Newlat FOOD SpA

A multibrand company

ANNUAL FINANCIAL REPORT AS AT 31 DECEMBER 2023

This document constitutes a PDF copy of the Annual Financial Report of Newlat Food S.p.A. as at 31 December 2023 and does not constitute the document in ESEF format required by the ESEF Technical Standards pursuant to Delegated Regulation (EU) 2019/815 (the so-called "ESEF Regulation").

The Annual Financial Report of Newlat Food S.p.A. as at 31 December 2023 in the ESEF format, required by the ESEF Regulation, is available on the Company's website https://corporate.newlat.it/relazione-con-gli-investitori/bilanci-e-relazioni/ and via the authorised storage mechanism eMarket Storage www.emarketstorage.com.

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on operating performance

LETTER TO THE STAKEHOLDERS

Dear stakeholders,

In a very volatile market characterised by intense promotional activity in the last quarter of the year, Newlat ended 2023 with significant revenue growth and a strong improvement in margins, above the industry average. Thanks to our great financial flexibility and excellent cash flow generation, we started a series of investments totalling Euro 25.2 million in the fourth quarter of 2023. These include a new oven line and new packaging machines for baby products. These initiatives will not only greatly strengthen the offer of both speciality and traditional products, expanding the range significantly, but will also enable our industrial structure to take on new business development challenges with even greater efficiency. Furthermore, a new area adjacent to our factory in Mannheim, Germany, was acquired, already equipped with warehouse and offices, for which an automated warehouse is planned. The introduction of this new logistics hub will not only result in annual savings of more than Euro 2 million, but will also optimise storage and distribution processes at the Group level thanks to its central and strategic location, further strengthening our ability to dynamically adapt to market needs.

In 2023 we continued our commitment to promoting responsible business focused on constant improvement. In keeping with recent international developments, we are evolving our approach to assessing positive and negative impacts while aiming to translate our Group's progress into tangible benefits for all our stakeholders.

Our strategic partners' recognition of our commitment is only a starting point, which will guide the future growth of our organisation. Optimal resource management has always been one of the principles underlying our way of doing business, both when it comes to limited resources, such as natural resources, and when it comes to human resources. This is demonstrated by the trend of continuous generational turnover, which testifies to our commitment to invest in young talent to successfully cope with change while stimulating constant innovation, thus ensuring sustainable growth over time.

In our strategy, the quality and safety of the products we offer remain at the heart of our development, a commitment that is reflected in our continuous investment in the most recognised voluntary certifications. This not only supports continuous progress along every link in our value chain, but also guarantees the continuity of production and quality excellence that sets us apart.

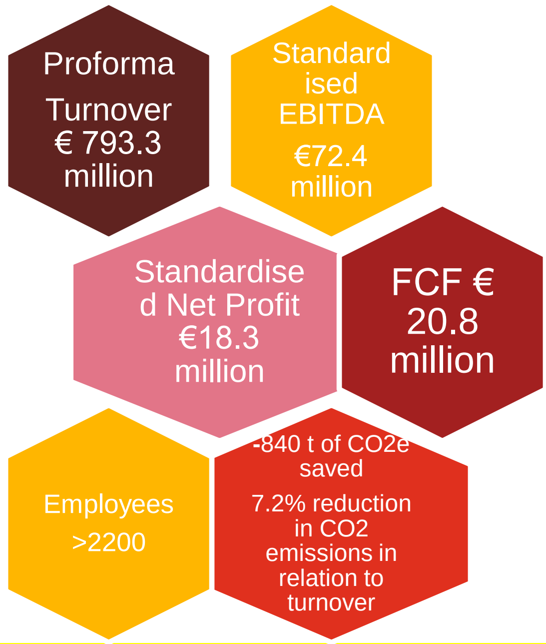
As in the past, our focus this year extended beyond our domestic borders and turned towards M&A, which has always been one of the pillars of our long-term growth strategy. The prudence and rigour we apply in risk management, evidenced by the approach we took in our last acquisition attempt, demonstrate our ability to operate wisely and cautiously, two qualities that make us optimistic and ready to exploit the opportunities of a constantly evolving market. In 2024 we are committed to continuing our growth trajectory, further consolidating our presence in the industry.

Therefore, external growth will continue to be a major strategic focus. Thanks to the availability of cash and the financial support of a group of major international banks, the Group will be able to operate in the M&A market with great financial flexibility. We are currently working on four important dossiers, all of which are strategically relevant for our group and on which we hope to share details soon.

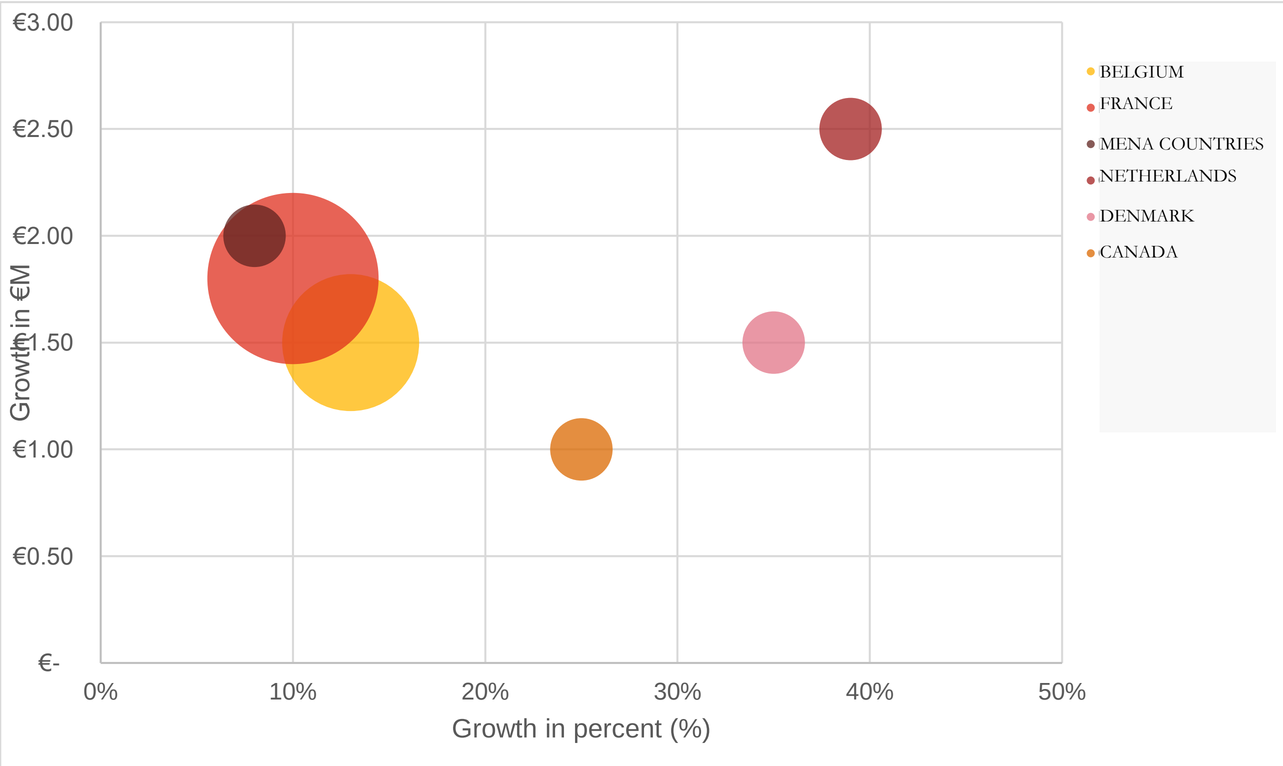
Angelo Mastrolia
Executive Chair of Newlat Food

MAIN GROUP HIGHLIGHTS IN 2023

Key Figures



SALES IN OTHER COUNTRIES 2023 vs. 2022



GROUP HISTORY

Year 2004

- Acquisition of the Guacci pasta factory by the Mastrolia family.

Year 2005

- Acquisition of the Eboli plant for the production of pasta and the Pezzullo brand.

Year 2006

- Acquisition of the factories and the brand for the production of Corticella branded pasta from Euricom Group.

Year 2008

- Acquisition of the Sansepolcro factory for the production and licensed sale of Buitoni pasta and baked goods.
- Acquisition of Newlat SpA operating in the dairy division through the Giglio, Polenghi, Torre in Pietra and Fior di Salento brands.

Year 2009

- Expansion of the brands in the dairy division through the acquisition of the Ala and Optimus brands.

Year 2013

- Acquisition of the German company for the production and sale of Birkel and 3Glocken branded pasta.

Year 2014

- Purchase of Centrale del Latte di Salerno S.p.A. and its brand, engaged in the production and sale of dairy products.

Year 2015

- Acquisition of the plant in Ozzano Taro, Parma, for the production and sale of products belonging to the baby food and protein- and gluten-free food sectors through a co-packaging contract with Kraft-Heinz.

Year 2019

- Acquisition of Industrie Alimentari Delverde S.p.A., owner of the Delverde brand in the pasta market.
- Access to the capital market through the placement of equity instruments for trading on the STAR segment of the Mercato Telematico Azionario stock market organised and managed by Borsa Italiana.

Year 2020

- Acquisition of the company Centrale del Latte d'Italia S.p.A. listed in the STAR segment of the Mercato Telematico Azionario stock market organised and managed by Borsa Italiana.

Year 2021

- Purchase of 100% of the ordinary shares and voting rights of the Symington's Group consisting of Symington's Limited, Symington's (Holdings) Limited and Symington's Australia PTY Limited, a group operating mainly 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.

Year 2023

- Purchase of 100% of the ordinary shares and voting rights of EM Foods S.A.S. ("EM Foods") following the Seller's exercise of the put option signed by the parties on 19 October. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods, after EM Foods' workers' council formally agreed to the sale to Newlat Food. The closing of the transaction took place on 2 January 2023. With the acquisition of EM Foods, the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. Moreover, Newlat Food announced that it signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. This new partnership, of great strategic value, is further evidence of the high standard of the Newlat Group's industrial assets and further consolidates the business generated in partnership with large multinationals.

  This partnership will enable the company to become a supplier of several products for well-known brands. The acquisition of EM Foods' industrial know-how and the important partnership with a multinational company will enable Newlat Food to enter the growing segment of bakery mixes and desserts as a major player. The company will produce a very wide range of products including brownies, puddings, muffins, baking powder and cake mixes, building on the strong brand awareness of the "Minuto" brand, already used by the Newlat Group in Germany to sell well-known, high-quality ready meals. The bakery and dessert mixes segment is a particularly interesting area of the food industry, as it reflects current trends and new lifestyle habits. The Newlat Group is strongly committed to the strategic development of the "Minuto" brand in the most important markets of Western Europe and especially in France, Germany and Italy, with plans to launch new recipes and formulations for products that are delicious but also healthy, quick and easy to prepare. The acquisition will also allow the company to develop further synergies with the existing Symington's division (the undisputed leader in the bakery mixes and desserts segment in the UK, with 75% market share in the private label sector). Symington's will also provide a solid distribution platform for the "Minuto" brand in the UK.

STRATEGIC ACTIVITIES AND COMMERCIAL INITIATIVES FOR 2023-2024

Strategic activities during the year focused on promoting and developing historical brands, innovation, launching new products and entering new markets. In addition to the Group's joint participation in the most important trade fairs in the sector both in Italy and abroad, following are the main activities concerning the Newlat Food and Centrale del Latte d'Italia brands.

JOINT PARTICIPATION IN TRADE FAIRS

- 2023: Gulf Food, Cibus, TuttoFood, Linkontro, PLMA, Salone Carrefour, Anuga.
- 2024: Sigep, Gulf Food, Horeca Expoforum, Cibus, Linkontro, SFH, Sial.

