



A multibrand company



INTERIM REPORT AT 31 MARCH 2022





DIRECTORS' REPORT ON OPERATING PERFORMANCE
AT 31 MARCH 2022

Contents

| | |
|--|-----------|
| Performance as at 31 March 2022..... | 8 |
| BOARDS AND OFFICERS..... | 9 |
| Board of Directors..... | 9 |
| Board of Statutory Auditors | 9 |
| Remuneration and Appointments Committee | 10 |
| Control and Risks Committee | 10 |
| Related Party Transactions Committee | 10 |
| Financial Reporting Officer | 10 |
| Independent Auditing Firm | 10 |
| Group Structure | 13 |
| INTERIM MANAGEMENT REPORT | 16 |
| Financial statements and explanatory notes..... | 28 |
| Consolidated statement of financial position..... | 29 |
| Consolidated income statement | 30 |
| Consolidated statement of other comprehensive income | 30 |
| Consolidated statement of changes in equity | 31 |
| Consolidated cash flow statement..... | 32 |
| Explanatory notes..... | 33 |
| Explanatory notes as at 31 March 2022 | 35 |
| Scope of consolidation and goodwill..... | 36 |
| Consolidation criteria and methodology | 36 |
| Acquisition of the Symington's Ltd Group | 36 |
| Current assets..... | 43 |
| Shareholders' equity..... | 44 |
| Current liabilities | 46 |
| Income statement | 46 |
| Earnings per share..... | 47 |
| Related party transactions | 47 |
| Disputes and potential liabilities..... | 49 |

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-in share capital: Euro 43,935,050.00

Tax and VAT ID 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.

Performance as at 31 March 2022

Operations as at 31 March 2022 show a positive pre-tax result of Euro 3,093 thousand and a total net result of Euro 2,398 thousand.

The analysis of the operating performance cannot disregard the effects of the conflict in Ukraine and the increases in the average prices of the main categories of raw materials (milk, cream and butter) as well as packaging materials and auxiliaries, which led to a reduction in margins in Q1 2022, albeit limited. The increase was sudden and sustained throughout the quarter and led the company to revise the main sales conditions with its customers.

The Group is firmly convinced of a recovery in margins in the coming months thanks to an increase in average sales prices and a softening of the speculative wave affecting the markets it operates in.

And it is precisely with this in mind that the Group's policy has been geared towards keeping sales volumes unchanged.

Against this backdrop of uncertainty, the Group recorded a decrease in its margin (EBITDA margin of 7.9% as at 31 March 2022, 9.1% as at 31 March 2021) despite an increase in revenue of 7.7%.

Below are the highlights of Q1 2022:

- 1) The publication of the new price lists and the re-negotiation of the main sales conditions was able to counteract the sudden, constant increase of the main raw material components.
- 2) The increase in turnover (+7.7%) was the result of a clear corporate decision to build loyalty in its customers in the prospect of a reduction in the speculative wave that characterised the first quarter of 2022.
- 3) The margins recorded in the first quarter were in line with the company's expectations and still showed a positive result.
- 4) In a highly unstable environment, and in general with a very weak domestic market, we must note that the first quarter performance (+7.7% compared to 31 March 2022) is a result that can be deemed exceptional considering the difficulties in the sector.
- 5) The more traditional normal trade and HO.RE.CA. channel continues in a state of operational and economic weakness, even though there are important signs of recovery from the second quarter onwards, which bode well for the end of the financial year.

The interim report closed with a net profit after tax of Euro 1,506 thousand.

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 31 March 2022 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 economic, equity and financial information of the Newlat Group at 31 March 2022 and 31 March 2021, which includes the Symington's Group and Centrale del Latte d'Italia in the new scope of consolidation from 1 January 2021 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:

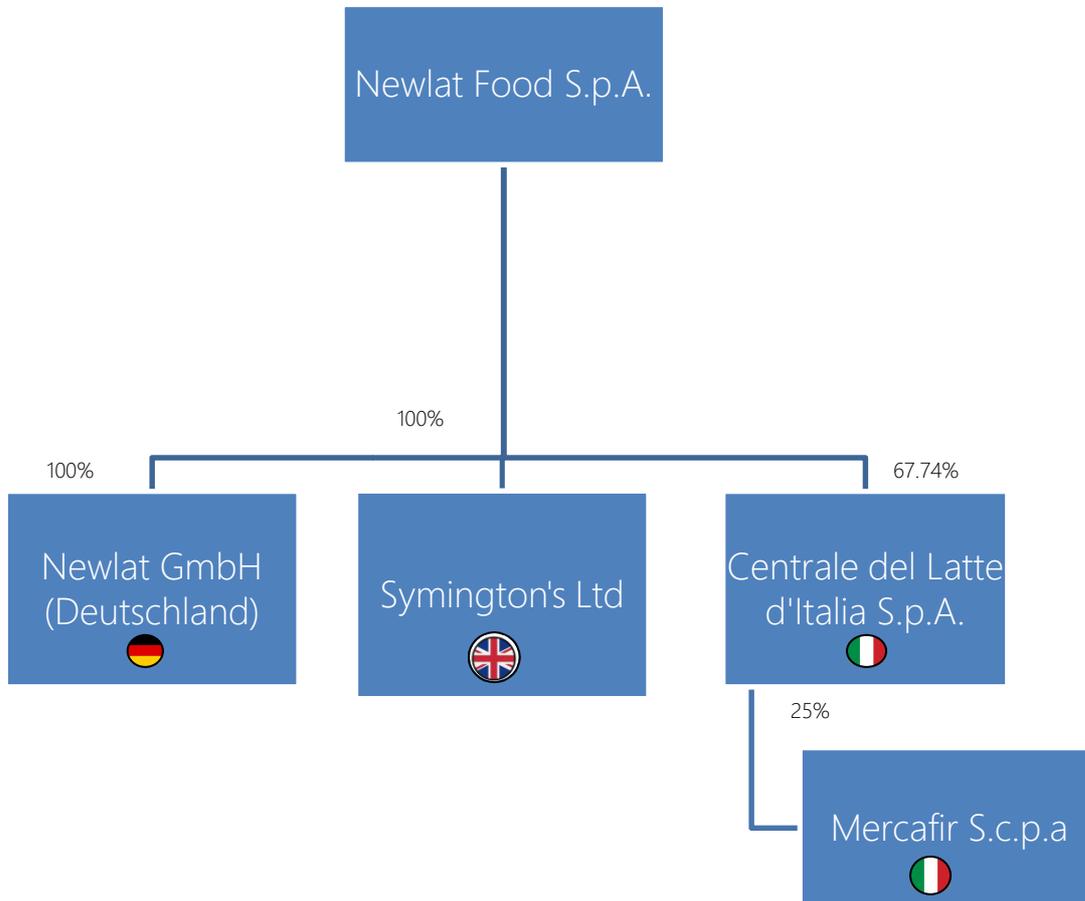
- Cash and cash equivalents
- Non-current financial assets, recorded under 'other non-current assets'
- Current financial assets, recorded under 'other receivables'
- Payables to banks
- Non-current financial liabilities, recorded under 'other non-current liabilities'

