash equivalents at 30 September 2021, amounting to Euro 345 million, the credit lines

currently available but unused and the cash flows that will be generated by operational management are considered more than sufficient to fulfil obligations and finance the Group's operations in the coming months.

EVENTS AFTER 30 SEPTEMBER 2021

There were no atypical or unusual transactions, nor transactions requiring changes to the interim report on operations at 30 September 2021.

MANAGEMENT REPORT

The Newlat Group is an important player in the Italian and European agri-food sector. In particular, as at 30 September 2021 the Group has a strong position in its domestic market and a significant presence in the German market.

The Newlat Group is mainly active in the pasta, dairy and baked goods sectors, as well in special products such as health & wellness, gluten free and baby food, not to mention instant noodles. The Newlat Group's product range is divided into the following business units:

- Pasta;
- Milk Products;
- Dairy Products;
- Bakery Products;
- Special Products;
- Instant Noodles
- Other Products

The following table contains the Group's consolidated income statement:

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	Proforma at 30 September					
	2021	%	2020	%	2021 v 2020	%
Revenue from contracts with customers	452,516	100.0%	462,873	100.0%	(10,358)	(2.2%)
Cost of sales	(353,178)	(78.0%)	(356,888)	(77.1%)	3,710	(1.0%)
Gross operating profit/(loss)	99,337	22.0%	105,985	22.9%	(6,648)	(6.3%)
Sales and distribution costs	(56,921)	(12.6%)	(58,376)	(12.6%)	1,454	(2.5%)
Administrative costs	(21,375)	(4.7%)	(23,273)	(5.0%)	1,898	(8.2%)
Net write-downs of financial assets	(1,108)	(0.2%)	(1,095)	(0.2%)	(13)	1.2%
Other revenues and income	6,379	1.4%	6,631	1.4%	(251)	(3.8%)
Income from business combinations	-	-	19,271	4.2%	(19,271)	(100.0%)
Other operating costs	(8,350)	(1.8%)	(8,434)	(1.8%)	84	(1.0%)
Operating profit/(loss) (EBIT)	17,963	4.0%	40,710	8.8%	(22,746)	(55.9%)
Financial income	776	0.2%	497	0.1%	279	56.2%
Financial expenses	(6,824)	(1.5%)	(3,677)	(0.8%)	(3,147)	85.6%
Result before tax	11,916	2.6%	37,530	8.1%	(25,614)	(68.3%)
Income taxes	(47)	-	(4,579)	(1.0%)	4,532	(99.0%)
Net profit/(loss)	11,868	2.6%	32,951	7.1%	(21,082)	(64.0%)

Operating income amounted to Euro 18 million, down compared to the same period of 2020. Net of the significant non-recurring income from the business combination recorded in the first half of 2020, operating income was down by 22% compared to 30 September 2021, mainly as a result of the decrease in revenues from customers.

However, there was a net improvement compared to 30 June 2021 thanks to a third quarter that was stronger than the same period of the previous year.

In absolute value, the proforma EBITDA was down by Euro 1.9 million (-4.3%) while the proforma EBITDA margin was consistent with the same period of the previous year (9.6% at 30 September 2021 v 9.8% at 30 September 2020).

The following is a brief commentary on the most significant changes to the main income statement items that occurred in the periods under review:

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to customers. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, Newlat Food is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.

SEGMENT REPORTING

The table below provides a breakdown of revenue from contracts with customers by business unit as monitored by management.

<i>(In thousands of euros and as a percentage)</i>	At 30 September				Changes	
	2021	%	2020	%	2021 v 2020	%
<i>Pasta</i>	105,321	23.3%	104,706	22.6%	615	1%
<i>Milk Products</i>	173,020	38.2%	183,863	39.7%	(10,843)	-6%
<i>Bakery Products</i>	28,890	6.4%	29,229	6.3%	(340)	-1%
<i>Dairy Products</i>	24,624	5.4%	20,334	4.4%	4,290	21%
<i>Special Products</i>	23,683	5.2%	23,850	5.2%	(167)	-1%
<i>Other assets</i>	10,652	2.4%	10,682	2.3%	(31)	0%
<i>Instant noodles</i>	86,327	19.1%	90,209	19.5%	(3,882)	-4%
Revenue from contracts with customers	452,516	100.0%	462,873	100.0%	(10,357)	(2.2%)

Revenues from the **Pasta** segment were slightly higher than in the same period of the previous year because of a combined effect of higher sales volumes in the German market and lower sales in the domestic market (B2B) and other countries (private labels) as a result of lower demand that returned to normal pre-COVID levels.

Revenues from the **Milk Products** segment were down because of lower sales volumes and an increase in promotional activities, which led to lower average prices, particularly with regard to the subsidiary Centrale del Latte d'Italia. However, the third quarter saw a substantial recovery in volumes in the dairy sector compared to the third quarter of 2020

Revenues from the **Bakery Products** segment were essentially in line with the same period of the previous year.

Revenues from the **Dairy Products** segment increased as a result of a rise in sales volumes and the acquisition of new customers.

Revenues from the **Special Products** segment were essentially in line with the same period of the previous year.

Revenues from the **Other Products** segment were in line with the same period of the previous year.

Revenues from the **Instant noodles** segment were down as a result of demand returning to normal pre-COVID levels.

The following table provides a breakdown of revenue from contracts with customers by distribution channels, as monitored by management:

<i>(In thousands of euros and as a percentage)</i>	At 30 September				Changes	
	2021	%	2020	%	2021 v 2020	%
Mass Distribution	263,685	58.3%	270,419	58.4%	(6,734)	-2%
<i>B2B partners</i>	41,486	9.2%	43,009	9.3%	(1,523)	-4%
<i>Normal trade</i>	60,822	13.4%	61,310	13.2%	(488)	-1%
<i>Private labels</i>	77,312	17.1%	77,866	16.8%	(554)	-1%
<i>Food services</i>	9,211	2.0%	10,270	2.1%	(1,059)	-10%
Total revenue from contracts with customers	452,516	100.0%	462,873	100.0%	(10,357)	(2.2%)

Revenues from the **Mass Distribution** channel decreased, primarily due to lower demand in the dairy segment. However, their impact is in line with 2020.