NEWLAT FOOD

COMMUNICATIONS AND PROMOTION

- Activities to support the Delverde (Pasta) brand: in-store promotion, digital support (social and new website) and geolocalised poster campaign (June and September 2023).
- Rebranding the bakery line (Crostino Dorato/ Granfetta) and switching from the Sansepolcro brand to the Delverde brand (2023-2024).
- Activities to support the Delverde (Bakery) brand: in-store promotion, digital support (social and new website), competition, sampling and co-marketing activities (2024).
- Activities supporting the Naked Brand: in-store promotion, digital support, consumer contests, sampling and presence at major gaming events. (2023-2024). In particular, participation in Turin Comics (April 2023), Milan Games Week (MGW) (September 2023) and Padua Be Comics! (March 2024).
- Point-of-sale promotional materials Crostino Dorato (floor display).

PRODUCTS

- Delverde's entry into the gluten-free market with the launch of the Delverde Gluten Free range and the Delverde 100% Legumes range, and into the high-protein market with the launch of the new Delverde High Protein product. (2023).
- Extension of the Crostino Dorato range with the launch of 1 new Crostino Dorato Snack line, consisting of a new Crostino Dorato Snack (Classic) product. (2023).
- Extension of the Crostino Dorato range with the launch of a new line consisting of three items: Crostino Dorato Sfoglie Classiche, Integrali and Enriched with Poppy Seeds, Linseed and Sesame Seeds (Launch mid-2024).
- New Naked Best Ever launch (June 2024).
- New Naked Spicy launch (2 products) (September 2024).
- Launch of the new Naked e-commerce (January 2024).

New Delverde product launched (Gluten Free, 100% Legumes, High-Protein).

Delverde in-store promotion.

Delverde poster campaign.

Delverde rebranding.

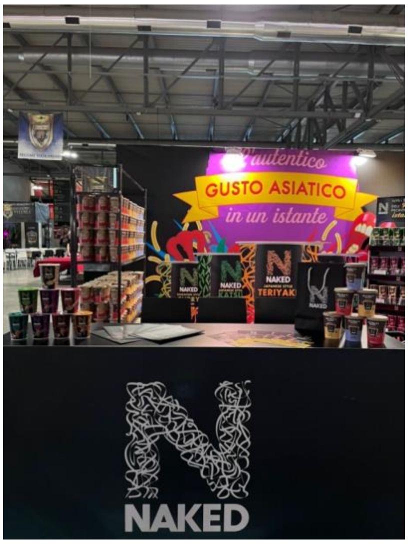
Crostino Dorato Sfoglie launch (classic recipe, wholemeal, enriched with seeds).


Crostino Dorato visibility materials (floor display).

Naked Best Ever launch.

Launch of Naked Spicy.

Naked e-commerce.



Naked participation in gaming events.

CENTRALE DEL LATTE D'ITALIA

COMMUNICATIONS AND PROMOTION

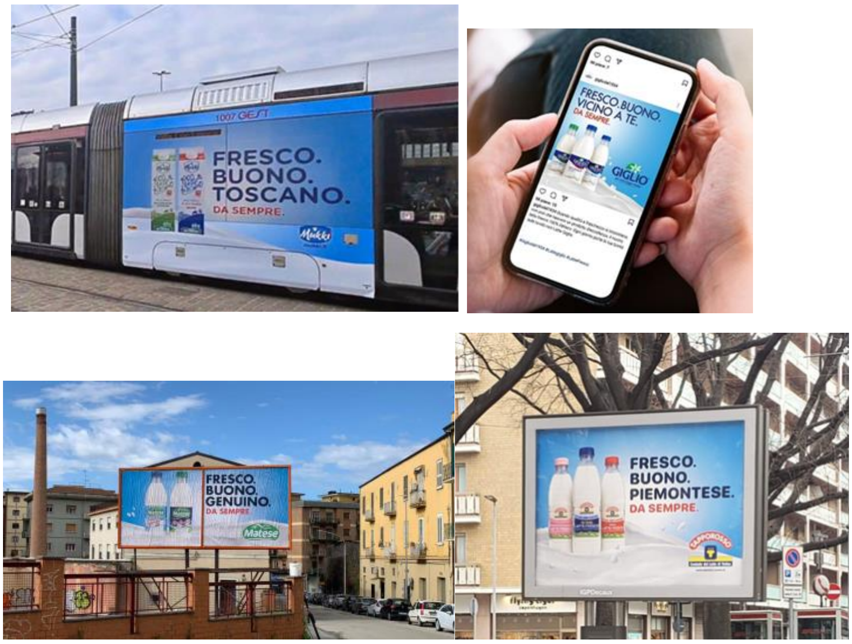
- Implementation of offline and online communication campaigns to support the consumption of fresh milk and the main products of local brands in their territories (2023/24).
- In-store promotion to present new products and develop the assortments of local brands (2023/24).
- Collecting initiatives and competitions aimed at product promotion and consumer loyalty (2023/24): Turin, Vicenza, Rapallo, Salerno, Premiati e Vincenti (multibrand), Promo Gardaland Vicenza and Verona.
- Organisation of and participation in events to maintain links with the local area and communities. Main 2023: Strade Bianche (SI), Rae Palus Race (GE), Magnetico Festival (RE),

Maratona di Reggio Emilia (RE), Firenze dei Bambini (FI), Pedalando per la città (SA), Stalle Aperte nel Mugello (FI), Fabbriche Aperte Piemonte (TO), Mukki Day (FI), Mukki Sport (FI).

- Educational initiatives with the world of schools and universities through factory visits and the development of virtual tour materials.
- Participation in congress initiatives of the paediatric medical world for the promotion and dissemination of the Mukki Bimbo infant milk line (2023: S.I.P. National Conference Turin, "The Penguins" Congress Florence, FIMP Tuscany Initiatives).
- Product-placement in Bake Off Italia for Polenghi and Optimus products (2023).

PRODUCTS

- Entering the drinking kefir market with 3 products (2023)
- Optimus relaunch, restyling of the logo and product range, offline and online communication initiatives, increased distribution and commercial presence in large-scale distribution (2023/24).
- Relaunch of the Mukki functional product line within the High Digestibility segment with new graphics, recipes and communication campaign (2023/24).
- Mukki Latte A2, Mukki Merenda (2023).
- Tigullio Ti Gusta (2023).
- Production and graphic restyling of the Centrale del Latte di Vicenza yoghurt line (2023).
- Restyling and relaunch of the Cappuccino Lovers line with new products in both vegetable (soy, oats, coconut, almond, rice) and ESL/UHT milk and coffee milk (2024).
- Development of the kefir range with a new product and expansion to spoon kefir (2024).
- Launch of High Protein ESL and UHT Milk (2024).
- Launch of "Training" ESL high protein drink, two products: cocoa and vanilla (2024).
- Tapporosso and Tigullio Milk, UHT Lactose-Free Skimmed Milk (2024).
- Entry into the ready-to-eat dessert market with the CLI Expert line - Minute products Panna Cotta and Creme Brulèe (2024).



Coordinated multi-brand communication campaign.

Events and manifestations.

Educational initiatives.

Congress initiatives in the paediatric medical world.

Product placement.

Entering the drinking kefir market with 3 products.

ENVIRONMENT, SOCIAL AND GOVERNANCE

All the Group's efforts are always aimed at respecting the environment and creating value for local communities. Specifically:

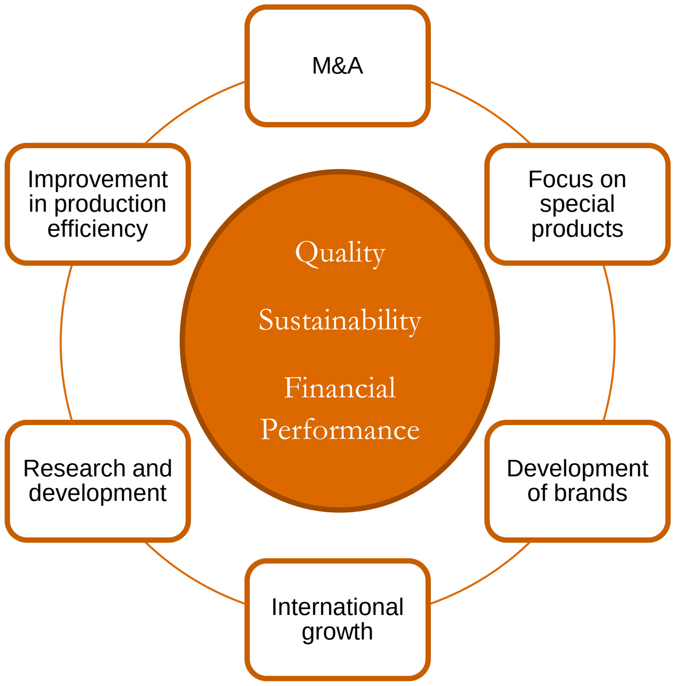
1. Presence of a Strategic Sustainability Committee, reporting directly to the Board of Directors, consisting of the main corporate functions involved in the development of business policies and practices
2. Approved a multi-year Sustainability Plan
3. Energy efficiency processes have also been initiated through the installation of alternative sources of production: to date a 340 kWp photovoltaic system has been installed thanks to which 131.7 tonnes of CO2 have been saved, as well as a biogas plant to recover production waste and produce energy.
4. A water purification plant was installed that allows for the recovery of 30,000 m^3 of water per year, equal to the volume of 12 Olympic-size swimming pools
5. The activities of Life Cycle Assessment and Environmental Product Declarations continued
6. A process was initiated to analyse the Carbon Footprint of the Organisation, which saw the completion on some plants and the certification of the facility in Florence
7. 12 plants with >90% recyclable waste
8. Activities related to the awareness of dairy products and the dairy supply chain continued with schools, as well as partnerships with universities on research projects regarding the evolution of products and production processes
9. Greater attention to packaging through the increasing use of FSC (Forest Stewardship Council) certified paper and rPET
10. Progressive elimination of virgin plastic from the packaging processes of Milk & Dairy and in the Pasta and Bakery segments
11. -7.6% reduction in CO2 emissions in relation to turnover
12. Combating food waste through donations and re-use of production waste in the livestock sector
13. Energy consumed/turnover ratio steadily declining over the last three years
14. In 2023, for the third consecutive year, the Group was ranked by Statista as one of the "most climate-conscious Italian companies" thanks to the improvement in the ratio of CO2 emissions to consolidated turnover in the last two years. The study was published in the *Corriere della Sera* newspaper
15. At least 840 t of CO2e saved by preferring rail transport
16. Share of under-30s increasing by 27.3% in the three-year period 2021-2023. Female share of BoD: 42.8

THE GROUP'S VALUE CHAIN

The Group shares the results generated by the value generation process with stakeholders based on the analysis and management of critical success factors:

- Satisfaction of new consumer demands and recent market trends
- Achievement of international quality standards
- Continuous investments in research and development
- Continuous search and maintenance of the best suppliers
- Production planning based on the principles of timeliness, efficiency and high quality
- Integrated, efficient logistics
- Dialogue with key stakeholders, including customers and consumers
- Strong communications strategy to support our brands
- In-depth knowledge and continuous market analysis
- Comprehensive and proven organisation of the sales network

BUSINESS STRATEGY GUIDELINES



M&A: Growth of external lines through acquisitions of companies operating in sectors complementary to those currently served.

Focus on special products: Increase in market share for special products (health and wellness) and products for babies.

Development of brands: Increase in the communication capacity of trademarks.

International growth: Consolidation of presence on foreign markets and development of a competitive position in the German market.

Research and development: Investments in new technologies and new products.