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 31 March 2021 | Control percentage | |
|------------------------------------|--|----------|--------------------------------|--------------------|---------------------|
| | | | | At 31 March 2022 | At 31 December 2021 |
| 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% | 67.74% |
| Symington's Ltd | Thornes Farm Business Park, Pontefract Ln, Leeds LS9 | GBP | 100 | 100% | 100% |

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 31 March 2022 and the equity and profit/loss data for the period for each subsidiary is provided below:

| Name | Shareholding carrying value (In thousands of euros) | Shareholders' equity (In thousands of euros) | Profit/loss for the period (In thousands of Euro) |
|------------------------------------|---|--|---|
| | 31/03/2022 | 31/03/2022 | 31/03/2022 |
| Newlat GmbH (Deutschland) | 68,873 | 33,462 | 1,023 |
| Centrale del Latte d'Italia S.p.A. | 25,409 | 64,649 | 1,506 |
| Symington's Ltd | 63,914 | 25,491 | 427 |

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 31 MARCH 2022**

Significant events in the period and outlook

Right from the beginning of the pandemic, the Group has shown that it is ready to deal with this situation, offering suitable product and service responses to the various demands that have arisen, particularly after the various stages of this experience.

The same thing applies to activities performed in line with Group guidelines. These are less commercial and logistical and more operations-oriented, such as strengthening liquidity and carefully managing trade receivables and operating costs, making sure in all cases to prioritise customer and employee satisfaction.

All this has enabled the Group, as we can see by the results, to deliver better margins and create more value for its shareholders.

At the date of approval of the following interim management report, a conflict is ongoing in Europe involving Russia and Ukraine. The onset of the conflict and the crisis raging in the oil and gas sector and in the supply of raw materials has caused a great deal of uncertainty about the development of the world economy.

The gradual increase in prices in the raw materials, primary and secondary packaging, transport and energy sectors is affecting the Group's commercial policies, which has redefined the sales conditions with its main customers.

In view of the above, the Group is unable to predict the extent to which these events might affect the outlook for the Company for 2022, but, based on the data available when this interim management report was being prepared, the Directors believe they can reasonably exclude the possibility of significant negative impacts.

Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Group feels it is fair and reasonable to assume that the interim report as at 31 March 2022 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 31 March 2022.
- The Group's constant ability to generate cash from operations.
- The presence of authorised credit lines at 31 March 2022 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.

Note that the Group's economic and financial performance as at 31 March 2022 was better than the budget forecast and the business plan. It should also be noted that the cash and cash equivalents at 31 March 2022, amounting to Euro 371 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 31 MARCH 2022

There were no atypical or unusual transactions, nor transactions requiring changes to the interim report on operations at 31 March 2022.

MANAGEMENT REPORT

The Newlat Group is an important player in the Italian and European agri-food sector. In particular, as at 31 March 2022 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> | First quarter as at 31 March | | | | | |
|---|------------------------------|--------------|---------------|--------------|----------------|----------------|
| | 2022 | % | 2021 proforma | % | 2022vs2021 | % |
| Revenue from contracts with customers | 165,435 | 100.0% | 153,642 | 100.0% | 11,793 | 7.7% |
| Cost of sales | (133,695) | (80.8%) | (120,621) | (78.5%) | (13,073) | 10.8% |
| Gross operating profit/(loss) | 31,741 | 19.2% | 33,021 | 21.5% | (1,281) | (3.9%) |
| Sales and distribution costs | (21,774) | (13.2%) | (19,598) | (12.8%) | (2,176) | 11.1% |
| Administrative costs | (5,355) | (3.2%) | (7,857) | (5.1%) | 2,502 | (31.8%) |
| Net write-downs of financial assets | (158) | (0.1%) | (329) | (0.2%) | 172 | (52.1%) |
| Other revenues and income | 2,197 | 1.3% | 2,822 | 1.8% | (626) | (22.2%) |
| Other operating costs | (1,683) | (1.0%) | (2,421) | (1.6%) | 738 | (30.5%) |
| Operating profit/(loss) (EBIT) | 4,968 | 3.0% | 5,639 | 3.7% | (671) | (11.9%) |
| Financial income | 358 | 0.2% | 125 | 0.1% | 233 | 185.7% |
| Financial expenses | (2,233) | (1.4%) | (547) | (0.4%) | (1,686) | 308.0% |
| Profit/(loss) before taxes | 3,093 | 1.9% | 5,217 | 3.4% | (2,125) | (40.7%) |
| Income taxes | (695) | (0.4%) | (1,318) | (0.9%) | 623 | (47.3%) |
| Net profit/(loss) | 2,398 | 1.4% | 3,899 | 2.5% | (1,501) | (38.5%) |

Operating income amounted to Euro 5 million, down compared to the same period of 2021 due to a slight worsening of the supply chain in terms of average purchase cost. In recent months the Group has been busy renegotiating the main sales conditions in order to recover the increases experienced.

In absolute terms, EBITDA decreased by Euro 1 million (6.7%), while the EBITDA margin went from 9.1% to 7.9%.

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 in per cent)</i> | First quarter as at 31 March | | | | Changes | |
|--|---------------------------------|---------------|------------------|--------------|---------------|-------------|
| | 2022 | % | 2021 Proforma | % | 2022 v. 2021 | % |
| Pasta | 45,996 | 27.8% | 37,692 | 24.5% | 8,304 | 22% |
| Milk Products | 59,496 | 36.0% | 56,536 | 36.8% | 2,960 | 5% |
| Bakery Products | 8,264 | 5.0% | 8,921 | 5.8% | (657) | -7% |
| Dairy Products | 9,077 | 5.5% | 7,130 | 4.6% | 1,947 | 27% |
| Special Products | 8,281 | 5.0% | 8,380 | 5.5% | (99) | -1% |
| Other assets | 2,777 | 1.7% | 2,799 | 1.8% | (22) | -1% |
| Instant noodles | 31,543 | 19.1% | 32,184 | 20.9% | (641) | -2% |
| Revenue from contracts with customers | 165,435 | 100.0% | 153,642 | 99.9% | 11,793 | 7.7% |

Revenues from the **Pasta** segment were higher than in the same period of the previous year because of a combined effect of higher sales volumes and higher prices in the German market and higher volumes in the domestic market (B2B) and other countries (private labels) as a result of higher demand.

Revenues from the **Milk Products** segment were up because of an increase in the average sales price, particularly with regard to the subsidiary Centrale del Latte d'Italia

Revenues from the **Bakery Products** segment were lower because of lower sales volumes. The decrease was mainly due to a shift of some promotional activities from Q1 to Q2.

Revenues from the **Dairy Products** segment increased as a result of a rise in volumes and the average sales price.

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 decreased as a result of a drop in sales volumes. However, a recovery in volumes and an increase in turnover is expected as early as Q2.