Revenues from the **B2B Partners** channel decreased, mainly due to lower demand in the pasta segment.

Revenues from the **Normal Trade** channel were essentially in line with the same period of the previous year.

Revenues from the **Private Label** channel were down because of lower sales volumes in the pasta segment.

Revenues from the **Food Services** channel decreased because of lower sales volumes in the dairy sector. The Food services sector is still suffering due to the pandemic but there are signs of recovery.

The following table provides a breakdown of revenue from contracts with customers by geographical area as monitored by management:

(In thousands of euros and as a percentage)	At 30 September				Changes	
	2021	%	2020	%	2021 v 2020	%
Italy	242,555	53.6%	251,381	54.3%	(8,826)	-4%
Germany	79,135	17.5%	75,660	16.3%	3,475	5%
Other countries	130,825	28.9%	135,832	29.3%	(5,007)	-4%
Total revenue from contracts with customers	452,515	100.0%	462,873	100.0%	-10,358	(2.2%)

Revenues from **Italy** decreased, mainly due to lower demand in the dairy and pasta segments.

Revenues from **Germany** increased as a result of higher volumes in the Pasta sector.

Revenues from **Other Countries** decreased mainly because of lower demand for instant noodles, and partly because of lower demand in the pasta segment.

Operating costs

The following table lists the operating costs as shown in the income statement by destination:

(In thousands of euros and as a percentage of revenue from contracts with customers)	At 30 September				Changes	
	2021	%	2020	%	2021 v 2020	%
Cost of sales	(353,178)	-78.0%	(356,888)	-77.1%	3,710	-1.0%
Sales and distribution costs	(56,921)	-12.6%	(58,376)	-12.6%	1,454	-2.5%
Administrative costs	(21,375)	-4.7%	(23,273)	-5.0%	1,898	-8.2%
Total operating costs	(431,474)	-95.4%	(438,537)	-94.7%	7,063	-11.7%

Cost of sales represented 78% of sales revenues (77.1% at 30 September 2020). In absolute terms, the decrease in the cost of sales is directly linked to the decrease in sales volumes recorded as at 30 September 2021. The increased impact is due to increases in the average cost of raw materials, cream and butter and a decrease in average sales prices.

Sales and distribution expenses are in line with the same period of the previous year.

Administrative expenses were 8.2% lower than in the same period of the previous year due to the decrease in the number of units because of retirement and/or resignation.

EBITDA amounted to Euro 43.7 million (9.6% of sales revenues), compared with Euro 45.1 million at 30 September 2020 (9.8% of sales revenues), down by 4.3%.

The following table shows EBITDA by activity segment:

<i>(In thousands of euros)</i>	Proforma at 30 September 2021							Consolidated Financial Statements total
	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Instant Noodles	Other assets	
Revenue from contracts with customers (third parties)	105,321	173,020	28,890	24,624	23,683	86,327	10,652	452,516
EBITDA (*)	7,144	15,872	4,520	3,689	2,5887	9,354	302	43,468
EBITDA margin	6.78%	9.17%	15.65%	14.98%	10.92%	10.84%	2.83%	9.61%
Amortisation, depreciation and write- downs	3,290	10,558	1,403	251	1,715	6,824	359	24,398
Net write-downs of financial assets							1,108	1,108
Income from business combinations							-	-
Operating profit/(loss)	3,355	5,314	3,117	3,439	1,373	2,531	(1,165)	17,963
Financial income	-	-	-	-	-	-	776	776
Financial expenses	-	-	-	-	-	-	(6,824)	(6,824)
Result before tax	3,355	5,314	3,117	3,439	1,373	2,531	(7,213)	11,915
Income taxes	-	-	-	-	-	-	(47)	(47)
Net profit/(loss)	3,355	5,314	3,117	3,439	1,373	2,531	(7,260)	11,868
Total assets	118,524	206,192	13,430	360	18,570	40,858	390,738	788,732
Total liabilities	78,765	86,879	15,510	375	11,450	22,831	414,019	629,828
Investments	1,230	3,970	618	-	66	2,779	50	8,713
Employees (number)	489	534	188	65	153	656	59	2,144

(*) EBITDA is calculated as the absolute sum of the operating result, net write-downs of financial assets, depreciation/amortisation and write-downs, and income from business combinations.

Proforma at 30 September 2020								Consolidated Financial Statements total
(In thousands of euros)	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Instant Noodles	Other assets	
Revenue from contracts with customers (third parties)	104,706	183,863	29,229	20,334	23,850	90,209	10,682	462,873
EBITDA (*)	8,041	17,600	4,405	2,981	2,624	9,387	379	45,418
EBITDA margin	7.7%	9.6%	15.1%	14.7%	11.0%	10.4%	3.6%	9.81%
Amortisation, depreciation and write-downs	3,401	9,215	1,259	251	1,602	6,625	534	22,885
Net write-downs of financial assets							1,095	1,095
Income from business combinations							19,271	19,271
Operating profit/(loss)	4,641	8,386	3,147	2,731	1,022	2,762	18,021	40,709
Financial income	-	-	-	-	-	-	497	497
Financial expenses	-	-	-	-	-	-	(3,677)	(3,677)
Result before tax	4,641	8,386	3,147	2,731	1,022	2,762	14,842	37,529
Income taxes	-	-	-	-	-	-	(4,579)	(4,579)
Net profit/(loss)	4,641	8,386	3,147	2,731	1,022	2,762	10,263	32,951
Total assets	113,738	268,468	16,156	8,602	17,962		112,173	537,099
Total liabilities	40,827	249,723	16,933	13,205	15,932		44,423	381,043
Investments	584	4,255	498	48	398	110	2	5,895
Employees (number)	485	549	184	58	157	656	58	2,147

(*) EBITDA is calculated as the absolute sum of the operating result, net write-downs of financial assets and depreciation/amortisation and write-downs.

EBIT amounted to Euro 18 million (4% of sales) compared with Euro 21 million (net of business combination income) at 30 September 2020 (4.6% of sales), down by 16.2%.

The tax rate was 0.4%, influenced by the release of deferred taxes equal to Euro 5.1 million relating to the clearance of misalignments deriving from the merger operation, as envisaged by Italian Decree Law 104/2020 (so-called "August Decree").