Improvement in production efficiency: Continuous pursuit of efficiencies in all production sectors.

INTRODUCTION TO THE REPORT ON OPERATIONS

In a market that is still heavily influenced by inflation and strong consumer pressure, the Group managed to achieve excellent sales, registering a further increase in turnover compared with the previous year (+7.0%), with record results in the Dairy (+14%) and Bakery (+13%) sectors. All this demonstrates the Group's ability to achieve exceptional performance even in a difficult market.

The new instant noodles segment, acquired during 2021, recorded a further record increase of +6% (on a like-for-like basis).

Also comforting are the growth figures by region, where we saw +9% in the UK market, which has become the second largest market within the Group, and +6% in the German market, which bodes well for further growth in the coming years.

In the first months of 2024, despite strong price tensions, the Group managed to keep turnover unchanged while recording an improvement in EBITDA thanks to the ability to obtain better purchasing conditions throughout the supply chain and the main characteristics of the finished product.

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

The balance sheet figures reflect the inclusion from 1 January 2023 of the acquired company EM Foods Sas. Comparative figures as at 31 December 2022 do not include pro forma data.

Acquisition EM FOODS SAS

On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The acquisition was then finalised at the beginning of January 2023.
The closing of the acquisition of EM Foods S.A.S. took place on 2 January 2023. With this acquisition the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers.
At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.

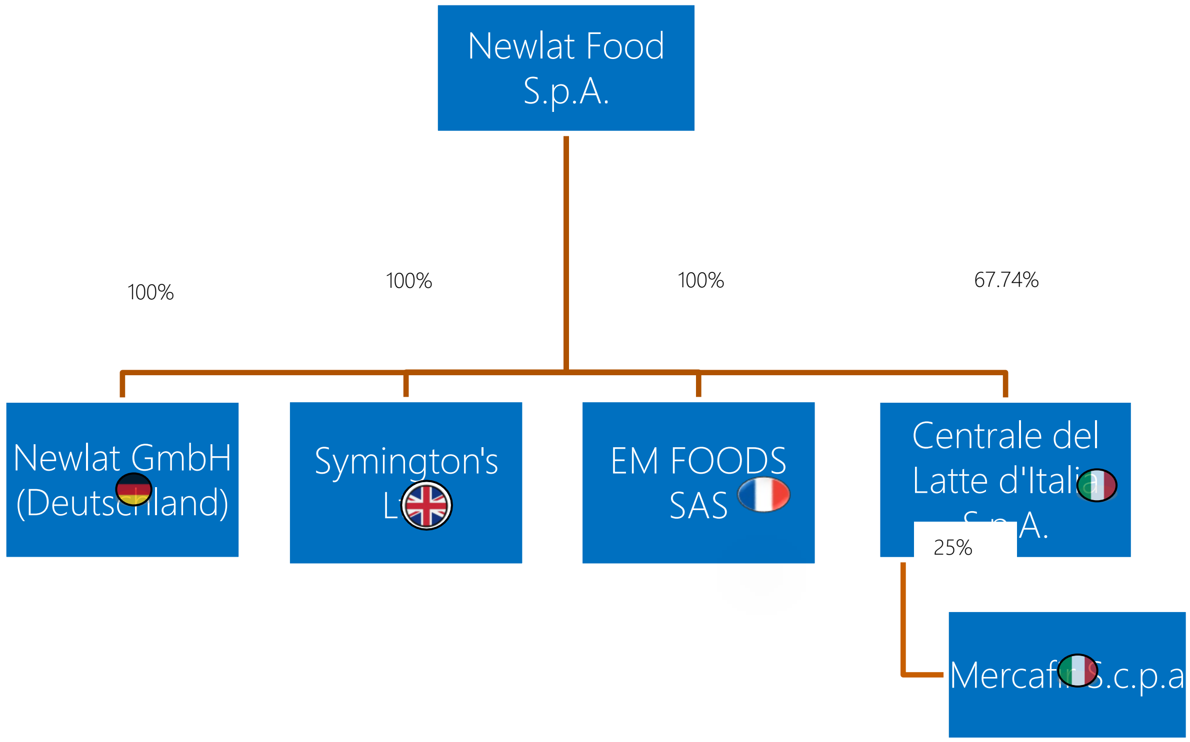
The following table provides the book values of the net assets acquired as part of the EM Foods Sas Acquisition:

(In thousands of euros)	**As at 1 January 2023**
Property, plant and equipment at fair value	10,961
Financial assets measured at amortised cost	4
Inventories	3,857
Trade receivables	5,453
Other receivables and current assets	468
Trade payables	(7,257)
Other current payables and liabilities	(1,862)
Deferred tax liabilities	(3,966)
Provision for risks and charges	(700)
Total net assets acquired	**6,958**
Payment by bank transfer already executed	(1,000)
Balance of the consideration to be paid during 2024	(1,165)
Income from business combinations	**4,793**

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

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2023

Below is a graphical representation of the companies belonging to the Newlat Group at 31 December 2023:



The table below shows the main information regarding the Subsidiaries of Newlat:

Name	Registered Office	Currency	Share capital at 31 December 2023	Control percentage As at 31 December 2023	Control percentage As at 31 December 2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
EM Foods Sas	951 Rue Denis Papin, 54710 Ludres, France	EUR	1,000,000	100%	-
Symington's Limited	2528254 Dartmouthway, Leeds	GBP	100,000	100%	100%
Newlat Deutschland	Germany - Fransozenstraβe 9, Mannheim	EUR	1,025,000	100%	100%
Centrale Latte d'Italia	Italy - Via Filadelfia 220, Turin	EUR	28,840,041	67.74%	67.74%

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 31 December 2023 and the equity and profit/loss data for each subsidiary is also provided below:

Name	**Carrying amount of equity investment (in thousands of euros)**	**Shareholders' equity (thousands of euros)**	**Profit (loss) for the year (in thousands of euros)**
	31/12/2023	**31/12/2023**	**31/12/2023**
Newlat GmbH Deutschland	68,525	40,254	3,969
EM Foods Sas	1,000	2,874	67
Symington's Limited	63,914	23,984	1,359
Centrale del Latte d'Italia S.p.A.	25,405	66,633	2,959

The financial statements of subsidiaries have been audited.

A brief description of the activities carried out by the parent company and its subsidiaries is provided below:

- Newlat Food S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products, in the production and sale of pasta, including organic pasta, wholemeal pasta, long and short pasta, pasta nests and premium lasagne, in the production of baked goods such as croutons and rusks, in the production of speciality and baby products.
- Newlat GmbH Deutschland: a company active in the production and sale in Germany of traditional forms of German pasta such as *spätzle* and flavoured pasta, instant cups and sauces.
- Centrale del Latte d'Italia S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products.
- Symington's Limited, a company specialising in the production and sale of instant noodles.
- EM Foods Sas, a leading manufacturer of baking and dessert mixes.

COMPANY BODIES

Pursuant to article 12 of the new articles of association, Newlat Food S.p.A. is managed by a Board of Directors with no fewer than 3 members and no more than 15. The Shareholders' Meeting shall determine the number of Board members from time to time, before their appointment. The directors remain in office for the period set by the shareholders' appointment resolution, up to a maximum of three financial years, and are eligible for re-election. Their term shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term, unless there are grounds for termination and forfeiture as provided for by law and by the new articles of association.

The Board of Directors consisting of:

a. four members in office with immediate effect; and

b. three members, who fulfil the independence requirements, in office from the trading start date and renewed during 2022.

The following table displays the composition of the Board of Directors:

Name and surname	Position	Place and date of birth
Angelo Mastrolia	Executive Chair of the Board of Directors and Director (**)	Campagna (SA), 5 December 1964
Giuseppe Mastrolia	Chief Executive Officer and Director (**)	Battipaglia (SA), 11 February 1989
Stefano Cometto	Chief Executive Officer and Director (**)	Monza, 25 September 1972
Benedetta Mastrolia	Director (***)	Rome, 18 October 1995
Maria Cristina Zoppo	Director (*) (***)	Turin, 14 November 1971
Valentina Montanari	Director (*) (***)	Milan, 20 March 1967
Eric Sandrin	Director (*) (***)	Saint-Amand-Montrond, 13 August 1964

(*) Independent director pursuant to article 148 of the Consolidated Law on Finance (TUF) and article 3 of the Corporate Governance Code, who took office when the Company's shares began to trade on the STAR segment of the MTA, i.e. 29 October 2019.
(**) Executive Director.
(***) Non-executive director.

The members of the Board of Statutory Auditors are as follows:

Name and surname	Position	Place and date of birth	Date first appointed
Massimo Carlomagno	Chair	Agnone (IS), 22 September 1965	28.02.2005
Ester Sammartino	Standing Auditor	Agnone (IS), 23 May 1966	28.02.2005
Antonio Mucci	Standing Auditor	Montelongo (CB), 24 March 1946	30.07.2009
Giovanni Rayneri	Alternate Auditor	Turin, 20 July 1963	28.04.2022
Cinzia Voltolina	Alternate Auditor	Moncalieri (TO), 26 April 1983	28.04.2022

Control and Risks Committee

Name and surname	Position	Place and date of birth	Date first appointed
Valentina Montanari	Chair	Milan, 20 March 1967	29.10.2019
Maria Cristina Zoppo	Member	Turin, 14 November 1971	25.09.2020
Eric Sandrin	Member	Saint-Amand-Montrond, 13 August 1964	29.10.2019

Remuneration and Appointments Committee

Name and surname	Position	Place and date of birth	Date first appointed
Eric Sandrin	Chair	Saint-Amand-Montrond, 13 August 1964	29.10.2019
Maria Cristina Zoppo	Member	Turin, 14 November 1971	25.09.2020
Valentina Montanari	Member	Milan, 20 March 1967	29.10.2019

Committee for transactions with related parties

Name and surname	Position	Place and date of birth	Date first appointed
Maria Cristina Zoppo	Chair	Turin, 14 November 1971	25.09.2020
Valentina Montanari	Member	Milan, 20 March 1967	29.10.2019
Eric Sandrin	Member	Saint-Amand-Montrond, 13 August 1964	29.10.2019

Supervisory Board pursuant to Italian Legislative Decree 231/01

Name and surname	Position	Place and date of birth	Date first appointed
Massimo Carlomagno	Chair	Agnone (IS), 22 September 1965	27.12.2016
Ester Sammartino	Member	Agnone (IS), 23 May 1966	27.12.2016

Rocco Sergi is the Financial Reporting Officer.

PricewaterhouseCoopers S.p.A. is the independent auditor appointed for the years 2019-2027.

CORPORATE GOVERNANCE

Corporate governance is the set of rules, systems and mechanisms designed to effectively implement the organisation's decision-making processes in the interest of all Group stakeholders. The parent company Newlat Food S.p.A. complies with the Corporate Governance Code for Listed Companies. A traditional governance system is in place which includes three structures: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

Board of Directors

The Board of Directors is the body charged with administering the company using the powers allocated to it by law and by the articles of association. It is structured and operates to ensure that its functions are performed efficiently and effectively. Directors act and make decisions to create value for shareholders, and they report on operations during the Shareholders' Meeting. With regard to appointing and replacing the entire Board of Directors and/or some of its members, the Company's articles of association require board members to be elected on the basis of candidate slates in accordance with the methods outlined in more detail in the Report on Corporate Governance and Ownership Structure (attached to this document) and in compliance with existing legislation on gender representation. The current Board of Directors was appointed by the Shareholders' Meeting on 28 April 2022 and will remain in office until the approval of the financial statements for the year ending 31 December 2024.

Board Committees

The Board of Directors has no internal committees other than those required by the Corporate Governance Code, with the exception of the Related Party Transactions Committee, in order to comply with the provisions of the Related Parties Regulation.