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 in per cent)</i> | First quarter as at 31 March | | | | Changes | |
|--|---------------------------------|---------------|------------------|--------------|---------------|-------------|
| | 2022 | % | 2021 Proforma | % | 2022 v 2021 | % |
| Mass Distribution | 105,982 | 64.1% | 97,422 | 63.4% | 8,560 | 9% |
| B2B partners | 15,254 | 9.2% | 14,005 | 9.1% | 1,249 | 9% |
| Normal trade | 14,225 | 8.6% | 13,987 | 9.1% | 238 | 2% |
| Private labels | 27,084 | 16.4% | 25,061 | 16.3% | 2,023 | 8% |
| Food services | 2,890 | 1.7% | 3,167 | 2.0% | (277) | -9% |
| Total revenue from contracts with customers | 165,435 | 100.0% | 153,642 | 99.9% | 11,793 | 7.7% |

Revenues from the **Mass Distribution** channel increased, primarily due to higher demand in the pasta segment and higher average sales prices.

Revenues from the **B2B partners** channel increased, mainly because of an increase in sales volumes due to the acquisition of new customers.

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

Revenues from the **Private label** channel increased in the Pasta and Dairy segment as a result of higher average sales prices.

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

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

| <i>(In thousands of euros and in per cent)</i> | First quarter as at 31 March | | | | Changes | |
|--|------------------------------|-------------|----------------|---------------|---------------|-------------|
| | 2022 | % | 2021 Proforma | % | 2022 v. 2021 | % |
| Italy | 87,431 | 52.8% | 81,174 | 52.8% | 6,257 | 8% |
| Germany | 28,392 | 17.2% | 24,085 | 15.7% | 4,307 | 18% |
| United Kingdom | 31,877 | 19.3% | 31,909 | 20.8% | (33) | 0% |
| Other countries | 17,736 | 10.7% | 16,473 | 10.7% | 1,262 | 8% |
| Total revenue from contracts with customers | 165,435 | 100% | 153,642 | 100.0% | 11,793 | 7.7% |

Revenues in **Italy** were up mainly because of higher sales volumes and average prices. Revenues from **Germany** increased as a result of higher volumes in the Pasta sector and a general increase in the average sales price.

Revenues in the **UK** were broadly in line with the same period last year due to the combined effect of a decrease in the instant noodles segment and an increase in the pasta segment.

Revenues from **Other Countries** increased mainly because of higher average sales prices.

Operating costs

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

| <i>(In thousands of Euro)</i> | First quarter as at 31 March | |
|-------------------------------|------------------------------|------------------|
| | 2022 | 2021 proforma |
| Cost of sales | (133,695) | (120,621) |
| Sales and distribution costs | (21,774) | (19,598) |
| Administrative costs | (5,355) | (7,857) |
| Total operating costs | (160,823) | (148,075) |

Cost of sales accounted for 80.8% of sales revenue (78.5% as at 31 March 2022) as the main consequence of an increase in the average purchase cost of raw materials and packaging materials.

Commercial sales and distribution expenses increased in 2022 as a main consequence of an increase in the average cost of transport.

Administrative expenses decreased during 2022 due to the drop in the number of units due to retirement and/or resignation.

EBITDA amounted to Euro 13.3 million (7.9% of sales revenues), compared with Euro 14 million at 31 March 2021 for the same scope of consolidation (9.1% of sales revenues), down by 6.7%.

The following table shows EBITDA by activity segment:

| <i>(In thousands of Euro)</i> | First quarter as at 31 March 2022 | | | | | | | Consolidated Financial Statements total |
|---|-----------------------------------|------------------|--------------------|-------------------|---------------------|--------------------|-----------------|--|
| | Pasta | Milk products | Bakery Products | Dairy products | Special Products | Instant Noodles | Other assets | |
| Revenue from contracts with customers (third parties) | 45,996 | 59,496 | 8,264 | 9,077 | 8,281 | 31,543 | 2,777 | 165,435 |
| EBITDA (*) | 1,900 | 4,866 | 1,063 | 1,325 | 950 | 2,834 | 129 | 13,068 |
| EBITDA margin | 4.13% | 8.18% | 12.86% | 14.60% | 11.47% | 8.99% | 4.65% | 7.90% |
| Amortisation, depreciation and write- downs | 1,097 | 3,596 | 468 | 83 | 572 | 2,058 | 70 | 7,943 |
| Net write-downs of financial assets | | | | | | | 158 | 158 |
| Operating profit/(loss) | 804 | 1,270 | 595 | 1,242 | 379 | 777 | (99) | 4,968 |
| Financial income | - | - | - | - | - | - | 358 | 358 |
| Financial expenses | - | - | - | - | - | - | (2,233) | (2,233) |
| Profit/(loss) before taxes | 804 | 1,270 | 595 | 1,242 | 379 | 777 | (1,974) | 3,093 |
| Income taxes | - | - | - | - | - | - | (695) | (695) |
| Net profit/(loss) | 804 | 1,270 | 595 | 1,242 | 379 | 777 | (2,669) | 2,398 |
| Total assets | 120,318 | 226,375 | 21,487 | 629 | 20,394 | 60,233 | 367,694 | 817,130 |
| Total liabilities | 75,245 | 95,922 | 11,121 | 357 | 15,723 | 62,433 | 417,035 | 677,836 |
| Investments | 426 | 466 | 206 | - | 115 | 1,033 | 23 | 2,269 |
| Employees (number) | 502 | 591 | 196 | 73 | 167 | 622 | 72 | 2,223 |

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

| First quarter as at 31 March 2021 proforma | | | | | | | | Consolidate d Financial Statements total |
|---|------------|------------------|--------------------|-------------------|---------------------|--------------------|-----------------|---|
| (In thousands of Euro) | Pasta | Milk products | Bakery Products | Dairy products | Special Products | Instant Noodles | Other assets | |
| Revenue from contracts with customers (third parties) | 37,692 | 56,536 | 8,921 | 7,130 | 8,380 | 32,184 | 2,799 | 153,642 |
| EBITDA (*) | 2,065 | 5,721 | 1,157 | 1,103 | 852 | 2,963 | 145 | 14,006 |
| EBITDA margin | 5.48% | 10.12% | 12.97% | 15.47% | 10.17% | 9.21% | 5.18% | 9.12% |
| Amortisation, depreciation and write-downs | 1,252 | 3,514 | 349 | 65 | 430 | 2,049 | 379 | 8,038 |
| Net write-downs of financial assets | | | | | | | 329 | 329 |
| Operating profit/(loss) | 813 | 2,207 | 808 | 1,038 | 422 | 914 | (563) | 5,639 |
| Financial income | - | - | - | - | - | - | 125 | 125 |
| Financial expenses | - | - | - | - | - | - | (547) | (547) |
| Profit/(loss) before taxes | 813 | 2,207 | 808 | 1,038 | 422 | 914 | (985) | 5,217 |
| Income taxes | - | - | - | - | - | - | (1,318) | (1,318) |
| Net profit/(loss) | 813 | 2,207 | 808 | 1,038 | 422 | 914 | (2,303) | 3,899 |
| Total assets | 109,960 | 244,525 | 16,017 | 942 | 16,814 | 54,548 | 392,094 | 834,900 |
| Total liabilities | 90,480 | 185,627 | 18,661 | 588 | 10,287 | 24,098 | 360,644 | 690,385 |
| Investments | 91 | 1,211 | 155 | 25 | 30 | | 150 | 1,662 |
| Employees (number) | 502 | 589 | 196 | 72 | 167 | 622 | 72 | 2,220 |

(*) 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 5 million (3% of sales) compared with Euro 5.6 million at 31 March 2021 for the same scope of consolidation (3.7% of sales), down by 11.9%.