Net profit at 30 September 2021 therefore reflected the release of deferred taxes and was equal to Euro 11.9 million, down compared to 30 September 2020 – net of income from business combinations – of 13.2%.

EBITDA

The table below provides a reconciliation of proforma EBITDA, the EBITDA margin and cash conversion at 30 September 2021 and 2020.

<i>(In thousands of euros and as a percentage)</i>	Proforma at 30 September	
	2021	2020
Operating profit/(loss) (EBIT)	17,963	40,709
Amortisation, depreciation and write-downs	24,398	22,885
Net write-downs of financial assets	1,108	1,095
Income from business combinations		(19,271)
EBITDA (*) (A)	43,468	45,418
Revenue from contracts with customers	452,516	462,873
EBITDA Margin (*)	9.6%	9.8%
investments (B)	8,713	5,895
Cash conversion [(A) - (B)]/(A)	80.0%	87.0%

To assess performance, management monitors, among other things, EBITDA by business unit as shown in the table below.

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	Proforma at 30 September				Changes	
	2021	%	2020	%	2021 v 2020	%
Pasta	7,144	6.8%	8,041	7.7%	(897)	(11.2%)
Milk Products	15,872	9.2%	17,600	9.6%	(1,728)	(9.8%)
Bakery Products	4,520	15.6%	4,405	15.1%	115	2.6%
Dairy Products	3,689	15.0%	2,981	14.7%	708	23.7%
Special Products	2,587	10.9%	2,624	11.0%	(37)	(1.4%)
Instant Noodles	9,354	10.8%	9,387	10.4%	(33)	(0.3%)
Other assets	302	2.8%	379	3.6%	(78)	(20.5%)
EBITDA	43,468	9.6%	45,418	9.8%	(1,950)	(4.3%)

EBITDA of the **Pasta** segment was down compared with the same period of the previous year because of an increase in the average cost of raw materials that was not initially passed on to customers.

EBITDA of the **Milk Products** segment was slightly down because of the decrease in sales volumes, especially at the subsidiary Centrale del Latte d'Italia.

EBITDA from the **Bakery Products** segment was broadly in line with the same period of the previous year.

EBITDA from the **Dairy Products** segment increased mainly due to the increase in sales volumes with higher margins, particularly mascarpone.

EBITDA from the **Special Products** segment was broadly in line with the same period of the previous year.

EBITDA of the **Instant Noodles** segment was essentially in line with the same period of the previous year despite a decrease in sales volumes thanks to the creation of the economies of scale announced with the acquisition.

EBITDA in the **Other Products** segment was in line with the same period of the previous year.

Net financial debt

The following table shows the breakdown of the net financial debt of the Company as at 30 September 2021 and 31 December 2020 (proforma), determined in accordance with the Guidelines on disclosure obligations pursuant to Regulation EU 2017/1129 and in accordance with Recommendations ESMA32-382-1138, as per CONSOB notice no. 5/21 of 29 April 2021:

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020 (Proforma)
Net financial debt		
A. Cash	340	323
B. Other cash and cash equivalents	344,747	181,804
C. Securities held for trading	1	4
D. Cash and cash equivalents (A)+(B)+(C)	345,089	182,131
E. Current financial receivables	-	-
F. Current bank payables	(63,346)	(35,976)
G. Current portion of non-current debt	(29,113)	(27,145)
H. Other current financial debt	(7,565)	(6,570)
I. Current financial debt (F)+(G)+(H)	(100,024)	(69,691)
J. Net current financial debt (I)+ (E)+ (D)	245,065	112,440
K. Non-current bank payables	(88,397)	(94,811)
L. Bonds	(198,435)	
M. Other non-current financial payables	(30,985)	(12,436)
N. Non-current financial debt (K)+(L)+(M)	(317,816)	(107,247)
O. O. Net financial debt (J)+ (N)	(72,752)	5,194
SYMG acquisition		(63,631)
SYMG IFRS		(24,640)
Q. Proforma net financial debt		(83,077)

Comparing the net financial position at 30 September 2021 with the corresponding proforma data at 31 December 2020 demonstrates a significant improvement of Euro 10.3 million in the net financial position at 30 June 2021 thanks to the Newlat Group's ability to generate cash flows from operations.

Without considering lease liabilities, the positive net financial position was as follows:

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Net financial debt	(72,752)	(83,077)
Current lease liabilities	7,565	6,570
Non-current lease liabilities	30,985	37,075
Net Financial Position	(34,202)	(39,432)

Changes in net financial position as of 30 September 2021 are shown below, in summary:

Proforma Net Financial Position at 31 December 2020 (million euros)	(83.1)
EBITDA	45.1
Net purchases of treasury shares	(7.6)
Changes in net working capital	(10.8)
Interest and taxes	(8.2)
Investments	(8.2)
Net Financial Position at 30 September 2021 (million euros)	(72.7)

The net financial position compared with 31 December 2020 (proforma) has improved considerably by some Euro 10.3 million due to the positive performance in the period and the Group's ability to generate cash from operations.

INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets at 30 September 2021:

<i>(In thousands of euros and as a percentage)</i>	At 30 September 2021	
		%
Land and buildings	108	1.2%
Plant and machinery	3,805	43.7%
Industrial and commercial equipment	250	2.9%
Other assets	152	1.7%
Assets under construction and payments on account	2,625	30.1%
Investments in property, plant and equipment	6,940	79.6%
Patents and intellectual property rights	35	0.4%
Concessions, licences, trademarks and similar rights	30	0.3%
Other assets	1,708	19.6%
Investments in intangible assets	1,773	0.7%
Total investments	8,713	100.0%

During the reporting period, the Group made investments totalling Euro 8,713 thousand.

The Group's investment policy is aimed at innovation and diversification in terms of product supply. In particular, the Group attaches importance to the development of new products, with the aim of continuously improving customer satisfaction.

Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines, as well as in connection with the new warehouse at the CLI production site in Turin and the new plant in Lodi.

Investments in intangible assets relate mainly to multi-year research and development carried out by the subsidiary Symington's.