The Company has assigned to a single committee, namely the Remuneration and Appointments Committee, the functions envisaged in Articles 4 and 5 of the Corporate Governance Code.

The Board of Directors' internal committees are as follows:

- The Control and Risks Committee helps the Board of Directors to assess and make decisions regarding the Internal Control and Risk Management System, the approval of annual and half-year financial statements and relations between the Company and the independent auditor, where support is provided in the form of an adequate investigative phase. For this purpose, the Committee has three members with sufficient financial and accounting experience: Valentina Montanari, as Chair, Maria Cristina Zoppo and Eric Sandrin, all of whom are non-executive and independent directors.
- The Remuneration and Appointments Committee plays an advisory and recommendatory role, with investigative functions, in the assessments and decisions relating to the composition of the Board of Directors and to the remuneration of directors and managers with strategic responsibilities, overseeing their application and making general recommendations on the matter. The Remuneration Committee is composed of three members, all of whom are non-executive and independent directors. All members have suitable financial and accounting experience and knowledge. With regard to determining remuneration for board members, the Shareholders' Meeting allots a salary for the duration of the mandate which may consist of a fixed portion and a variable portion commensurate with the achievement of certain targets and/or with the Company's

financial results. To be able to list on the STAR segment, exchange regulations require the Remuneration Committee to ensure that a significant share of the pay for executive directors and senior managers be incentive-linked.

Please see the report on remuneration published in accordance with article 123-*ter* of the Consolidated Law on Finance (TUF) for information on the general remuneration policy and the remuneration of executive directors, managers with strategic responsibilities and non-executive directors. For this purpose, the Committee has three members with sufficient financial and accounting experience: Eric Sandrin, as Chair, Maria Cristina Zoppo and Valentina Montanari, all of whom are non-executive and independent directors.

- The Related Party Transactions Committee (hereinafter also the "RPT Committee") is responsible for ensuring the integrity of transactions with related parties by giving an opinion on the Company's interest in completing a specific transaction, as well as on the suitability and fairness of the corresponding conditions. This committee comprises three non-executive and independent directors: Maria Cristina Zoppo as Chair, Valentina Montanari and Eric Sandrin.

Board of Statutory Auditors

Members of the Board of Auditors are selected on the basis of their ability to meet requirements of professionalism, independence and integrity in accordance with legislation and regulations. The Company's Board of Statutory Auditors was appointed during the Shareholders' Meeting on 28 April 2022 and will remain in office until the approval of the 2024 financial statements.

Internal Control and Risk Management System

The Internal Control and Risk Management System (ICRMS) is the set of rules, procedures and organisational structures designed to enable the Company to conduct its business correctly and in line with set objectives, using a suitable process for identifying, measuring, managing and monitoring the main risks. The Board of Directors identified the nature and level of risk compatible with the Company's strategic objectives when it drew up its strategic, industrial and financial plans. This assessment included all and any risks that may become significant in terms of sustaining the Company's activities in the medium to long term. In support of the ICRMS and the Control and Risks Committee, on 2 May 2022 the Board of Directors appointed Angelo Mastrolia as the director responsible for the ICRMS who will perform the functions referred to in article 6 of the Corporate Governance Code. With the help of the Control and Risks Committee, the Board of Directors has also drawn up guidelines for the ICRMS, identifying the system itself as a cross-sectional process integral to all business activities and based on the international principles of Enterprise Risk Management (ERM).
The purpose of the ICRMS is to help the Group achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives and classifying and controlling related risks by implementing specific containment actions.
There are various types of potential business risks - strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic/financial information), compliance (related to compliance with existing legislation and regulations to avoid damage to the company's reputation and/or financial losses). In view of this, the Internal Audit Department verifies the suitability of

the ICRMS through an audit schedule that is approved by the Board of Directors and makes provision for regular reports containing sufficient information on the performance of its activities, as well as timely reports on events of particular importance.

The Board of Directors annually assesses the effectiveness of the ICRMS and its suitability in view of the characteristics of the business based on information and evidence received with the support of the investigative activities performed by the Control and Risks Committee, the Head of Internal Audit and the Supervisory Board pursuant to Italian Legislative Decree 231/2001.

Organisational Model pursuant to Italian Leg. Decree 231/2001, Code of Ethics and fight against corruption

The Newlat Food S.p.A. Board of Directors approved its Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001 on 30.03.2016, last updated on 13 May 2022. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Italian Legislative Decree 231/2001.

The Organisational Model was published and communicated to all personnel, third-party contractors, customers, suppliers and partners.

No reports of non-compliant behaviour or violations of the Code of Ethics were received during the year.

In order to ensure that the Model is correctly implemented, a Supervisory Board (SB) has been established, currently comprising Massimo Carlomagno, as Chair, and Ester Sammartino.

The SB sends the Board of Directors a written report every six months on how the Model 231 is being implemented and disseminated within each Company department.

The implementation of adequate regular and/or sporadic information flows to the SB is another important tool helping it to fulfil its legal monitoring responsibilities and ensuring that the Model serves its purpose of preventing liability.

No breaches of the Model or irregularities have emerged after examining the information received from managers of the various areas of the Company, and no acts or conduct have come to light that constitute an infringement of the provisions of Italian Legislative Decree 231/2001.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year under review are illustrated below:

- On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The acquisition was then finalised at the beginning of January 2023. The closing of the acquisition of EM Foods S.A.S. took place on 2 January 2023. With this acquisition the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.
- On 9 June, Newlat Food sold 3,900,000 of its own shares, or 8.88% of the share capital, to a group of institutional investors including Helikon Investments and Banor at a price of Euro 5.80 per share.

SHAREHOLDERS AND FINANCIAL MARKETS

The Newlat Group maintains a constant dialogue with its shareholders through responsible and transparent communication carried out by the Investor Relations department, with the aim of facilitating an understanding of the Company's situation, outlook, Group strategies and the prospects for the reference market. This department is also tasked with organising presentations, events and roadshows that enable a direct relationship to be established between the financial community and the Group's senior management. For further information, and to consult the economic-financial data, corporate presentations, periodic publications, official communications and updates on the share price, visit the Investor Relations section of www.newlat.com.

The following is a graphical representation of the performance of Newlat Food stock over the course of 2023.

The market capitalisation at 31 December 2023 was Euro 345,329,493.

All shares issued were fully paid up.

MANAGEMENT REPORT

The Newlat Group is an important player in the Italian and European agri-food sector. In particular, 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. The Newlat Group's product range is divided into the following business units:

- Pasta
- Milk Products
- Dairy Products
- Bakery Products
- Special Products
- Instant Noodles & Bakery Mixes
- Other Products

The Milk Products and Dairy Products market

Global and European landscape.
The cow's milk collected in the EU after an initial increase during the year started to slow down in the last quarter of 2023. Deliveries already decreased as of October 2023 and were substantially in line with the same period last year.
Milk collection is growing in Germany, the largest milk Manufacturer in the EU (+2% in January-October), but also in Denmark (+0.7%), the Netherlands (+1.6%) and Poland (+1.9%).
In France, milk production decreased by -2.7% in the period January-October 2023. Milk deliveries in October decreased in 16 Member States, including Greece (-13.8%), Ireland (-12.6%), Croatia (-7.7%) and France (-4.8%). Significant increases in production were noted in the Baltic States (Estonia, Lithuania, Latvia) and Cyprus.

Situation in Italy.
Even in Italy, after the initial upturn in production, milk collection started to slow down, remaining substantially in line with the same period last year.

Price trends.
In the last quarter of 2023 the contraction of milk production led to an increase in farmgate prices compared to the previous months, a situation that continued into the following months of November and December.
The EU milk price at the end of 2023 recorded a year-on-year decrease of 23.25%.
The value of Italian milk, on the other hand, fell by 12.05% with a higher price than the EU milk average.

Foreign trade.
EU dairy exports increased in January-September 2023 (including in the UK) for all dairy products, i.e. SMP (+19%), butter (+11%), condensed (+10%), whey powder (+5%), cheese (+2%), WMP (+13%) and butteroil (+3%). Total EU exports in January-September 2023 expressed in milk equivalent increased by 8%, and the value of these exports was 1% higher than in January-September 2022.

Household purchases.
Rising prices at the retail stage are pushing consumer demand back. With regard to milk and dairy products, while household expenditures increased by 14% in the first ten months of 2023, the quantities in the cart decreased by 1%. The contraction is affecting all segments, with the exception of hard cheeses.

Outlook.
The deceleration of inflation, expected at +2.5% in 2024 according to ISTAT forecasts, is expected to revive domestic consumption. On the foreign demand side, the strengthening of the euro could affect the competitiveness of domestic products, but the real unknown factor at the global level is the evolution of the ongoing conflicts in the Middle East and Ukraine in the coming months.

The Pasta and Bakery Products market

In Italy, pasta is among the most popular foods, with 97% of citizens consuming it regularly (more than 1 in 2 Italians bring it to the table every day), while only 1 in 5 (19.2%) consume it 4-5 times a week. This consumption trend is set to increase both in Italy and abroad.

According to the study “Italians and the Future of Pasta” done by AstraRicerche on behalf of the pasta makers of Unione Italiana Food, 30% of the population expects an increase in domestic pasta consumption and 40% expects an increase in consumption also abroad.
The scenario is clear for the next 25 years: the majority of Italians (about 59%) envisage new types of pasta with alternative ingredients, ecological packaging (52.6%), and new formats (35.4%). The most surprising trend, however, is that of consumption times. In fact, the consumption of pasta at breakfast and snack time is expected to increase, obviously in new forms and recipes. This is a trend that is already starting to catch on on social media across the Atlantic.
Despite the conservative imprint of Italians, as far as culinary tradition is concerned 8 out of 10 (79.5%) show great openness, confirming that they are ready to consume it as soon as they wake up or as a break during the day, as long as it always maintains high levels of quality and taste.
According to the pasta makers of Unione Italiana Food, in the next 25 years pasta will be increasingly:

- **Consumer friendly**: with lots of new formats, recipes and occasions for consumption.
- **Global** but associated with tradition: from morphing pasta to 3D pasta, there will be great innovations in the world of pasta, but spaghetti, penne and fusilli will always be at the top of the top ten.
- **"Diffuse"**: portions will be reduced for more occasions for consumption during the day, as is already the case abroad, also in line with future dietary regulations.
- **Sustainable**: the ability to produce, package and transport it will be even more sustainable and the packaging will be made of flexible and biodegradable materials.
- **Faster to cook**: there will be a development of pastas that will provide for faster cooking, also to meet the needs of those who have less time to be at the cooker.