Net profit as at 31 March 2022 was Euro 2.4 million, down from 31 March 2021.

EBITDA

The table below provides a reconciliation of proforma EBITDA, the EBITDA margin and cash conversion at 31 March 2022 and 2021.

| <i>(In thousands of euros and in per cent)</i> | At 31 December | |
|--|----------------|---------------|
| | 2022 | 2021 Proforma |
| Operating profit/(loss) (EBIT) | 4,968 | 5,639 |
| Amortisation, depreciation and write-downs | 7,943 | 8,038 |
| Net write-downs of financial assets | 158 | 329 |
| EBITDA (*) (A) | 13,068 | 14,006 |
| Revenue from contracts with customers | 165,435 | 153,642 |
| EBITDA margin (*) | 7.9% | 9.1% |
| investments (B) | 2,269 | 1,662 |
| Cash conversion [(A) - (B)]/(A) | 82.6% | 88.1% |

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Group's financial statements when assessing the Group's results.

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> | First quarter as at 31 March | | | | Changes | |
|---|------------------------------|-------------|---------------|-------------|--------------|---------------|
| | 2022 | % | 2021 Proforma | % | 2022 v 2021 | % |
| Pasta | 1,900 | 4.1% | 2,065 | 5.5% | (165) | (8.0%) |
| Milk Products | 4,866 | 8.2% | 5,721 | 10.1% | (855) | (14.9%) |
| Bakery Products | 1,063 | 12.9% | 1,157 | 13.0% | (94) | (8.1%) |
| Dairy Products | 1,325 | 14.6% | 1,103 | 15.5% | 222 | 20.1% |
| Special Products | 950 | 11.5% | 852 | 10.2% | 98 | 11.5% |
| Instant Noodles | 2,834 | 9.0% | 2,963 | 9.2% | (129) | (4.3%) |
| Other assets | 129 | 4.6% | 145 | 5.2% | (16) | (11.0%) |
| EBITDA | 13,068 | 7.9% | 14,006 | 9.1% | (938) | (6.7%) |

The 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 only partially reflected in an increase in the average sales price.

EBITDA for the **Milk Products** segment decreased compared to the same period of the previous year due to an increase in the average cost of raw materials, only partially reflected in an increase in the average sales price for 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.

The EBITDA of the **Dairy Products** 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 only partially reflected in an increase in the average sales price.

EBITDA from the **Special Products** segment was up compared to 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 provides details of the composition of the Company's net financial debt as at 31 March 2022 and 31 December 2021, determined in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 and in accordance with paragraph 175 et seq. of the recommendations contained in the document prepared by ESMA, no. 32-382-1138 of 4 March 2021 (guidelines on disclosure requirements under Regulation EU 2017/1129, so-called "Prospectus Regulation"):

| <i>(In thousands of Euro)</i> | At 31 March | At 31 December |
|--|------------------|-------------------|
| Net financial debt | 2022 | 2021 |
| A. Cash and cash equivalents | 371,083 | 384,888 |
| B. Other current financial assets | 34 | 35 |
| C. Cash and cash equivalents (A)+(B)+(C) | 371,117 | 384,923 |
| D. Current financial payables | (75,444) | (104,642) |
| E. Current portion of non-current financial debt | (49,549) | (30,525) |
| F. Current financial indebtedness (E)+(F) | (124,993) | (135,167) |
| G. Net current financial indebtedness (G)+(D) | 246,124 | 249,756 |
| H. Non-current financial debt | (113,117) | (119,937) |
| I. Debt instruments | (198,954) | (198,455) |
| J. Trade and other non-current payables | - | - |
| K. Non-current financial indebtedness (I)+(J)+(K) | (312,071) | (318,392) |
| L. Net financial indebtedness (H)+(L) | (65,947) | (68,636) |
| Purchase of treasury shares | 23,158 | 15,759 |
| M. Proforma net financial debt | (42,789) | (52,877) |

Comparing the net financial position at 31 March 2022 with the corresponding data at 31 December 2021 demonstrates a significant improvement of Euro 2.7 million thanks to the Newlat Group's ability to generate cash flows from operations. Before the purchase of the treasury shares, the improvement would have amounted to Euro 10 million.

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

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|-------------------------------|---------------------|---------------------------|
| Net financial debt | (42,789) | (52,877) |
| Current lease liabilities | 8,207 | 7,887 |
| Non-current lease liabilities | 30,572 | 31,175 |
| Net Financial Position | (4,010) | (13,815) |

Changes in net financial position as of 31 March 2022 are shown below, in summary:

| | |
|---|-------------|
| Net Financial Position at 31 December 2021 (million euros) | (69) |
| EBITDA | 13 |
| Purchase of treasury shares | (7) |
| Net working capital | 4 |
| Interest and taxes | (2) |
| Investments | (4) |
| Other minor operating costs | (1) |
| Net Financial Position at 31 March 2022 (million euros) | (66) |

INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets at 31 March 2022:

| <i>(In thousands of euros and in per cent)</i> | At 31 March | | | |
|--|--------------|---------------|--------------|--------------|
| | 2022 | % | 2021 | % |
| Land and buildings | 47 | 2.1% | 13 | 0.8% |
| Plant and machinery | 1,572 | 69.3% | 1,471 | 88.5% |
| Industrial and commercial equipment | 24 | 1.1% | - | 0.0% |
| Other assets | - | 0.0% | 3 | 0.2% |
| Assets under construction and payments on account | 622 | 27.4% | - | 0.0% |
| Investments in property, plant and equipment | 2,265 | 99.9% | 1,487 | 89.5% |
| Patents and intellectual property rights | 4 | 0.2% | - | 0.0% |
| Concessions, licences, trademarks and similar rights | - | 0.0% | 175 | 10.5% |
| Investments in intangible assets | 4 | 0.2% | 175 | 10.5% |
| Total investments | 2,269 | 100.0% | 1,662 | 99.9% |

During the reporting period, the Group made investments totalling Euro 2,269 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 the new plant in Lodi.