The following table provides a breakdown by business unit of the Group's investments as at 30 September 2021:

<i>(In thousands of euros and as a percentage)</i>	At 30 September 2021	
	2021	%
Special Products	66	0.8%
Pasta	1,230	14.1%
Bakery Products	618	7.1%
Milk Products	3,970	45.6%
Dairy Products	585	6.7%
Instant Noodles	2,194	25.2%
Other assets	50	0.6%
Total investments	8,713	100.0%

Investments in the Milk Products business unit relate to efficiency improvements of the production facilities at the plants used by the Centrale del Latte d'Italia, especially the new warehouse at the Turin plant.

Investments in the Dairy business unit relate to the new mascarpone plant at the Lodi site.

Investments in the Special Products business unit relate mainly to new software.

Investments in the Pasta business unit relate mainly to the new packaging facility for pasta products, located at the Sansepolcro (AR) plant.

Investments in the Bakery Products business unit mainly relate to the new packaging facility for baked products at the Sansepolcro (AR) plant.

Investments in the instant noodles business relate to multi-year R&D product innovation projects.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to CONSOB Communication no. 6064293 of 28 July 2006, it is hereby disclosed that, at 30 September 2021, no atypical and/or unusual transactions occurred outside the Company's normal business that could give rise to doubts regarding the accuracy and completeness of the information in the financial statements, conflicts of interest, protection of assets and the safeguarding of minority shareholders.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, note that at 30 September 2021 the Parent company holds treasury shares, for a purchase cost of approximately Euro 8.5 million, which decreased consolidated shareholders' equity. Subsequently, the Parent Company purchased a further 61,668 own shares in October.

Transactions with related parties

The Group's transactions with related parties (hereinafter, "**Related Party Transactions**"), identified based on criteria defined by IAS 24 – Related Party Disclosures, are mainly of a commercial or financial nature and are carried out under normal market conditions. On 6 September 2019 the Board of Directors resolved to adopt the Procedure for Transactions with Related Parties.

The Group did not carry out Related Party Transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature. For information on the remuneration of members of corporate bodies and senior managers, see the explanatory notes to the consolidated financial statements.

The Group deals with the following related parties:

- parent company ("**Parent Company**");
- companies controlled by the parent company other than its own subsidiaries ("**Companies controlled by the parent company**").

Reggio Emilia, 12 November 2021

For the Board of Directors
Angelo Mastrolia
Chairman of the Board of Directors

Pursuant to paragraph 2, article 154-*bis* of the Consolidated Law on Finance, the Financial Reporting Officer Rocco Sergi declares that the accounting information contained in this document corresponds to the contents of accounting documents, books and records.

Reggio Emilia, 12 November 2021

Rocco Sergi
Financial Reporting Officer

Financial statements and explanatory notes

Consolidated statement of financial position

<i>(in thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Non-current assets		
Property, plant and equipment	156,624	151,541
Right-of-use assets	39,205	18,452
<i>of which from related parties</i>	4,737	6,708
Intangible assets	91,902	51,058
Equity investments in associates	1,401	1,397
Non-current financial assets measured at fair value through profit or loss	741	746
Financial assets measured at amortised cost	801	801
<i>of which from related parties</i>	735	735
Deferred tax assets	7,347	5,466
Total non-current assets	298,021	229,461
Current assets		
Inventories	64,781	41,347
Trade receivables	64,324	71,268
<i>of which from related parties</i>	19	606
Current tax assets	1,786	1,888
Other receivables and current assets	14,731	11,003
<i>of which from related parties</i>	17	
Current financial assets measured at fair value through profit or loss	1	4
Cash and cash equivalents	345,088	182,127
<i>of which from related parties</i>	85,592	69,351
Total current assets	490,711	307,637
TOTAL ASSETS	788,732	537,099
Shareholders' equity		
Share capital	43,935	43,935
Reserves	90,588	61,134
Currency reserve translation	(445)	
Net profit/(loss)	8,268	37,556
Total shareholders' equity attributable to the Group	142,345	142,626
Shareholders' equity attributable to minority interests	16,557	13,431
Total consolidated equity	158,902	156,057
Non-current liabilities		
Provisions for employee benefits	14,525	15,411
Provisions for risks and charges	1,619	1,587
Deferred tax liabilities	6,738	12,081
Non-current financial liabilities	281,832	94,811
Non-current lease liabilities	30,985	12,436
<i>of which from related parties</i>	2,220	4,144
Total non-current liabilities	335,699	136,326
Current liabilities		
Trade payables	165,234	151,388
<i>of which from related parties</i>	161	213
Current financial liabilities	97,459	63,121
<i>of which from related parties</i>	24,043	981
Current lease liabilities	7,565	6,570
<i>of which from related parties</i>	2,634	2,812
Current tax liabilities	5,478	3,438
Other current liabilities	18,394	20,200
Total current liabilities	294,129	244,717
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	788,732	537,099

Consolidated income statement

<i>(In thousands of euros)</i>	At 30 September	
	2021	2020
Revenue from contracts with customers	383,152	325,686
Cost of sales	(298,626)	(254,039)
<i>of which from related parties</i>	<i>(2,069)</i>	<i>(1,693)</i>
Gross operating profit/(loss)	84,526	43,127
Sales and distribution costs	(48,827)	(39,061)
Administrative costs	(18,229)	(16,318)
<i>of which from related parties</i>	<i>(145)</i>	<i>(82)</i>
Net write-downs of financial assets	(1,108)	(927)
Other revenues and income	6,120	5,428
Income from business combinations	0	20,296
Other operating costs	(5,856)	(3,767)
Operating profit/(loss)	16,627	37,299
Financial income	776	447
<i>of which from related parties</i>	<i></i>	<i>162</i>
Financial expenses	(6,272)	(2,411)
<i>of which from related parties</i>	<i>(106)</i>	<i>(157)</i>
Result before tax	11,132	35,344
Income taxes	329	(4,555)
Net profit/(loss)	11,461	30,779
Profit (loss) attributable to minority interests	3,193	799
Group net profit/(loss)	8,268	29,980
Basic net profit/(loss) per share	0.19	0.72
Diluted net profit/(loss) per share	0.19	0.72