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

(In thousands of euros and as a percentage of revenue from contracts with customers)	**Year ended 31 December**					
	2023	**%**	**2022**	**%**	**2023 v 2022**	**%**
Revenue from contracts with customers	793,339	100.0%	741,094	100.0%	52,246	7.0%
Cost of sales	(656,186)	(82.7%)	(607,693)	(82.0%)	(48,492)	8.0%
Gross operating profit/(loss)	**137,154**	**17.3%**	**133,400**	**18.0%**	**3,753**	**2.8%**
Sales and distribution costs	(89,912)	(11.3%)	(89,509)	(12.1%)	(403)	0.4%
Administrative costs	(23,801)	(3.0%)	(21,746)	(2.9%)	(2,056)	9.5%
Net write-downs of financial assets	(1,378)	(0.2%)	(1,247)	(0.2%)	(131)	10.5%
Other revenues and income	10,920	1.4%	5,238	0.7%	5,682	108.5%
Income from business combinations	4,793	0.6%	-	-	4,793	100.0%
Other operating costs	(6,496)	(0.8%)	(6,015)	(0.8%)	(480)	8.0%
Operating profit/(loss) (EBIT)	**31,280**	**3.9%**	**20,121**	**2.7%**	**11,159**	**55.5%**
Financial income	9,777	1.2%	2,058	0.3%	7,719	375.1%
Financial expenses	(21,341)	(2.7%)	(12,278)	(1.7%)	(9,064)	73.8%
Profit/(loss) before taxes	**19,715**	**2.5%**	**9,901**	**1.3%**	**9,814**	**99.1%**
Income taxes	(4,203)	(0.5%)	(3,304)	(0.4%)	(899)	27.2%
Net profit/(loss)	**15,513**	**2.0%**	**6,597**	**0.9%**	**8,916**	**135.2%**

The following is a brief commentary on the most significant changes to the main income statement items that occurred in the years 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 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 following table provides a breakdown of revenue from contracts with customers by business unit as monitored by management:

(In thousands of euros and as a percentage)	**Proforma at 31 December**				**Changes**	
	2023	**%**	**2022**	**%**	**2023vs2022**	**%**
Pasta	212,934	26.8%	211,464	28.5%	1,470	1%
Milk Products	259,272	32.7%	243,019	32.8%	16,253	7%
Instant noodles & baking mixes	165,415	20.9%	135,939	18.3%	29,476	22%
Bakery Products	50,327	6.3%	44,519	6.0%	5,808	13%
Dairy Products	57,189	7.2%	50,033	6.8%	7,157	14%
Special Products	33,947	4.3%	42,440	5.7%	(8,493)	-20%
Other Products	14,256	1.8%	13,681	1.8%	575	4%
Revenue from contracts with customers	**793,339**	**100.0%**	**741,094**	**100.0%**	**52,246**	**7.0%**

Revenues in the pasta segment show a linear trend due to a combined effect of increased volumes and lower average sales price.

Revenues in the milk segment increased due to a combined effect of price (65%) and sales volume (35%).

Instant noodles & baking mixes segment revenue increased due mainly to the acquisition of EM Foods. Net of the acquisition, the organic increase would have been 4%.

Revenues in the bakery segment grew due to the combined effect of an increase in sales volumes due to the launch of new contracts in the B2B and Private Labels area and due to a higher average sales price compared to the previous year.

Revenues in the dairy segment increased due to the higher quantities sold in 2023, especially mascarpone.

Revenues in the special products segment diminished due to a decrease in the average sales price and lower margin volumes, as well as due to some plant investments that slowed production levels, particularly in the fourth quarter.

Revenues in the other products segment relate to secondary products and are substantially in line with the previous year.

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

(In thousands of euros and as a percentage)	**Proforma at 31 December**				**Changes**	
	2023	**%**	**2022**	**%**	**2023vs2022**	**%**
Mass Distribution	465,266	58.6%	451,195	60.9%	14,071	3%
B2B partners	97,655	12.3%	79,920	10.8%	17,735	22%
Normal trade	88,532	11.2%	79,933	10.8%	8,599	11%
Private labels	121,959	15.4%	110,910	15.0%	11,049	10%
Food services	19,928	2.5%	19,136	2.5%	792	4%
Total revenue from contracts with customers	**793,339**	**100.0%**	**741,094**	**100.0%**	**52,246**	**7.0%**

Revenues in the retail sector grew due to the combined effect of an increase in sales volumes in the main segments the Group operates in. The contribution of the Mass Distribution channel went from 60.9% to 58.6%.

Sales in the B2B sector increased due to the acquisition of EM Foods Sas. Excluding the acquisition, there was a decrease mainly due to the Special Products segment.

Revenues in the normal trade segment increased due to higher sales quantities in the main segments the Group operates in.

Revenues in the private label sector increased due to excellent results in the bakery and dairy sector, thanks to new partnerships with major Italian and European chains.

Revenues from the Food Service channel are in line with the previous year.

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)	**Proforma at 31 December**				**Changes**	
	2023	**%**	**2022**	**%**	**2023vs2022**	**%**
Italy	397,384	50.1%	385,421	52.0%	11,963	3%
Germany	140,534	17.7%	132,844	17.9%	7,690	6%
United Kingdom	155,571	19.6%	142,781	19.3%	12,790	9%
Other countries	99,850	12.6%	80,047	10.8%	19,803	25%
Total revenue from contracts with customers	**793,339**	**100.0%**	**741,093**	**100.0%**	**52,246**	**7.0%**

Revenues in Italy increased due to the positive contribution of the Milk & Dairy and Bakery segment, partially offset by the negative contribution of the Special Products segment.

Revenues from Germany increased because of higher sales volumes in the Pasta and Dairy sector.

Revenues from the United Kingdom increased because of higher sales volumes in the instant noodles and pasta segment

Revenues from Other Countries increased because of the contribution from the acquisition of Em Foods Sas.

Gross operating result and operating result

The following table provides a reconciliation of the ROS for the periods under review:

(In thousands of euros and as a percentage)	**At 31 December**	
	2023	**2022**
Normalised operating profit/loss (EBIT)	35,535	20,121
Revenue from contracts with customers	793,339	741,093
ROS (*)	**4.5%**	**2.7%**

(*) ROS (return on sales) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Group's financial statements when assessing the Group's results. EBIT was standardised, i.e. non-recurring and/or business combination income and expenses were not taken into account

ROS was up sharply compared to the previous year due to a marked improvement in the operating result as a result of the Group's ability to maintain high margin levels.

The following table provides a reconciliation of the ROI (return on investment) for the periods under review:

(In thousands of euros and as a percentage)	**At 31 December**	
	2023	**2022**
Normalised operating profit/loss (EBIT)	39,790	20,121
Net invested capital (*)	249,006	249,104
ROI (*)	**16.0%**	**8.1%**

(*) Net invested capital and ROI (return on investment) 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. EBIT was standardised, i.e. non-recurring and/or business combination income and expenses were not taken into account

EBITDA

The following table provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 December 2023 and 2022:

(In thousands of euros and as a percentage)	**At 31 December**	
	2023	**2022**
Operating profit/(loss) (EBIT)	30,741	20,121
Amortisation, depreciation and write-downs	40,287	35,036
Net write-downs of financial assets	1,378	1,247
Standardised EBITDA (*) (A)	**72,406**	**56,403**
Revenue from contracts with customers	793,340	741,093
Standardised EBITDA margin (*)	**9.1%**	**7.6%**
investments (B)	24,939	15,456
Cash conversion [(A) - (B)]/(A)	**65.6%**	**72.6%**

(*) 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. EBITDA was standardised, i.e. non-recurring and/or business combination income and expenses were not taken into account

To assess performance, the Company's management monitors, among other things, EBITDA by business unit as shown in the following table:

(In thousands of euros and as a percentage of revenue from contracts with customers)	**Year ended 31 December**				**Changes**	
	2023	**%**	**2022**	**%**	**2023 v 2022**	**%**
Pasta	19,923	9.4%	12,604	6.0%	7,319	58.1%
Milk Products	20,675	8.0%	16,462	6.8%	4,213	25.6%
Bakery Products	8,090	16.1%	7,714	17.3%	376	4.9%
Dairy Products	4,023	7.0%	3,599	7.2%	424	11.8%
Special Products	4,751	14.0%	5,165	12.2%	(414)	(8.0%)
Instant noodles & baking mixes	10,933	6.6%	10,415	7.7%	518	5.0%
Other Activities	(244)	(1.7%)	443	3.2%	(687)	(155.1%)
EBITDA	**68,151**	**8.6%**	**56,403**	**7.6%**	**11,748**	**20.8%**

EBITDA from the Pasta segment increased due to an improvement in the supply chain, and in particular due to a decrease in the purchase cost of raw materials and primary and secondary packaging.

EBITDA in the Milk Products segment increased, mainly as a result of an improvement in the supply chain and in particular in the costs of purchasing raw materials and utilities.

EBITDA from the Bakery Products segment was in line with the previous year.

EBITDA from the Dairy Products segment was in line with the previous year.

EBITDA for the Special Products segment increased due to the combined effect of a decrease in lower-margin sales and an improvement in purchasing conditions compared to the previous year.

EBITDA for the instant noodles & baking mixes segment was in line with the previous year due to the combined effect of higher sales volumes and higher transfer prices compared to the previous year.

EBITDA for the Other Activities segment was negative as it was affected by non-recurring costs.

In order to assess performance, among other things the Company's management monitors standardized EBITDA by business unit as shown in the table below.

(In thousands of euros and as a percentage of revenue from contracts with customers)	**Proforma at 31 December**				**Changes**	
	2023	**%**	**2022**	**%**	**2023 v 2022**	**%**
Pasta	21,451	10.1%	12,604	6.0%	8,847	70.2%
Milk Products	20,927	8.1%	17,564	7.2%	3,363	19.1%
Bakery Products	8,090	16.1%	7,714	17.3%	376	4.9%
Dairy Products	4,298	7.5%	3,599	7.2%	699	19.4%
Special Products	5,101	15.0%	5,165	12.2%	(64)	(1.2%)
Instant noodles & baking mixes	12,183	7.4%	12,375	9.1%	(192)	(1.6%)
Other Activities	356	2.5%	443	3.2%	(87)	(19.6%)
Standardised EBITDA	**72,406**	**9.1%**	**59,465**	**8.0%**	**12,941**	**21.8%**

Net profit/(loss)

The table below provides a reconciliation of the ROE at 31 December 2023 and 2022.

The decrease in ROE is mainly attributable to the decrease in the Group's net result.

(In thousands of euros and as a percentage)	**At 31 December**	
	2023	**2022**
Normalised net profit/(loss)	18,349	6,596
Shareholders' equity	174,658	139,306
ROE (*)	**10.5%**	**4.7%**

(*) ROE (return on equity) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Group's financial statements when assessing the Group's results. Net income was standardised, i.e. non-recurring and/or business combination income and expenses net of the tax effect were not taken into account.

Net financial debt

The following table provides details of the composition of the Company's net financial debt as at 31 December 2023 and 31 December 2022, 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"):

(In thousands of euros)	**At 31 December**	
Net financial debt	**2023**	**2022**
A. Cash and cash equivalents	103,873	149,911
B. Cash equivalents	208,586	137,909
C. Other current financial assets	13,167	19,625
D Cash and cash equivalents (A)+(B)+(C)	**325,627**	**307,445**
E. Current financial payables	(29,727)	(32,282)
F. Current portion of non-current financial debt	(42,622)	(41,067)
G. Current financial indebtedness (E)+(F)	**(72,349)**	**(73,349)**
H. Net current financial indebtedness (G)+(D)	**253,278**	**234,097**
I. Non-current financial payables	(128,613)	(144,447)
J. Debt instruments	(199,013)	(199,450)
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	**(327,626)**	**(343,896)**
M. Net financial debt (H)+(L) determined in accordance with CONSOB and ESMA communications	**(74,347)**	**(109,799)**

The change in net financial debt at 31 December 2023 compared to 31 December 2022 totalling Euro 35,456 thousand is mainly due to the Group's ability to generate cash from operations and the sale of treasury shares in June for a total amount of Euro 23 million.