The following table provides a breakdown by business unit of the Group's investments as at 31 March 2022:

| <i>(In thousands of euros and in per cent)</i> | At 31 March | | | |
|--|--------------|---------------|--------------|---------------|
| | 2022 | % | 2021 | % |
| <i>Special Products</i> | 115 | 5.1% | 30 | 1.8% |
| <i>Pasta</i> | 426 | 18.8% | 91 | 5.5% |
| <i>Bakery Products</i> | 206 | 9.1% | 155 | 9.3% |
| <i>Milk Products</i> | 466 | 20.5% | 1,211 | 72.9% |
| <i>Dairy Products</i> | - | 0.0% | 25 | 1.5% |
| <i>Instant Noodles</i> | 1,033 | 45.5% | - | |
| <i>Other assets</i> | 23 | 1.0% | 150 | 9.0% |
| Total investments | 2,269 | 100.0% | 1,662 | 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 facility at the Vicenza 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 the improvement of new plants.

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 new packaging systems.

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 31 March 2022, 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 31 March 2022 in all the Parent company holds 3,769,440 treasury shares equal to 8.58% of the share capital, for a total purchase cost of approximately Euro 23.2 million, which decreased consolidated shareholders' equity.

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. 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, 13 May 2022

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, 13 May 2022

Rocco Sergi
Officer in charge of preparing the
company's financial reports

Financial statements and explanatory notes

Consolidated statement of financial position

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|--|---------------------|------------------------|
| Non-current assets | | |
| Property, plant and equipment | 154,908 | 157,417 |
| Investment property | | |
| Right-of-use assets | 36,773 | 38,572 |
| <i>of which from related parties</i> | 3,258 | 3,948 |
| Intangible assets | 97,887 | 97,824 |
| Equity investments in associates | 1,401 | 1,401 |
| Non-current financial assets measured at fair value through profit or loss | 731 | 731 |
| Financial assets measured at amortised cost | 801 | 801 |
| <i>of which from related parties</i> | 735 | 735 |
| Deferred tax assets | 7,639 | 7,580 |
| Total non-current assets | 300,139 | 304,326 |
| Current assets | | |
| Inventories | 75,014 | 63,881 |
| Trade receivables | 51,999 | 67,184 |
| <i>of which from related parties</i> | 19 | 19 |
| Current tax assets | 3,352 | 3,324 |
| Other receivables and current assets | 15,509 | 11,262 |
| Current financial assets measured at fair value through profit or loss | 34 | 35 |
| Cash and cash equivalents | 371,083 | 384,888 |
| <i>of which from related parties</i> | 132,215 | 126,552 |
| Total current assets | 516,992 | 530,574 |
| TOTAL ASSETS | 817,130 | 834,900 |
| Shareholders' equity | | |
| Share capital | 43,934 | 43,935 |
| Reserves | 79,215 | 81,447 |
| Currency reserve translation | (730) | (478) |
| Net profit/(loss) | 1,830 | 5,134 |
| Total shareholders' equity attributable to the Group | 124,249 | 130,038 |
| Shareholders' equity attributable to minority interests | 15,045 | 14,477 |
| Total consolidated equity | 139,294 | 144,515 |
| Non-current liabilities | | |
| Provisions for employee benefits | 14,066 | 14,223 |
| Provisions for risks and charges | 2,025 | 2,030 |
| Deferred tax liabilities | 18,575 | 19,097 |
| Non-current financial liabilities | 281,499 | 287,216 |
| Non-current lease liabilities | 30,572 | 31,175 |
| <i>of which from related parties</i> | 531 | 1,261 |
| Total non-current liabilities | 346,737 | 353,741 |
| Current liabilities | | |
| Trade payables | 183,370 | 179,024 |
| <i>of which from related parties</i> | - | 163 |
| Current financial liabilities | 116,786 | 127,280 |
| <i>of which from related parties</i> | 38,056 | 40,435 |
| Current lease liabilities | 8,207 | 7,887 |
| <i>of which from related parties</i> | 2,899 | 2,812 |
| Current tax liabilities | 3,641 | 3,364 |
| Other current liabilities | 19,095 | 19,087 |
| <i>of which from related parties</i> | - | 411 |
| Total current liabilities | 331,099 | 336,643 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 817,130 | 834,900 |

Consolidated income statement

| <i>(In thousands of Euro)</i> | First quarter as at 31 March | |
|---|------------------------------|---------------|
| | 2022 | 2021 |
| Revenue from contracts with customers | 165,435 | 121,458 |
| Cost of sales | (133,695) | (95,468) |
| <i>of which from related parties</i> | <i>(690)</i> | <i>(917)</i> |
| Gross operating profit/(loss) | 31,741 | 25,990 |
| Sales and distribution costs | (21,774) | (16,091) |
| Administrative costs | (5,355) | (5,815) |
| <i>of which from related parties</i> | <i>(63)</i> | <i>(30)</i> |
| Net write-downs of financial assets | (158) | (329) |
| Other revenues and income | 2,197 | 2,822 |
| Other operating costs | (1,683) | (1,852) |
| Operating profit/(loss) | 4,969 | 4,725 |
| Financial income | 358 | 125 |
| Financial expenses | (2,233) | (519) |
| <i>of which from related parties</i> | <i>(23)</i> | <i>(28)</i> |
| Profit/(loss) before taxes | 3,094 | 4,331 |
| Income taxes | (695) | (1,176) |
| Net profit/(loss) | 2,400 | 3,155 |
| Profit (loss) attributable to minority interests | 568 | 567 |
| Group net profit/(loss) | 1,832 | 2,589 |
| Basic net profit/(loss) per share | 0.04 | 0.07 |
| Diluted net profit/(loss) per share | 0.04 | 0.07 |

Consolidated statement of other comprehensive income

| <i>(In thousands of Euro)</i> | First quarter as at 31 March | |
|--|------------------------------|--------------|
| | 2022 | 2021 |
| Net profit/(loss) (A) | 2,400 | 3,155 |
| a) Other components of comprehensive income that will not be subsequently reclassified to the income statement: | | |
| Actuarial gains/(losses) | 7 | (1,317) |
| Tax effect on actuarial gains/(losses) | (2) | 336 |
| Currency reserve translation | (225) | - |
| Total other components of comprehensive income that will not be subsequently reclassified to the income statement | (220) | (981) |
| Total other components of comprehensive income, net of tax effect (B) | (220) | (981) |
| Total comprehensive net profit/(loss) (A)+(B) | 2,180 | 2,174 |
| Profit (loss) attributable to minority interests | 569 | 969 |
| Group net profit/(loss) | 1,611 | ,205 |