Consolidated statement of other comprehensive income

<i>(In thousands of euros)</i>	At 30 September	
	2021	2020
Net profit/(loss) (A)	11,461	30,779
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)		(575)
Tax effect on actuarial gains/(losses)	-	181
Currency translation	(445)	
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	(445)	(394)
Total other components of comprehensive income, net of tax effect (B)	(445)	(394)
Total comprehensive net profit/(loss) (A)+(B)	11,016	30,389
Profit (loss) attributable to minority interests	3,193	697
Group net profit/(loss)	7,823	29,701

Consolidated statement of changes in equity

<i>(In thousands of euros)</i>	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity attributable to the Group	Shareholders' equity attributable to minority interests	Total
At 31 December 2019	40,780	43,593	7,173	91,544		91,544
Allocation of net profit/(loss) for the previous year		7,173	(7,173)	-		-
Acquisition of Centrale del Latte d'Italia SpA PPEO and acquisition of minority stake in Centrale del Latte d'Italia S.p.A.	2,221 934	9,101 3,617		11,322 4,551	19,817 (7,354)	31,139 (2,803)
Capital increase costs for PPEO		(693)		(693)		(693)
Tax effect on PPEO costs		208		208		208
Total capital increase	3,155	12,233	-	15,388	12,463	27,851
Purchase of treasury shares		(211)		(211)		(211)
Total purchase of treasury shares	-	(211)	-	(211)	-	(211)
Net profit/(loss)			29,980	29,980	799	30,779
Actuarial gains/(losses) net of the related tax effect		(272)		(272)	(109)	(381)
Total comprehensive net profit/(loss) for the year		(272)	29,980	29,708	690	30,398
At 30 September 2020	43,935	62,516	29,980	136,429	13,153	149,582
Treasury shares		(711)		(711)		(711)
Total treasury shares		(711)		(711)		(711)
Net profit/(loss)			7,497	7,497	289	7,787
Actuarial gains/(losses) net of the related tax effect		(590)		(590)	(11)	(601)
Total comprehensive net profit/(loss) for the year		(590)	7,497	6,907	278	7,186
						-
At 31 December 2020	43,935	61,215	37,477	142,626	13,431	156,057
Allocation of net profit/(loss) for the previous year		37,477	(37,477)			
Treasury shares		(7,554)		(7,554)		(7,554)
Total treasury shares		(7,554)		(7,554)		(7,554)
Currency reserve translation		(445)		(445)		(445)
Net profit/(loss)			8,268	8,268	3,193	11,460
Other changes		(549)		(549)	(67)	(616)
Actuarial gains/(losses) net of the related tax effect			0	0	0	-
Total comprehensive net profit/(loss) for the year		(549)	8,268	7,719	3,126	10,844
At 30 September 2021	43,935	90,143	8,268	142,345	16,557	158,902

Consolidated cash flow statement

<i>(In thousands of euros)</i>	At 30 September	
	2021	2020
Result before tax	11,132	35,334
- Adjustments for:		
Amortisation, depreciation and write-downs	19,381	17,188
Capital losses/(gains) on disposal	-	(5)
Financial expense/(income)	5,495	1,964
<i>of which from related parties</i>	<i>(106)</i>	<i>(10)</i>
Other non-monetary changes from business combinations	-	(20,296)
Other non-monetary changes	-	(15)
Cash flow generated /(absorbed) by operating activities before changes in net working capital	36,008	34,170
Change in inventory	(6,496)	(7,380)
Change in trade receivables	11,523	6,224
Change in trade payables	(7,309)	4,381
Change in other assets and liabilities	(1,659)	6,789
Use of provisions for risks and charges and for employee benefits	(853)	(461)
Taxes paid	(2,664)	(2,036)
Net cash flow generated /(absorbed) by operating activities	35,935	41,687
Investments in property, plant and equipment	(6,546)	(3,908)
Investments in intangible assets	(1,763)	(338)
Investments of financial assets	4	56
Deferred fee for acquisitions	(600)	-
Acquisition of controlling stake in Centrale del Latte d'Italia SpA		19760
SYMG acquisition	(63,631)	
Net cash flow generated /(absorbed) by investment activities	(72,536)	15,570
New long-term financial debt	36,532	63,500
Repayments of long-term financial debt	(13,607)	(47,801)
Issuance of Bond Loan	198,434	
Repayments of lease liabilities	(8,682)	(5,337)
<i>of which from related parties</i>	<i>(2,102)</i>	<i>(2,232)</i>
Net interest expense	(5,495)	(1,964)
Acquisition of minority interests	(67)	(2,803)
Treasury shares	(7,554)	(211)
Net cash flow generated/(absorbed) by financing activities	199,561	5,384
Total changes in cash and cash equivalents	162,960	62,642
Cash and cash equivalents at start of year	182,127	100,884
<i>of which from related parties</i>	<i>35,814</i>	<i>45,338</i>
Total changes in cash and cash equivalents	162,960	62,642
Cash and cash equivalents at end of year	345,088	163,527
<i>of which from related parties</i>	<i>85,592</i>	<i>35,814</i>

Explanatory notes

Basis of preparation

The Interim Management Report at 30 September 2021 was prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union for interim reporting (IAS 34). The financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The Interim Management Report at 30 September 2021 should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2020.

The preparation of interim financial statements in accordance with IAS 34 Interim Financial Reporting requires judgements, estimates and assumptions that have an effect on the values of revenues, costs and assets and liabilities, and on the disclosures relating to contingent assets and liabilities at the reporting date. It should be noted that these estimates may differ from the actual results achieved in the future. The financial statement items that most require greater subjectivity on the part of the Directors when producing the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables, the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees, payables for the purchase of equity investments contained in the other liabilities and the determination of the fair value of the assets and liabilities acquired as part of the business combinations.

Measurement criteria

The measurement criteria used for the preparation of the consolidated financial statements as at 30 September 2021 are the same as those used for the consolidated financial statements at 31 December 2020, except for the new accounting standards, amendments and interpretations applicable from 1 January 2021, which are described below and which – it is noted – did not have a material impact on the equity and economic situation as at 30 September 2021.