At 31 December 2023, without considering lease liabilities, net financial debt was as follows:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Net financial debt	**(74,347)**	**(109,799)**
Current lease liabilities	7,694	7,567
Non-current lease liabilities	37,160	39,173
Net Financial Position	**(29,493)**	**(63,059)**

The following table shows some of the Group's solvency indicators at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Net financial debt / Equity	(0.43)	(0.79)
Net financial debt / EBITDA (*) (**)	(1.09)	(1.95)
EBITDA / financial expenses (*)	5.89	5.52

INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets, excluding rights of use, in the years ending 31 December 2023 and 2022:

(In thousands of euros and as a percentage)	At 31 December			
	2023	%	**2022**	%
Land and buildings	5,633	22.3%	613	4.0%
Plant and machinery	10,265	40.7%	11,332	73.2%
Industrial and commercial equipment	2,125	8.4%	1,295	8.4%
Other assets	243	1.0%	49	0.3%
Assets under construction and payments on account	4,827	19.1%	1,205	7.8%
Investments in property, plant and equipment	**23,092**	**91.5%**	**14,494**	**93.7%**
Patents and intellectual property rights	662	2.6%	112	0.7%
Concessions, licences, trademarks and similar rights	673	2.7%	63	0.4%
Other assets	796	3.2%	804	5.2%
Investments in intangible assets	**2,131**	**5.3%**	**979**	**6.3%**
Total investments	**25,224**	**100.0%**	**15,473**	**100.0%**

During the reporting period, the Group made investments totalling Euro 25,224 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, mainly in connection with projects for updating and renovating packaging lines at the Pasta and Instant Noodles plants, the new warehouse in Manneheim, and the new production plant in the biscuit department at the Ozzano plant.

Investments were made to modernise and improve the efficiency of the Instant Noodles plants.

Investments in intangible assets mainly relate to the purchase and updating of application software and investments of a long-term nature in customers of the subsidiary Symington's.

The following table provides a breakdown by business unit of the Group's investments in property, plant and equipment and intangible assets at 31 December 2023 and 2022.:

(In thousands of euros and as a percentage)	At 31 December			
	2023	%	**2022**	%
Special Products	3,102	12.3%	1,973	12.8%
Pasta	10,750	42.6%	3,762	24.3%
Bakery Products	740	2.9%	1,167	7.5%
Milk Products	2,234	8.9%	1,752	11.3%
Dairy Products	268	1.1%	1,306	8.4%
Instant noodles & baking mixes	6,611	26.2%	5,208	33.7%
Other Activities	1,519	6.0%	305	2.0%
Total investments	**25,224**	**100.0%**	**15,473**	**100.0%**

Investments in the Milk Products business unit mainly relate to the efficiency of production facilities at the plant of Reggio Emilia and the Centrale del Latte d'Italia Group.

Investments in the Special Products business unit refer to the new oven equipment at the Ozzano factory.

Investments in the Dairy business unit relate mainly to the new production line at the Lodi plant

Investments in the Pasta business unit mainly refer to new packaging plants in almost all Group factories and the new warehouse at the factory of the subsidiary Newlat Gmbh.

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

OTHER INFORMATION

Policy for analysing and managing risks connected with the activities of the Group

This section provides information on exposure to risks connected with the activities of the Group as well as the objectives, policies and processes for managing such risks and the methods used to asses and to mitigate them. The guidelines for the Group's ICRMS, defined by the Board of Directors, identify the internal control system as a cross-sectional process integral to all business activities. The purpose of the ICRMS is to help the Group achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives, classifying (based on combined assessments regarding the probability and the potential impact) and controlling related risks by implementing specific containment actions. There are various types of potential business risks: strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic-financial information), compliance (related to the observance of the laws and regulations in force, to avoid the company suffering damage to its image or and/or economic losses) and, lastly, financial. Those in charge of the various company departments identify and assess the risks within their jurisdiction, whether these originate within or outside the Group, and identify actions to limit and reduce them (so-called "first-level control").

On top of this come the activities of the Financial Reporting Officer and their staff (so-called "second-level control") and those of the Manager of the Internal Audit function (so-called "third-level control") who continuously monitors the efficiency and effectiveness of the internal audit and risk management system through risk assessment activities, the performance of audit operations and the subsequent management of follow up.

The results of the risk identification procedures are reported and discussed to and discussed by the Group's senior management so that they can be covered and insured and the residual risk can be evaluated.

The following paragraphs describe the risks considered to be significant and connected with the activities of the Group (the order in which they are listed does not imply any classification, either in terms of probability of their occurrence or in terms of possible impact).

STRATEGIC RISKS

Risks relating to the macroeconomic and sector situation

The activity of the Group is influenced by the general conditions of the economy in the various markets where it operates. A period of economic crisis, with a consequent slow-down in consumption, can have a negative impact on the sales trends of the Group. The current macroeconomic context causes significant uncertainty regarding forecasts, with the resulting risk that reduced performance could impact margins in the short term. The Group pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads.

Risks connected with the external growth strategy

The Group has so far based its growth strategy on acquisitions of other companies, businesses or business units, and the plan is to continue this external growth strategy. The Group is therefore exposed to the risk of not being able to identify suitable companies or businesses in the future in order to feed its external growth strategy, or of not having the financial resources necessary to acquire the identified entities. The Group is also exposed to the risk that its past or future acquisitions will bring about unexpected costs and/or liabilities that prevent it from achieving its objectives.

OPERATING RISKS

Risks related to the high level of competitiveness of the sector

The food & beverage market in which the Group operates is characterised by a particularly significant level of competition, competitiveness and dynamism. This market is characterised in particular by (i) increasing competitiveness of companies that produce so-called private label products with prices lower than those charged by the Group; (ii) increasing prevalence of online sales (where the Group is starting to have a presence) resulting in a decrease in product prices, especially in the mass distribution channel, through which the Group generates a significant percentage of its revenues, namely 58.6% at 31 December 2023; (iii) frequent promotional campaigns over time and with significant discounts; (iv) consolidation of existing operators (through M&As), especially in the mass distribution channel. The Group pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads and being competitive in its reference markets. Moreover, thanks to the presence of some "unique" products, the Group is able to face any level of competition.

ENVIRONMENTAL AND CLIMATE RISKS

Climate change is a major disruptive force with the potential to bring about substantial changes in the Group's operations in the short, medium and long term. Many of the potential impacts of climate change can be defined as risks: physical risks to our environment or risks related to the transition to a low-carbon economy in pursuit of the goals of the Paris Agreement. Climate risk can affect companies, financial institutions, households, countries and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy. The impact of climate change assessment and the target of zero net carbon emissions for the activities of the Group by 2025 have been taken into account in the evaluation of estimates and judgements in the preparation of the Group's financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business, and the current assessment was sufficient to identify physical climate risks as well as transition risks that are material to the Group's operations or financial position. The climate change analysis performed in 2023, which mainly related to emissions and water consumption, did not reveal any issues that could not be attributed to or addressed in the ordinary course of business, and did not reveal any significant material economic issues that had an impact on the preparation of these consolidated financial statements.

The following considerations were made:

- The impact of climate change is not expected to be significant while the business remains a going concern.

- The impact of climate change is more evident on organic goods as all agricultural ingredients are at risk mainly due to water scarcity and high temperatures. To mitigate and keep the risk low, the Group has put in place contingency procurement plans.
- The impact of climate change on the cash flow projections used in impairment assessments of the value in use of non-current assets including goodwill.
- The impact of climate change on factors (such as residual values, useful lives and depreciation methods, provisions and onerous contracts) that determine the carrying value of non-current assets: no risk factors were identified in 2023.

INFLATION RISKS

The sector the Group competes in has been exposed to the challenges of incremental inflationary pressures. Although there are some favourable factors for the global economy stemming from the further easing of global supply chain pressures due to improving supply and weakening demand, downside risks to global growth persist. The risks arising from the relative weakening of industry sector performance together with changes in consumer behaviour, as well as the overall evolution of the macroeconomic landscape, are constantly monitored by the Group to mitigate any impacts. Once again in 2023 the intensification of inflationary pressures was mitigated by the favourable sales mix and price increases applied throughout the year.

FINANCIAL RISKS

Management of financial risks

The main business risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Group operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Group's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Group to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Group's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Group is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.
- GBP/AUD, in relation to transactions carried out by the subsidiary Symington's.

The Group does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Group's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Group operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and consolidated shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period , while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2023	(508)	508	(508)	508
Year ended 31 December 2022	(251)	251	(251)	251

Cash flow hedges

In the case of a derivative financial instrument for which a hedging relationship is formally documented for changes in cash flows originating from an asset or liability or from a future transaction (underlying hedged item) that is deemed to be highly probable and could affect profit or loss, the effective portion resulting from the fair value adjustment of the derivative financial instrument is recognised directly in an equity reserve. When the underlying hedged item becomes manifest, this reserve is removed from equity and allocated to the carrying amount of the underlying item. Any ineffective portion of the change in value of the hedging instrument is immediately allocated to the income statement under financial expenses and/or income.
When a hedging financial instrument matures, is sold or exercised, or the company changes the correlation with the underlying item, and the expected transaction originally hedged has not yet occurred but is still considered probable, the related gains and losses arising from the fair value adjustment of the financial instrument remain in equity and are recognised in the income statement when the transaction occurs as described above. If the likelihood of the underlying transaction ceases to exist, the related gains and losses of the derivative contract originally recognised in equity are immediately recognised in the income statement.

Fair value hedges of monetary assets and liabilities

Where a derivative financial instrument is used to hedge changes in the value of monetary assets or liabilities already recorded in the financial statements that could affect the income statement, profits and losses related to changes in fair value of the derivative financial instruments are immediately recorded in the income statement. Similarly, gains and losses relating to the hedged item change the carrying value of that item and are recognised in the income statement

Credit risk

The Group is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy, so it monitors the situation continually.

Credit risk derives essentially from the Group's commercial activity, where its counterparties are predominantly mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The following table provides a breakdown of trade receivables (from consolidated financial statements) at 31 December 2023 and 2022 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2023	43,476	36,641	4,303	20,419	**104,839**
Provision for bad debts	-	(166)	(1,405)	(18,634)	**(20,205)**
Net trade receivables at 31 December 2023	**43,476**	**36,475**	**2,898**	**1,785**	**84,634**
Gross trade receivables at 31 December 2022	54,712	32,757	3,844	20,407	**111,720**
Provision for bad debts	-	(166)	(1,405)	(18,166)	**(19,737)**
Net trade receivables at 31 December 2022	**54,712**	**32,591**	**2,439**	**2,241**	**91,982**

Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Group may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Group's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Group's liquidity is the resources absorbed by operating activities: the sector in which the Group operates has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chair involved in decisions that could have an impact on the Group's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Group's financing activity involves negotiating credit lines with the banking system and continually monitoring the Group's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2023 and 2022, expressed according to the following assumptions:

(i) cash flows are not discounted;

(ii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(iii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(iv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(v) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

(In thousands of euros)	At 31 December 2023					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	64,653	58,179	53,406	202,564	378,802	355,119
Lease liabilities	7,694	7,499	20,420	9,840	45,454	44,854
Trade payables	172,198	-	-	-	172,198	172,198
Other current liabilities	31,630	-	-	-	31,630	31,630

(In thousands of euros)	At 31 December 2022					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	65,780	47,653	49,352	221,850	**384,635**	**370,503**
Lease liabilities	7,567	9,514	15,486	14,825	**47,391**	**46,740**
Trade payables	193,776	-	-	-	**193,776**	**193,776**
Other current liabilities	21,654	-	-	-	**21,654**	**21,654**

The financial requirements are adequately covered by the existing cash and credit lines as well as the financial resources that will be generated in the future by operations.

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, during 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. The accounting and financial effects of extraordinary transactions occurring in the year have been illustrated above.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that the Parent Company holds 1,354,336 treasury shares as at 31 December 2023. The subsidiaries do not hold any shares of the Parent Company.

As at 28 February 2023 the amount of treasury shares held by the Parent Company was 1,608,494.

Branch offices

At its meeting on 16 July 2020, the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A. resolved to set up a secondary office in Florence.

Corporate governance

Information on corporate governance is provided in a separate report that is an integral part of the financial statements, annexed to this Report.