Consolidated statement of changes in equity

| <i>(In thousands of Euro)</i> | Share capital | Reserves | Net profit/(loss) | Total shareholders' equity attributable to the Group | Shareholders' equity attributable to minority interests | Total |
|---|---------------|-----------------|-------------------|--|---|-----------------|
| At 31 December 2020 | 43,935 | 61,136 | 37,555 | 142,626 | 13,431 | 156,057 |
| Allocation of net profit/(loss) for the previous year | | 37,555 | (37,555) | - | | - |
| Treasury shares | | (2,269) | | (2,269) | | (2,269) |
| Total treasury shares | | (2,269) | | (2,269) | | (2,269) |
| Net profit/(loss) | | | 2,948 | 2,948 | 207 | 3,155 |
| Actuarial gains/(losses) net of the related tax effect | | (172) | | (172) | (62) | (234) |
| Total comprehensive net profit/(loss) for the year | | (172) | 2,948 | 2,776 | 145 | 2,921 |
| At 31 March 2021 | 43,935 | 96,250 | 2,948 | 143,133 | 13,576 | 156,709 |
| Treasury shares | | (13,490) | | (13,490) | | (13,490) |
| Total treasury shares | | (13,490) | | (13,490) | | (13,490) |
| Other changes | | (541) | | (541) | (67) | (608) |
| Net profit/(loss) | | | 2,186 | 2,186 | 899 | 3,085 |
| Hedge accounting | | (779) | | (779) | | (779) |
| Translation reserve | | (478) | | (478) | | (478) |
| Actuarial gains/(losses) net of the related tax effect | | (57) | | (57) | 2 | (55) |
| Total comprehensive net profit/(loss) for the year | | (1,314) | 2,186 | 872 | 901 | 1,773 |
| At 31 December 2021 | 43,935 | 80,968 | 5,134 | 130,038 | 14,477 | 144,515 |
| Allocation of net profit/(loss) for the previous year | | 5,134 | (5,134) | - | | - |
| Treasury shares | | (7,399) | | (7,399) | | (7,399) |
| Total treasury shares | | (7,399) | | (7,399) | | (7,399) |
| Net profit/(loss) | | | 1,832 | 1,832 | 568 | 2,400 |
| Translation reserve | | (225) | | (225) | | (225) |
| Actuarial gains/(losses) net of the related tax effect | | 4 | | 4 | 1 | 5 |
| Total comprehensive net profit/(loss) for the year | | (221) | 1,832 | 1,611 | 569 | 2,180 |
| At 31 March 2022 | 43,935 | 78,482 | 1,832 | 124,249 | 15,046 | 139,294 |

Consolidated cash flow statement

| <i>(In thousands of Euro)</i> | First quarter as at 31 March | |
|--|------------------------------|----------------|
| | 2022 | 2021 |
| Profit/(loss) before taxes | 3,094 | 4,331 |
| - <i>Adjustments for:</i> | | |
| Amortisation, depreciation and write-downs | 8,098 | 6,318 |
| Financial expense/(income) | 1,875 | 394 |
| <i>of which from related parties</i> | <i>(23)</i> | <i>(51)</i> |
| Cash flow generated /(absorbed) by operating activities before changes in net working capital | 13,067 | 11,043 |
| Change in inventory | (11,134) | (2,990) |
| Change in trade receivables | 15,028 | (1,371) |
| Change in trade payables | 4,345 | 7,022 |
| Change in other assets and liabilities | (4,460) | (1,246) |
| Use of provisions for risks and charges and for employee benefits | (162) | (276) |
| Taxes paid | (1,027) | (689) |
| Net cash flow generated /(absorbed) by operating activities | 15,658 | 11,492 |
| Investments in property, plant and equipment | (2,206) | (1,487) |
| Investments in intangible assets | (63) | (175) |
| Investments of financial assets | 0 | (62) |
| Deferred fee for acquisitions | | (500) |
| Net cash flow generated /(absorbed) by investment activities | (2,268) | (2,224) |
| New long-term financial debt | 10,000 | 39,116 |
| Repayments of long-term financial debt | (26,212) | (5,525) |
| Issuance of Bond Loan | - | 198,490 |
| <i>Repayments of lease liabilities</i> | <i>(1,708)</i> | <i>(1,305)</i> |
| <i>of which from related parties</i> | <i>(643)</i> | <i>(917)</i> |
| Net interest expense | (1,875) | (394) |
| Treasury shares | (7,399) | (2,268) |
| Net cash flow generated/(absorbed) by financing activities | (27,194) | 228,114 |
| Total changes in cash and cash equivalents | (13,805) | 237,383 |
| Cash and cash equivalents at start of year | 384,888 | 182,127 |
| <i>of which from related parties</i> | <i>126,552</i> | <i>69,631</i> |
| Total changes in cash and cash equivalents | (13,805) | 237,383 |
| Cash and cash equivalents at end of year | 371,083 | 419,511 |
| <i>of which from related parties</i> | <i>132,215</i> | <i>47,755</i> |

Explanatory notes

Basis of preparation

The Interim Management Report at 31 March 2022 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 31 March 2022 should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2021.

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 31 March 2022 are the same as those used for the consolidated financial statements at 31 December 2021, except for the new accounting standards, amendments and interpretations applicable from 1 January 2022, which are described below and which – it is noted – did not have a material impact on the equity and economic situation as at 31 March 2022.

Accounting standards, amendments and interpretations effective from 1 January 2022 and adopted by the Company:

- Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract", aimed at providing clarification on how to determine the onerousness of a contract. The amendment clarifies that when estimating whether a contract is onerous, it is necessary to take into account all costs directly attributable to the contract, including incremental costs and all other costs that the company cannot avoid as a result of entering into such contract.
- Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use", intended to define that revenues from the sale of goods produced by an asset before it is ready for its intended use are recognised in profit or loss together with the related production costs.
- Amendments to IFRS 3 "Reference to the Conceptual Framework". The amendments are intended to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing changes to the provisions of the standard.
- Issuance of the document "Annual Improvements to IFRS Standards 2018-2020 Cycle", containing amendments essentially of a technical and editorial nature to the following international accounting standards: "IFRS 1 – First-time Adoption of International Financial Reporting Standards", "IFRS 9 – Financial Instruments", "IAS 41 – Agriculture" and examples of "IFRS 16 – Leases".

Explanatory notes as at 31 March 2022

Scope of consolidation and goodwill

| Name | Registered Office | Currency | Share capital as at 31 March 2022 | Control percentage | |
|------------------------------------|---|----------|-----------------------------------|--------------------|---------------------|
| | | | | At 31 March 2022 | At 31 December 2021 |
| 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. | Turin - Via Filadelfia 220, 10137 Thornes Farm Business | EUR | 28,840,041.20 | 67.74% | 67.74% |
| Symington's Ltd | Park, Pontefract Ln, Leeds LS9 | GBP | 100 | 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 31 March 2022 at 67.74%), minority interests were recognised.

The associate company Mercafir, 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

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.