Accounting standards, amendments and interpretations effective from 1 January 2021 and adopted by the Group:

Amendments to IFRS 16 “Leases: COVID-19-Related Rent Concessions beyond 30 June 2021”. On 31 March 2021 the IASB published a modification to this principle that extends for one year the May 2020 amendment that clarified the circumstance according to which the lessee may assess that specific reductions in rents (as a consequence of COVID-19) may not be considered as changes to the plan, and therefore account for them accordingly. The new amendment applies from 1 April 2021. The amendment has not yet been approved by the EU. However, its application would not entail changes to

the economic and capital balances as at 30 September 2021.

New accounting standards and amendments not yet applicable and not adopted in advance by the Group:

Amendments to IAS 1 – “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”. On 23 January 2020 the IASB published this amendment in order to clarify the presentation of liabilities in financial statements. Specifically:

It clarifies that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reporting period, and in particular on the right to defer payment for at least 12 months.

It clarifies that the classification is not affected by expectations about the entity's decision to exercise its right to defer payment of a liability.

It clarifies that the payment refers to the transfer to the counterparty of money, instruments representing capital or other assets or services.

The new amendment applies as of 1 January 2023 or later, and must be applied retroactively. The Group is currently evaluating the impact that the changes will have on the current situation.

Amendments to IFRS 3 - “Business combinations”, IAS 16 – “Property, Plant and Equipment”, IAS 37 - “Provisions, Contingent Liabilities and Contingent Assets”, Annual Improvements 2018-2020. On 14 May 2020 the IASB published a package of amendments clarifying and making minor changes to the following IFRS standards, while the Annual Improvements 2018-2020 Cycle concern IFRS 1, IFRS 9, and illustrative examples attached to IFRS 16.

IFRS 3: updating references to the IAS Conceptual Framework (no change in the accounting treatment of business combinations).

IAS 16: the amendment clarifies the impossibility of deducting from the costs of tangible fixed assets the sums obtained from the sale of goods produced while the company itself is preparing the asset for its use. The company must record these sales as revenues separately from the related costs, in the income statement.

IAS 37: this amendment clarifies the costs to be included in the valuation of contract losses. The new amendments apply as of 1 January 2022, prospectively.

Amendments to IAS 16 – “Property, Plant and Equipment: Proceeds before Intended Use”. In May 2020 the IASB published this amendment which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold during the period in which this activity is carried out at the place or the conditions necessary for it to be able to operate in the manner in which it was designed by management. Instead, an entity recognises the revenue from the sale of those products and the costs of producing them in the income statement. The amendment will be effective for years starting on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the commencement date of the period prior to the period in which the entity first applies such amendment. No material impacts are expected for the Group with regard to these changes.

Amendments to IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract”. In May 2020 the IASB published amendments to IAS 37 to specify which costs should be considered by an entity when assessing whether a contract is onerous or loss-making. The amendment provides for the application of an approach called “directly related cost approach”. Costs that relate directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to the contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they can be explicitly charged to the counterparty based on the contract. The amendments will be effective for the years starting on or after 1 January 2022. The Group will apply these changes to contracts for which it has not yet fulfilled all its obligations at the beginning of the year in which it applies these changes for the first time. Annual Improvements 2018-2020 Cycle.

Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter”. As part of the 2018-2020 process of annually improving the IFRS standards, the IASB published an amendment that allows a subsidiary that chooses to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts accounted for by the parent, considering the date of the parent’s transition to IFRS. This amendment also applies to associates or joint ventures that choose to apply paragraph D16(a) of IFRS 1. The amendment will be effective for years starting on or after 1 January 2022, and early application is permitted.

Amendment to IFRS 9 “Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities”. As part of the 2018-2020 process of annually improving the IFRS standards, the IASB published an amendment to IFRS 9 that clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. An entity applies this amendment to financial liabilities that are amended or exchanged after the date of the first financial year in which the entity applies the amendment for the first time. The amendment will be effective for years starting on or after 1 January 2022, and early application is permitted. The Company will apply such amendment to financial liabilities that are subsequently amended or exchanged or on the date of the first period in which the entity first applies such amendment. No material impacts are expected for the Company with regard to this change.

Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Disclosure of Accounting policies”. On 12 February 2021 the IASB published an amendment to this standard in order to support companies in choosing which accounting standards to disclose in their financial statements. The amendment will be effective for years starting on 1 January 2023, and early application is permitted.

Amendments to IAS 8 - “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates”. On 12 February 2021 the IASB published an amendment to this standard in order to introduce a new definition of accounting estimate and to clarify the distinction between changes in accounting estimates,

changes in accounting standards and errors. The amendment will be effective for years starting on 1 January 2023, and early application is permitted.

Amendments to IAS 12 - "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". On 7 May 2021 the IASB published an amendment to this standard, which requires companies to recognise deferred tax assets and liabilities on particular transactions that at the time of initial registration give rise to equivalent temporary differences (taxable and deductible), such as transactions relating to lease contracts. The amendment will be effective for years starting on 1 January 2023, and early application is permitted.

Explanatory notes as at 30 September 2021

Scope of consolidation and goodwill

Name	Registered Office	Currency	Share capital at 30 September 2021	Control percentage	
				At 30 September 2021	At 31 December 2020
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Newlat GmbH	Germany - Franzosenstraße 9, Mannheim (Germany)	EUR	1,025,000	100%	100%
Centrale del Latte d'Italia S.p.A.	Via Filadelfia 220, 10137 Turin	EUR	28,840,041.20	67.74%	67.59%
Symington's Ltd	Thornes Farm Business Park, Pontefract Ln, Leeds LS9	GBP	100	100%	

Consolidation criteria and methodology

The interim report illustrates the Group's equity, economic and financial situation in accordance with IFRS.

The subsidiaries were consolidated using the line-by-line method. With regard to the subsidiary Centrale del Latte d'Italia S.p.A. (also listed on the stock exchange in the STAR segment, and held at 30 September 2021 at 67.74%), minority interests were recognised. The associate company Marcafir, in which the subsidiary Centrale del Latte d'Italia S.p.A. has a 25% stake, was consolidated using the equity method.

Acquisition of the Symington's Ltd Group

Symington's Ltd, which produces and sells instant noodles, was consolidated for the first time on 1 August 2021. The transaction was booked using the acquisition method and in accordance with IFRS 3 – "Business Combinations". At 30 September 2021, the fair value measurement of the assets acquired and liabilities assumed was not yet complete. As per the accounting standard in question, management will complete the relevant measurements within 12 months of the purchase date. Goodwill, provisionally determined and subject to reassessment, amounted to Euro 39,695 thousand and was accounted for under intangible assets as indicated in IFRS 3.