Public Grants

In 2023 the subsidiary Centrale del Latte d'Italia received an operating grant of Euro 72 thousand from the Piedmont region, while the parent company Newlat Food received an operating grant of Euro 935 thousand from the Ministry of Economic Development relating to innovative activities carried out by the company during the two-year period 2021-2022.

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 Company has adopted its own Procedure for Transactions with Related Parties, the latest version of which was approved on 25 June 2021 with effect from 1 July 2021, following the favourable opinion of the RPT Committee expressed at its meeting on 16 June 2021. This procedure was drawn up taking into account the guidelines provided by the Consob Related Parties Regulation, as last amended by Resolution no. 22144 of 22 December 2021.

The explanatory notes to the consolidated and separate financial statements report on the income statement and statement of financial position items pertaining to related party transactions at 31 December 2023. This information has been extracted from the consolidated and separate financial statements and from calculations carried out by the Company based on the outcome of general and operational accounting work.

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 or which have already been illustrated.

For information on the remuneration of members of corporate bodies and senior managers, see the explanatory notes to the separate and consolidated financial statements.

The Group deals with the following related parties:

- Direct or indirect parent company ("**Parent Company**").
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by the parent companies**").

Events after the reporting date

There are no further significant events subsequent to the closing date of this annual report.

CONSOLIDATED NON-FINANCIAL STATEMENT

Drafted pursuant to Italian Legislative Decree 254/2016

Newlat FOOD SpA

A multibrand company

METHODOLOGICAL NOTE

[2-1]; [2-2]; [2-3]; [2-4]; [2-5]

The Consolidated Non-Financial Statement (hereinafter also referred to as the "NFS" or "Statement") of the Newlat Food Group (hereinafter also referred to as the "Group" or the "Company") was prepared in accordance with the provisions of Legislative Decree no. 254 of 30 December 2016, transposing European Directive 2014/95/EU as amended and supplemented into Italian law.

The indicators reported refer to the reporting year that runs from 1 January to 31 December 2023. Where possible and for the best comparison, the data and information of the previous two years have also been reported.

The corporate evolution of the last three years saw the entry of the English company Symington's Limited, starting in August, operating in the instant food sector, and the transfer of the Italian plants of Lodi, Reggio Emilia and Salerno from Newlat Food S.p.A. to the subsidiary Centrale del Latte d'Italia S.p.A.

In 2023 the strategy of growth by external lines continued with the acquisition of the French company EM Foods S.A.S., which specialises in bakery mixes and cake preparations.

For the sake of clarity, the changes in the scope of consolidation from 2019 onwards are shown in Table 1.

Table 1 Scope of Consolidation

<table>
<tr><th colspan="3">Corporate evolution</th><th rowspan="2">Plants (identified by geographical location)</th><th rowspan="2">2023</th><th rowspan="2">2022</th><th rowspan="2">2021</th><th rowspan="2">2020</th><th rowspan="2">2019</th></tr>
<tr><th colspan="2"></th><th>From 2021</th></tr>
<tr><td colspan="3">Newlat GmbH</td><td>Mannheim (Germany)</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Delverde S.p.A.</td><td rowspan="9">Newlat Food S.p.A.</td><td rowspan="6">Newlat Food S.p.A.</td><td>Fara San Martino (CH)</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td rowspan="7">Newlat Food S.p.A.</td><td>Corte dei Frati (CR)</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Bologna</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Ozzano Taro (PR)</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Sansepolcro (AR)</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Eboli (SA)[1]</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td rowspan="3">Centrale del Latte d'Italia S.p.A.</td><td>Lodi</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Reggio Emilia</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td>Centrale del Latte di Salerno S.p.A.</td><td>Salerno[2]</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td></tr>
<tr><td colspan="3" rowspan="4">Centrale del Latte d'Italia S.p.A.</td><td>Turin</td><td>X</td><td>X</td><td>X</td><td>X</td><td></td></tr>
<tr><td>Vicenza</td><td>X</td><td>X</td><td>X</td><td>X</td><td></td></tr>
<tr><td>Rapallo</td><td>X</td><td>X</td><td>X</td><td>X</td><td></td></tr>
<tr><td>Florence[3]</td><td>X</td><td>X</td><td>X</td><td>X</td><td></td></tr>
</table>

[1] In Eboli (SA) there are two production units: the processing plant and the mill
[2] The Salerno plant also manages the warehouses in Pozzuoli (NA), Lecce and Rome
[3] The Florence plant also manages the warehouses in Arezzo, Livorno, San Vincenzo, Siena, Massa, Grosseto and the island of Elba

Symington's Limited	**Dartmouth Way + Cross Green | Leeds, United Kingdom**	X	X	X
	Bradford (United Kingdom)	X	X	X
	Consett (United Kingdom)	X	X	X
EM Foods S.A.S.	**Ludres (France)**	X		

The reporting boundary for non-financial information as at 31.12.2023 is therefore Newlat Food S.p.A. (hereinafter also "Newlat Food") and its subsidiaries Newlat GmbH Deutschland (hereinafter also "Newlat GmbH"), Centrale del Latte d'Italia S.p.A. (hereinafter also "CLI" or "Centrale del Latte d'Italia"), Symington's Limited (hereinafter also "Symington's") and EM Foods S.A.S. (hereinafter also only "EM Foods"), consolidated using the line-by-line method in the Consolidated Financial Statements as at 31 December 2023.

This Consolidated Non-Financial Statement was prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards as defined by the Global Reporting Initiative (GRI) and in consideration of the latest updates introduced by the GRI Universal Standards 2021, according to the "in accordance" option. The following GRI reporting principles necessary to define the content and quality of the document have been taken into consideration in drafting the Statement, namely: accuracy, balance, clarity, comparability, completeness, timeliness and verifiability by providing information on its impacts also with respect to the broader context of sustainability as reported in GRI Standard 1 Foundation.

For greater clarity, references to the GRI Standards are given within the text highlighted with the symbol [GRI No.].

This Statement sets out non-financial information relating to issues considered material to the Group, taking into account the relevant stakeholders and business model.

In order to provide an accurate representation of the ESG performance achieved, the inclusion of dimensions that are directly measurable was prioritised, avoiding where possible reference to estimates, which, where required, are based on the best possible methods available or on sample surveys, and their use is indicated within the individual indicators.

The reporting process coordinated by the Administration, Finance and Control department used special Reporting Packages sent to the relevant information officers.

The Statement was approved by the Newlat Food S.p.A. Board of Directors on 18/03/2024.

The independent audit of the non-financial statement – Limited assurance – was entrusted to PricewaterhouseCoopers S.p.A. and was completed with the issue of the "Independent auditor's report on the consolidated non-financial statement pursuant to art. 3.C.10, Italian Legislative Decree no. 254/2016 and art. 5 of the Consob regulation adopted with resolution no. 20267 of January 2018". The Report is available on page **144** of this document.

As required by Regulation EU 852/2020 (EU Taxonomy), Article 8 - Transparency of undertakings in non-financial statements, the Group is required to provide information on its so-called Taxonomy eligible and taxonomy eligible activities with respect to turnover, capital expenditures and operating expenses related to processes associated with economic activities considered as environmentally sustainable in accordance with the relevant delegated acts. This information is reported in the chapter "Regulation EU 852/2020" and is not subject to the Limited assurance mentioned above.

For more information regarding the publication of the Non-Financial Statement, write to sostenibilita@newlat.com.

BUSINESS MODEL AND VALUE CHAIN

[GRI 2-6];

Newlat Food Group was founded in 2004 in Reggio Emilia, where its registered office is still located today.

The Group has pursued and is pursuing continuous growth, thanks also to the implementation of a policy focused on the acquisition of both nationally and internationally recognized companies and brands.

The history of Newlat Food Group begins with the first acquisition of the Guacci brand in 2004, then continues the following year with the acquisition first of the Pezzullo brand and then of the entire plant located in Eboli (then owned by the Nestlé Group).

In the following years, from 2008, the Group expanded its product portfolio by acquiring Giglio, a company specialising in the milk and dairy sector.

There were more acquisitions in 2008, first with the purchase of the historic Buitoni plant in Sansepolcro, Arezzo, belonging to the Nestlé Group, and subsequently with the licence to use the Buitoni brand, a concession maintained until 1 January 2022. Since then, the Sansepolcro plant has continued to operate, producing products under the Group's own brands with the same care and quality.

In 2020, the Group also acquired a majority stake in Centrale del Latte d'Italia.

The following year saw the acquisition of 100% of the ordinary shares of the British company Symington's Limited, a business operating in the food sector with the production of Instant Noodles and Ready Food.

Moreover, in 2022 the Group began the process of acquiring the French company EM Foods and finalised the acquisition in early 2023. The company is an important production and research site in the business of cake and bakery mixes, both for private consumption and for the Ho.Re.Ca and industrial channels.

The recent acquisition is also strategic because its geographical location, which completes the Group's presence in the four most important European countries in terms of size and consumption: Germany, the UK, France and Italy, thus facilitating integrated logistics at a European level.

Today, thanks to the strategy pursued, in addition to its recent expansion in France the Group has an established position in the domestic market and a significant presence in the German and British markets through its subsidiaries Newlat GmbH and Symington's, the latter also present in the US and Australian markets.

Below is a list of the trademarks and companies involved in the acquisitions, reporting the year in which the transaction was concluded.

Table 2 Acquisitions of companies and brands

Company/Trademark	Year of Acquisition
Guacci	2004
Pezzullo	2005
Corticella	2006
Matese	2008
Giglio	2008
Sansepolcro plant (Buitoni licence until 31/12/2021)	2008
Polenghi Lombardo	2009
Optimus	2009
3Glöcken	2013
Birkel	2013
Centrale del Latte di Salerno	2014
Ozzano Taro plant (Plasmon co-packing)	2015
Delverde	2019
Centrale del Latte D'Italia (Mukki, Tapporosso, Latte Tigullio, Centrale del Latte Vicenza)	2020
Symington's (Naked, Mugshot, Ragu, Chicken Tonight)	2021
EM Foods	2023

As can be seen from the table above relating to the reporting scope, the Group operates through 18 production plants, of which 14 are in Italy, one in Germany and three in the United Kingdom, plus one in France from 2023, divided as follows:

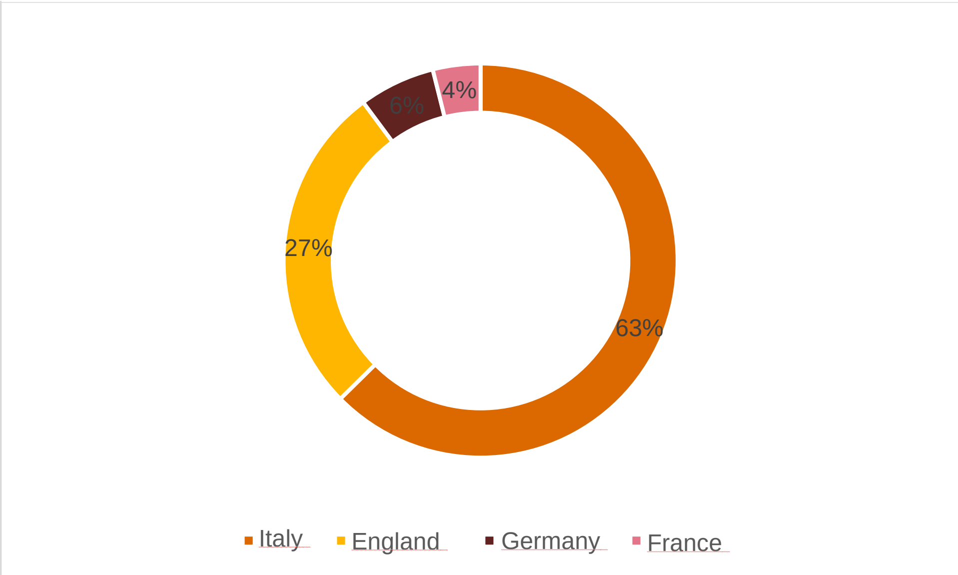
- 5 pasta factories, one of which also produces baked goods
- 7 milk processing plants
- 2 mills
- 1 plant for gluten-free, protein-free and baby food products
- 3 soup and ready meal establishments
- 1 facility for cake and baking mixes

The Group employs more than 2,000 people. More than half of its personnel work in Italy, where the Group is based, although from 2021 the number of employees working abroad became significant: more than 800 people divided between the UK, Germany and France, reflecting the Group's international expansion.