Business combinations

Business combinations, in which the control of a business is acquired, are recognised in accordance with IFRS 3 "Business combination", applying the acquisition method. In particular, identifiable assets, liabilities and potential liabilities are recognised at fair value at the date of acquisition, i.e. the date when control is acquired (the acquisition date), except for deferred tax assets and liabilities, assets and liabilities relative to employee benefits and assets held for sale, which are recognised based on the relative accounting standards. If positive, the difference between the cost of acquisition and the current value of the assets and liabilities is recorded in intangible assets as goodwill; if negative, after having checked that the current values of the assets and liabilities acquired and the cost of acquisition have been properly measured, it is recorded directly in the statement of other comprehensive income, as revenue. Minority interests on the date of acquisition can be measured at fair value or at the pro-rata of the value of the net assets recognised for the acquired company. The valuation method is chosen on a transaction-by-transaction basis. When the assets and liabilities of the acquired business are calculated on a provisional basis, this must be completed within twelve months of the date of acquisition, taking into account only information relating to facts and circumstances existing at the Acquisition Date. In the year in which the aforementioned calculation is concluded, the provisionally recognised values are adjusted with retrospective effect. The ancillary expenses of the transaction are recognised in the income statement at the moment at which they are incurred. The cost of acquisition is represented by the fair value on the Acquisition Date of the assets transferred, the liabilities assumed and the equity instruments issued for the purpose of the acquisition, and also includes the contingent consideration, i.e. the part of the fee whose amount and disbursement are dependent on future events. The contingent consideration is recognised on the basis of its fair value at the Acquisition Date, and subsequent changes in fair value are recognised in the income statement if the contingent consideration is a financial asset or liability, while contingent considerations classified as equity are not restated and the subsequent elimination occurs directly in equity. Where control is acquired in subsequent phases, the acquisition cost is determined by adding the fair value of the investment previously held in the acquiree and the amount paid for the additional portion. Any difference between the fair value of the investment previously held and its carrying value is charged to the income statement. When control is acquired, any amounts previously recognised as other components of comprehensive income are recognised in the statement of other comprehensive income or, if such reclassification is not envisaged, in another shareholders' equity item. The following

table provides the book values of the net assets acquired as part of the Symington's Group Acquisition.

| <i>(In thousands of Euro)</i> | As at 1 August 2021 |
|--------------------------------------|------------------------|
| Property, plant and equipment | 9,412 |
| Right-of-use assets | 26,514 |
| Intangible assets | 1,630 |
| Prepaid taxes | 2,952 |
| Inventories | 18,121 |
| Trade receivables | 11,965 |
| Current tax assets | 444 |
| Other receivables and current assets | 3,645 |
| Cash and cash equivalents | 275 |
| Non-current lease liabilities | (23,111) |
| Trade payables | (22,321) |
| Current lease liabilities | (3,757) |
| Current tax liabilities | (2,135) |
| Total net assets acquired | 23,632 |
| Payment by bank transfer | (63,914) |
| Goodwill | 40,282 |

The transaction was booked in accordance with the guidance contained in IFRS 3 – "Business Combinations" since it can be categorised as an acquisition.

Management carried out a valuation of assets and liabilities at fair value with the aid of independent third-party consultants. The analysis did not identify contingent considerations and the following allocations were found:

| <i>(In thousands of Euro)</i> | At 01 August 2021 | Adjustments to fair value | As at 1 August 2021 |
|--------------------------------------|-------------------|---------------------------|---------------------|
| Property, plant and equipment | 9,412 | | 9,412 |
| Right-of-use assets | 26,514 | | 26,514 |
| Intangible assets | 1,630 | 47,423 | 49,053 |
| Prepaid taxes | 2,952 | | 2,952 |
| Inventories | 18,121 | | 18,121 |
| Trade receivables | 11,965 | | 11,965 |
| Current tax assets | 444 | | 444 |
| Other receivables and current assets | 3,645 | | 3,645 |
| Cash and cash equivalents | 275 | | 275 |
| Non-current lease liabilities | (23,111) | | (23,111) |
| Trade payables | (22,321) | | (22,321) |
| Deferred tax liabilities | | (7,141) | (7,141) |
| Current lease liabilities | (3,757) | | (3,757) |
| Current tax liabilities | (2,135) | | (2,135) |
| Total net assets acquired | 23,632 | | 23,632 |
| Payment by bank transfer | (63,914) | | (63,914) |
| Goodwill | 40,282 | (40,282) | - |

Intangible assets with a finite useful life where the gains arising from the acquisition have been allocated are shown below:

| <i>(In thousands of Euro)</i> | As at 1 August 2021 | Deferred tax liabilities 2021 | As at 1 August 2021 |
|--|---------------------|-------------------------------|---------------------|
| Core brands definite defined useful life | 10,806 | | 10,806 |
| Other brands defined useful life | 2,936 | | 2,936 |
| Customer relationships defined useful life | 17,618 | | 17,618 |
| Know how defined useful life | 6,225 | | 6,225 |
| Goodwill | 2,697 | 7,141 | 9,838 |
| Total Goodwill | 40,282 | 7,141 | 47,423 |

The purchase price allocation process is still being defined and may change over the coming months.

Management expects to conclude the final valuation of the assets and liabilities at fair value by the end of the next half-year as at 30 June 2022.

Non-current assets

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|--|------------------|---------------------|
| Non-current assets | | |
| Property, plant and equipment | 154,908 | 157,417 |
| Right-of-use assets | 36,773 | 38,572 |
| Intangible assets | 97,887 | 97,824 |
| Equity investments in associates | 1,401 | 1,401 |
| Non-current financial assets measured at fair value through profit or loss | 731 | 731 |
| Financial assets measured at amortised cost | 801 | 801 |
| Deferred tax assets | 7,639 | 7,580 |
| Total non-current assets | 300,139 | 304,326 |

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

Fixed assets, plant and equipment

The decrease compared to 31 December 2021 mainly refers to depreciation for the period and investments made during 2022.

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 31 March 2022 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 2021 was due mainly to depreciation for the period.

Intangible assets

Goodwill

The goodwill of Euro 13,701 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 31 March 2022, 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 2021.
- Euro 9,838 thousand to the full amount upon Newlat Food's acquisition of Symington's Ltd. in August 2021, provisionally allocated to goodwill pending the conclusion of the purchase price allocation. Considering the results obtained by the Symington's Group as at 31 December 2021 and the still provisional valuation of the assets and liabilities at fair value, Management deemed it unnecessary to perform any impairment test.

Concessions, licences, trademarks and similar rights

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

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|--|------------------|---------------------|
| Trademarks with an indefinite useful life (a) | 44,799 | 44,799 |
| Trademarks with a finite useful life (b) | 643 | 695 |
| Symington's assets with a finite useful life (c) | 35,776 | 36,444 |
| Total net book value | 81,218 | 81,938 |

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 31 March 2022 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 2021.

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.

Symington's assets with a finite useful life

This item includes provisional allocations to trademarks with finite useful lives, know-how and customer lists, which were defined in the purchase price allocation following the acquisition of Symington's. The allocation is not yet final and may change as a result of the definition of the purchase price allocation process.

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 31 March 2022, this item totalled Euro 801 thousand (Euro 801 thousand at 31 December 2021) and referred mainly to security deposits paid by the Parent Company under the production premises lease agreements.