The price of the stake, namely Euro 63,631 thousand, represents the book value of the interest at 1 August 2021 in Newlat Food S.p.A.'s separate financial statements.

Non-current assets

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Non-current assets		
Property, plant and equipment	156,624	151,541
Right-of-use assets	39,205	18,452
Intangible assets	91,902	51,058
Equity investments in associates	1,401	1,397
Non-current financial assets measured at fair value through profit or loss	741	746
Financial assets measured at amortised cost	801	801
Deferred tax assets	7,347	5,466
Total non-current assets	298,021	229,461

The following is a description of the main items that make up intangible assets:

Fixed assets, plant and equipment

The “acquisitions” include investments made as at 30 September 2021, and specifically, “assets under construction and payments on account” reflects work in progress in the factories of both Newlat Food and the subsidiary Centrale del Latte d'Italia, while the items “plant and machinery”, “leasehold improvements” and “industrial and commercial equipment” show the investments made, primarily in the Milk & Dairy Products sector. The increases in “Other assets” refer mainly to the purchase of electronic office equipment, cars and vehicles.

The increase compared to 31 December 2020 mainly refers to the acquisition of the new Symington's Ltd Group and the investments made during 2021.

Right-of-use assets

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce, Bologna, Corte de' Frati (CR) and Eboli (SA) used by Newlat or Centrale del Latte d'Italia under agreements entered into with the related party New Property S.p.A. These leases fall within the scope of related party transactions. The right-of-use assets at 30 September 2021 also refer to the Delverde production plant, located at Fara San Martino (CH), used by Newlat Food under a financial lease with third parties.

Machinery right-of-use assets refer mainly to the lease of capital goods used in the production process.

The change compared with 31 December 2020 was due mainly to the acquisition of the Symington's Ltd Group, which included right-of-use assets for a total of Euro 24.4 million.

Intangible assets

The change compared with 31 December 2020 was due mainly to the goodwill generated following the acquisition of the Symington's Ltd Group and the multi-year research and development carried out by the newly acquired company.

Goodwill

The goodwill of Euro 42,801 thousand refers to:

- Euro 3,863 thousand refers entirely to Newlat Food's acquisition of Centrale del Latte di Salerno S.p.A. in December 2015, which was subsequently merged by incorporation into Newlat in December 2019. As at 30 September 2021, the Group's management did not detect any negative effects relating to the activities of the Salerno plant that would require another impairment test in addition to the one that returned positive results performed for the financial statements as at 31 December 2020.
- Euro 39,695 thousand for Newlat Food's acquisition of the Symington's Ltd Group in August 2021.

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights":

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Trademarks with an indefinite useful life	44,799	44,799
Trademarks with a finite useful life	699	1,026
Total net book value	45,468	45,825

Trademarks with an indefinite useful life

This item refers to the following trademarks:

- the Drei Glocken and Birkel brands registered by the subsidiary Newlat GmbH in 2014 following the acquisition of the relevant business unit from Ebro Foods, for a total of Euro 18,844 thousand;
- the Centrale del Latte Rapallo-Latte Tigullio, Mukki and Centrale del Latte di Vicenza brands recorded in the separate financial statements of the subsidiary Centrale del Latte d'Italia S.p.A. for a total of Euro 19,132 thousand, revalued during purchase price allocation as part of the acquisition by Newlat Food for a total of Euro 6,823 thousand.

At 30 September 2021 the Group's management did not observe any negative effects relating to the operations of the plants of Newlat GmbH and Centrale del Latte d'Italia S.p.A. which the aforementioned brands refer to that would entail another impairment

test in addition to the one performed with positive results for the financial statements as at 31 December 2020.

Trademarks with a finite useful life

This item includes brands owned by Newlat Food S.p.A., amortised according to the residual useful life, estimated on the basis of the period of time over which it is considered that they are guaranteed to generate cash flows.

Other intangible assets

This item mainly includes the multi-year research and development on product innovation by the Symington's Ltd Group.

Equity investments in associates

Investments in associated companies amount to Euro 1.4 million and refer to the company Mercafir for an amount of Euro 1,397 thousand and Filat for an amount of Euro 4 thousand.

Non-current financial assets measured at fair value through profit or loss

The balance includes the interest in Futura S.r.l. for a total of approximately Euro 657 thousand (less than 5% stake).

Financial assets measured at amortised cost

At 30 September 2021, this item totalled Euro 801 thousand (Euro 801 thousand at 31 December 2020) and referred mainly to security deposits paid by the Parent Company under the production premises lease agreements.

Deferred tax assets

At 30 September 2021, this item totalled Euro 7,347 thousand (Euro 5,466 thousand in December 2020). Prepaid taxes refer to the appropriation of taxed provisions. Based on the multi-year business plans prepared, management believes that these receivables can be fully recovered through future taxable income. The increase is mainly due to the acquisition of the Symington's Ltd Group, which includes deferred tax assets of Euro 2,906 thousand.

Current assets

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Current assets		
Inventories	64,781	41,347
Trade receivables	64,324	71,268
Current tax assets	1,786	1,888
Other receivables and current assets	14,731	11,003
Current financial assets measured at fair value through profit or loss	1	4
Cash and cash equivalents	345,088	182,127
Total current assets	490,711	307,637

Inventories

Closing inventories were up by Euro 13.3 million compared to 31 December 2020, mainly because of the acquisition of the Symington's Ltd Group. Net of the acquisition, there was a decrease in warehouse stock as a result of an increase in sales during the third quarter of 2021.

Trade receivables

There are no significant changes in the receipt conditions. Receivables are shown net of the provision for write-downs estimated prudentially on the basis of information held in order to adjust their value to the presumed realisable value.

At each reporting date, customer receivables are analysed to check for the existence of impairment indicators. To perform this analysis, the Group assesses whether there are expected losses from trade receivables over the entire duration of these receivables and takes into account the expertise it has accrued regarding losses on receivables, grouped into similar categories, based on specific factors pertaining to the Group's receivables as well as on the general economic environment. Customer receivables are written down when there is no reasonable expectation that they will be recovered and the write-down takes place in the income statement under "amortisation, depreciation and write-downs".