Deferred tax assets

At 31 March 2022, this item totalled Euro 7,639 thousand (Euro 7,580 thousand in December 2021). 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.

Current assets

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|--|------------------|---------------------|
| Current assets | | |
| Inventories | 75,014 | 63,881 |
| Trade receivables | 51,999 | 67,184 |
| Current tax assets | 3,352 | 3,324 |
| Other receivables and current assets | 15,509 | 11,262 |
| Current financial assets measured at fair value through profit or loss | 34 | 35 |
| Cash and cash equivalents | 371,083 | 384,888 |
| Total current assets | 516,992 | 530,574 |

Inventories

Closing inventories increased compared to the figures as at 31 December 2021 by Euro 11.2 million due to higher inventories as a result of an increase in the average purchase price and an increase in quantities to meet increased demand.

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 3,352 thousand (Euro 3,324 thousand at 31 December 2021).

Current tax liabilities totalled Euro 3,641 thousand (Euro 3,364 thousand at 31 December 2021). The change compared with 31 December 2021 was due mainly 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 31 March 2022, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents, amounting to Euro 132,215 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 31 March 2022.

Shareholders' equity

Share capital

As at 31 March 2022, 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 31 March 2022 related to:

- Recognition of the total Group net profit for the period, in the amount of Euro 1,863 thousand.
- other minor changes in the amount of Euro 4 thousand;
- Purchase of treasury shares for Euro 7.4 thousand.
- Currency translation for Euro (225) thousand.
- Recognition of minority interest in shareholders' equity amounting to Euro 15,045 thousand

Non-current liabilities

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|--------------------------------------|------------------|---------------------|
| Non-current liabilities | | |
| Provisions for employee benefits | 14,066 | 14,223 |
| Provisions for risks and charges | 2,025 | 2,030 |
| Deferred tax liabilities | 18,575 | 19,097 |
| Non-current financial liabilities | 281,499 | 287,216 |
| Non-current lease liabilities | 30,572 | 31,175 |
| Total non-current liabilities | 346,737 | 353,741 |

Provisions for employee benefits

At 31 March 2022, this item totalled Euro 14,026 thousand, down from 31 December 2021, mainly due to the departure of employees through retirement and resignation.

Provisions 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 balance of Euro 18,575 thousand refers mainly to allocations to tangible and intangible assets as a result of acquisitions.

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 2022.

The decrease in current and non-current financial liabilities is mainly due to the repayment of principal on loans outstanding at 31 December 2021.

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 2021 was due mainly to the refund of lease fees.

Current liabilities

| <i>(In thousands of Euro)</i> | At 31 March 2022 | At 31 December 2021 |
|----------------------------------|------------------|---------------------|
| Current liabilities | | |
| Trade payables | 183,370 | 179,024 |
| Current financial liabilities | 116,786 | 127,280 |
| Current lease liabilities | 8,207 | 7,887 |
| Current tax liabilities | 3,641 | 3,364 |
| Other current liabilities | 19,095 | 19,087 |
| Total current liabilities | 331,099 | 336,643 |

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.

Income statement

Please refer to the Report on Operations for an analysis of the income statement items as at 31 March 2022, which – for the purposes of a greater understanding of the Group's economic performance – were elaborated with the proforma income statement figures as at 31 March 2022 and 2021, calculated by retro-dating the acquisition of Symington's Ltd to 1 January 2021 for proforma accounting purposes, though it actually took place on 1 August 2021.

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 31 March | |
|---|-------------|-------------|
| | 2022 | 2021 |
| Profit for the year attributable to the Group in thousands of euros | 1,863 | 2,589 |
| Weighted average number of shares in circulation | 40,165,610 | 41,292,222 |
| Earnings per share (in Euro) | 0.05 | 0.06 |

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").

| <i>(In thousands of Euro)</i> | Parent company | Companies controlled by the parent companies | | Total | Total statement of financial position items | % of statement of financial position item |
|---|----------------|--|--|---------|---|---|
| | Newlat Group | New Property | Other companies controlled by the parent companies | | | |
| Right-of-use assets | | | | | | |
| At 31 March 2022 | | 3,258 | | 3,258 | 35,234 | 9.2% |
| At 31 December 2021 | | 3,948 | | 3,948 | 38,572 | 10.2% |
| Non-current financial assets at amortised cost | | | | | | |
| At 31 March 2022 | | 735 | | 735 | 801 | 91.7% |
| At 31 December 2021 | | 735 | | 735 | 801 | 91.7% |
| Trade receivables | | | | | | |
| At 31 March 2022 | | | 19 | 19 | 51,999 | 0.0% |
| At 31 December 2021 | | | 19 | 19 | 67,184 | 0.0% |
| Cash and cash equivalents | | | | | | |
| At 31 March 2022 | 132,215 | | | 132,215 | 371,083 | 35.6% |
| At 31 December 2021 | 126,552 | | | 126,552 | 384,888 | 32.9% |
| Non-current lease liabilities | | | | | | |
| At 31 March 2022 | | 531 | | 531 | 30,572 | 1.7% |
| At 31 December 2021 | | 1,261 | | 1,261 | 31,175 | 4.0% |
| Trade payables | | | | | | |
| At 31 March 2022 | - | | - | - | 183,370 | 0.0% |
| At 31 December 2021 | 105 | | 58 | 163 | 179,024 | 0.1% |
| Current financial liabilities | | | | | | |
| At 31 March 2022 | 38,056 | | | 38,056 | 116,786 | 32.6% |
| At 31 December 2021 | 40,435 | | | 40,435 | 127,280 | 31.8% |
| Current lease liabilities | | | | | | |
| At 31 March 2022 | | 2,889 | | 2,889 | | |
| At 31 December 2021 | | 2,881 | | 2,881 | 6,668 | 43.2% |
| Other current liabilities | | | | | | |
| At 31 March 2022 | | - | | - | 19,095 | 0.0% |
| At 31 December 2021 | | 411 | | 411 | 19,087 | 2.2% |

| <i>(In thousands of Euro)</i> | Parent company | Companies controlled by the parent companies | | Total | Total statement of financial position items | % of statement of financial position item |
|-------------------------------|----------------|--|--|-------|---|---|
| | Newlat Group | New Property | Other companies controlled by the parent companies | | | |
| Cost of sales | | | | | | |
| At 31 March 2022 | | 617 | 73 | 690 | 133,695 | 0.5% |
| At 31 March 2021 | - | 847 | 70 | 917 | 95,468 | 1.0% |
| Administrative costs | | | | | | |
| At 31 March 2022 | 63 | | | 63 | 5,355 | 1.2% |
| At 31 March 2021 | 30 | - | - | 30 | 5,815 | 0.5% |
| Financial expenses | | | | | | |
| At 31 March 2022 | - | 23 | | 23 | 2,233 | 1.0% |
| At 31 March 2021 | - | 28 | - | 28 | 519 | 5.4% |

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 31 March 2022 there were no substantial changes to the situations regarding disputes or contingent liabilities from 31 December 2021.