Current tax assets

Current tax assets totalled Euro 1,786 thousand (Euro 1,888 thousand at 31 December 2020).

Current tax liabilities totalled Euro 5,478 thousand (Euro 3,438 thousand at 31 December 2020). The change compared with 31 December 2020 was due to taxes for the period.

Other receivables and current assets

“Other receivables and current assets” consist of tax receivables, advances to suppliers, prepaid expenses and other short-term receivables.

Cash and cash equivalents

“Cash and cash equivalents” mainly consist of sight current accounts with banks. At 30 September 2021, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents, amounting to Euro 85,592 thousand, is attributable to the cash pooling relationships of Newlat Food with the parent company Newlat Group S.A. See the statement of cash flows for changes in the “Cash and cash equivalents” item as at 30 September 2021.

Shareholders’ equity

Share capital

As at 30 September 2021, the Company's fully subscribed and paid-up share capital totalled Euro 43,935,050, divided into 43,935,050 ordinary shares that were dematerialised as a result of the IPO operation in October 2019.

As reported in the statement of changes in consolidated equity, the changes as at 30 September 2021 related to:

- Recognition of the total Group net profit for the period, in the amount of Euro 8,268 thousand.
- Other minor changes in the amount of Euro 546 thousand.
- Purchase of treasury shares for Euro 7.6 thousand.
- Currency translation for Euro (445) thousand.
- Recognition of minority interest in shareholders' equity amounting to Euro 16,557 thousand

Non-current liabilities

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Non-current liabilities		
Provisions for employee benefits	14,525	15,411
Allowances for risks and charges	1,619	1,587
Deferred tax liabilities	6,738	12,081
Non-current financial liabilities	281,832	94,811
Non-current lease liabilities	30,985	12,436
Total non-current liabilities	335,699	136,326

Provisions for employee benefits

At 30 September 2021, this item totalled Euro 14,525 thousand, down from Euro 15,411 thousand at 31 December 2020, mainly due to the departure of employees through retirement and resignation.

Allowances for risks and charges

The item is primarily composed of the provision for agents' indemnities, which represents a reasonable forecast of the charges that would be borne by the Group in the event of future interruption of agency relationships.

Deferred tax liabilities

The significant decrease of Euro 5,343 thousand compared to the liability at 31 December 2020 is mainly due to the release to the income statement of deferred taxes following the clearance (through the payment of substitute tax) of the capital gains allocated to the brands of the subsidiary Centrale del Latte d'Italia S.p.A., with consequent alignment of the accounting and tax values of these brands.

Non-current and current financial liabilities

The item mainly refers to short- and medium- to long-term financial payables.

The verification of compliance with financial covenants is performed only on the annual data at 31 December. The Group believes that these covenants will be respected at 31 December 2021.

The increase in non-current financial liabilities is mainly due to the issue of a bond loan for Euro 200 million, which took place on 19 February 2021 in order to finance the Group's future acquisitions (the first of which was finalised on 4 August 2021). The increase in current financial liabilities is mainly due to the use of short-term credit lines in view of the excellent financial conditions enjoyed by the Group.

Current and non-current lease liabilities.

This item includes financial debt relating mainly to multi-year lease agreements for properties used by the Parent Company and by the subsidiaries and to the lease of industrial facilities and machinery.

Liabilities were recognised in compliance with the IFRS 16 accounting standard that came into effect on 1 January 2019 and determined as the present value of future lease payments discounted at a marginal rate of interest which, based on the length of each individual agreement, was identified in a range between 1% and 3%.

There are no payables due beyond five years.

The change compared with 31 December 2020 was due mainly to the acquisition of the Symington's Ltd Group and the related lease contracts.

Current liabilities

<i>(In thousands of euros)</i>	At 30 September 2021	At 31 December 2020
Current liabilities		
Trade payables	165,234	151,388
Current financial liabilities	97,459	63,121
Current lease liabilities	7,565	6,570
Current tax liabilities	5,478	3,438
Other current liabilities	18,394	20,200
Total current liabilities	294,129	244,717

Trade payables

Trade payables refer to purchases of raw materials, services and assets. There are no particular changes in supplier payment terms.

Current financial liabilities

Current financial liabilities refer to maturities within 12 months relating to medium-to-long-term loans and the use of credit lines for down payments.

Other current liabilities

This item consists mainly of tax payables and payables to employees and social security bodies.

The change compared with 31 December 2020 was due mainly to lower payables to employees.

Income statement

Please refer to the Report on Operations for an analysis of the income statement items as at 30 September 2021, which – for the purposes of a greater understanding of the Group's economic performance – were elaborated with the proforma income statement figures as at 30 September 2021 and 2020, calculated by retro-dating the acquisition of Symington's Ltd to 1 January 2020 for proforma accounting purposes, though it actually took place on 1 August 2021, and therefore impacted the consolidated income statements as at 30 September 2021 for only two months.

Earnings per share

Basic earnings per share are calculated on the basis of the consolidated profit for the period attributable to the shareholders of the Parent Company divided by the weighted average number of ordinary shares, calculated as follows:

	At 30 September	
	2021	2020
Profit for the year attributable to the Group in thousands of euros	8,269	29,981
Weighted average number of shares in circulation	43,935,050	40,780,482
Earnings per share (in Euro)	0.19	0.74

Related party transactions

The Group's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures, are mainly of a commercial or financial nature and are carried out under normal market conditions.

Despite this, there is no guarantee that, if these transactions had been conducted between or with third parties, said third parties would have negotiated and entered into the relevant contracts, or executed the transactions themselves, under the same conditions and in the same manner.

The Group deals with the following related parties:

- Newlat Group S.A., Swiss parent company; and
- companies controlled by the parent company other than its own subsidiaries and associates ("Companies controlled by the parent companies").

Disputes and potential liabilities

The Parent Company and its subsidiaries are parties to some legal disputes, for relatively small amounts. The future resolution of such disputes is unlikely to generate significant liabilities for the Group for which specific risk provisions have not already been allocated in the financial statements. As at 30 September 2021 there were no substantial changes to the situations regarding disputes or contingent liabilities from 31 December 2020.