Table 3 Employees by Geographical Area

Employees Geographical Area	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	1100	342	1442	1,076	328	1,404	1,024	316	1,340
England	395	232	627	407	236	643	404	213	617[4]
Germany	113	31	144	112	30	142	106	31	137
France	65	25	90	-	-	-	-	-	-
Total	1,673	630	2,303	1,595	594	2,189	1,528	571	2,094

Figure 1 Percentage of employees by Geographical Area



It is important to note that during the reporting period in question the Company's core business, focused on essential goods for everyday consumption, was not significantly affected by the macroeconomic landscape characterised by uncertainty and high inflation. This aspect demonstrated the resilience of the Group's business model, even in a context as complex and difficult as that of the past few years.

The company is a major player in the Italian and European agro-food industry and its main activities consist in the purchase of raw materials necessary for its business and the production, processing, packaging, sale and distribution of food and beverages. The Group buys both food ingredients and packaging, which are essential to package the product and ensure maximum quality and proper preservation, and services, which are essential to ensure the continuity of production processes. The table below shows the total expenditures and the share of purchases broken down by category of supplier.

4 Following a refinement of the criteria used for personnel reporting, the number of employees of the British company Symington's was changed.

Table 4 Total expenditures by category of supplier

Suppliers - expenditure (million)	2023		2022		2021	
Type of Supply	€	%	€	%	€	%
Goods	441	67%	439	77%	304	71%
Services	213	33%	135	23%	124	29%
Total	653	100%	574	100%	428	100%

Most purchases are related to the supply of raw materials and semi-finished products, thus reflecting the characteristics of the company's businesses, which focus on the production of basic foodstuffs. It is also possible to note a gradual increase in expenditures on goods and services due to the growth of the Group, mainly through the acquisitions made year by year, the consequent expansion in the market and the widening of the range of products offered. The increase in the share of purchased services in 2023 was mainly due to the increase in the costs of energy supplies. While inflation contributed to a general increase in prices, this was in fact mostly reflected on services through the increase in energy costs.

The Group cares about the quality and safety of its products in order to protect the health of the consumer. It operates in a B2B market, whose main customers are large-scale retailers and traditional food shops, which are punctually restocked to guarantee the end customer a fresh product that is always available. Product quality, freshness and safety are ensured not only through the numerous checks performed on the product during all stages of the production cycle, but also through careful selection of raw materials and suppliers, the latter qualified on the basis of various elements, including: high quality standards, responsible growth objectives, compliance with regulations and optimisation of the cost of raw materials, in order to maintain a competitive advantage in terms of quality and overall service offered to the customer.

To make this possible, the Group is committed to tracing and certifying the origin of raw materials, where possible favouring suppliers operating within the same countries where the Company's production plants are located. Given the high spoilage rate of some ingredients, such as dairy products, the relative proximity of suppliers and processing sites is of paramount importance to ensure optimum quality and food safety conditions throughout the production chain, right up to the end consumer. In fact, the Group has strong control over the milk supply chain, with local or regional suppliers – especially in Piedmont, Veneto, Tuscany and Campania – that are frequently monitored and which it invests in with a view to mutual long-term appreciation.

The following tables show the share of purchases from local suppliers[5] in the Group's total expenditures, also showing the amount spent on local suppliers, broken down by company and respective countries of operation.

5 Suppliers are considered to be local if they have their registered office in the same country in which the supply is purchased and processed by one of the Group's plants. Therefore, the local suppliers of Germany, the United Kingdom and France are considered to have their registered offices in the three respective countries, and similarly all those based in Italy are considered to be local suppliers for Italy.

Table 5 Percentage of expenditures focused on local suppliers [GRI 204-1]

Suppliers - expenditure (million)	2023		2022		2021	
	€M	%	€M	%	€M	%
Purchase of goods and services from Newlat Food and Centrale del Latte d'Italia	483	100%	489	100%	338	100%
of which purchase of goods and services from ITALY	457	95%	461	94%	329	98%

Suppliers - expenditure (million)	2023		2022		2021	
	€M	%	€M	%	€M	%
Purchase of goods and services of Newlat GmbH	52	100%	55	100%	47	100%
of which purchase of goods and services from GERMANY	40	77%	50	90%	44	94%

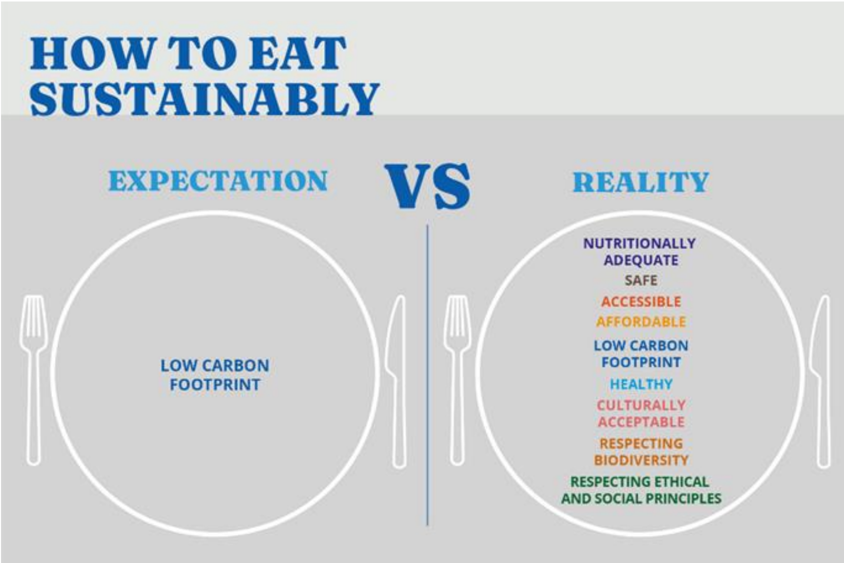
Suppliers - expenditure (million)	2023		2022		2021	
	€M	%	€M	%	€M	%
Purchase of goods and services of Symington's Ltd	100	100%	85	100%	43	100%
of which purchase of goods and services from ENGLAND	83	83%	82	97%	36	84%

Suppliers - expenditure (million)	2023	
	€M	%
Purchase of goods and services of EM Foods	19	100%
of which purchase of goods and services from FRANCE	9	46.82%

As proof of the great attention that the Company pays to the development of its own territory and to supporting local industries, the figures show the high percentage of goods and services purchased from suppliers located in the same country in which the various Group companies operate. As much as 90.1% of value spent comes from suppliers considered to be local. The only exception is EM Foods, where, due to the type of products manufactured, a large part of the purchases come from suppliers outside France, but still within the European Union. The decrease of local supplies out of the total procurement relating to the German company is mainly due to an increase in purchases of semolina from an Italian supplier common to all Group plants.

The Group's Mission and Vision

By virtue of its values, policies and activities, the Company has defined a Group mission and vision. The mission is to pursue consumer well-being through the production of healthy, quality products at affordable prices, promoting the best Italian tradition, while the Group's vision is to convey brands "Made in Italy" that are representative of healthy food and have a worldwide reach, as well as to act as a well-established player in the agri-food sector.



For our Group, responsible development means conducting business in a way that takes into account multiple aspects and does not only aim to offer a product with a reduced environmental impact. In fact, Research and Development also takes into account – with equal attention – the impact of food on human health and consumer safety, accessibility to all sections of the population and respect for all eating habits and customs.

THE CORPORATE GOVERNANCE MODEL AND SUSTAINABILITY MANAGEMENT

[2-9]
Newlat Food S.p.A. has structured a Corporate Governance Model based on the recommendations of Borsa Italiana's Corporate Governance Code.

Newlat Food S.p.A. has adopted a traditional form of administration and control. Therefore, corporate management is assigned to the Board of Directors, the supervisory functions to the Board of Statutory Auditors, and the statutory audit, as well as the financial audit, to the independent auditors appointed by the Shareholders' Meeting.

[2-10]; [2-11] For a more in-depth description of the members of the Board of Directors, the Internal Committees and the Board of Statutory Auditors and their selection and appointment process, see the sections "Directors' Report on Operations" and "Report on Corporate Governance and Ownership Structures" contained in this document.

The Group is focusing on the adaptation of its corporate structure, on international best practices, on the updating of its relevant Codes, and on the implementation of risk management processes according to the main reference frameworks. Sustainability governance has become an integral part of the Group's strategy from 2021. During the same year, a figure responsible for ESG issues was appointed to report directly to the Board of Directors, and a Sustainability Steering Committee was established composed of the main corporate functions involved in the development of business policies and practices.

For years the Group has also integrated the main ESG risks into its Enterprise Risk Management (ERM) model, assessing with management how to manage them and identifying remedial activities where deemed necessary. Please refer to the section "Policies and risks" for further details.

With the aim of increasing its transparency, commitment and focus on ESG issues, the Group has established a multi-year Sustainability Plan, approved by the Board of Directors and illustrated below. Among the goals that Newlat Food achieved during 2023 are:

- The publication of a Supplier Code of Conduct in order to involve and raise awareness of ESG issues in its supply chain.
- Advancement of stakeholder engagement through active involvement and the establishment of a dialogue channel.
- The possession of animal welfare certificates for more than 90% of high quality milk from local supply chains.
- Waste recyclability of more than 80%.
- A constant focus on the health and safety of employees by maintaining third-party certification of the OSH Management System for Italian plants.
- Strengthening its governance by extending the whistleblowing system to all the countries the Group operates in, defining a Group Anti-Corruption Policy and formalising a Policy on the qualitative and quantitative composition of the BoD.

- The launch of an active employee engagement initiative in Italy that reached out to about 1,400 individuals and gave them the opportunity to speak and interact with co-workers in other branches in Italy.

- An increase of more than 20% in training provided on ethics, anti-corruption and other key sustainability issues.

The Sustainability Plan is updated and redefined annually for subsequent years. In 2023 new objectives and targets were incorporated, detailed in the table below.

Table 6 Sustainability Plan

Material topic	Goal	Target	Deadline	SDGs
Sustainable farming practices, animal welfare and attention to raw materials	**Sustainable supply chain**	Extension of the collaboration with the supply chain in order to manage and reduce the impacts on the environment and human rights that this may entail	2025	
		Social Compliance Audit *SMETA* on EM Foods Company	2025	
Process environmental impact	**Reduction of environmental impacts**	Increase the recyclability rate of waste compared to the previous year	2024	
		Implementation of ISO 14001-certified EMS in all Centrale del Latte d'Italia plants	2025[6]	
		Calculation of Scope 3 emissions on at least one Group pilot site	2024	
		Start of Scope 3 emissions calculation for the entire Group	2026	
Protection of worker health and safety	**Protection of health and safety**	Maintain third-party certification of the occupational health and safety management system for Italian plants	2024	

[6] The target was set for 2024, however the work plan was revised and the last sites involved, which have a lower environmental impact, will finish adopting an environmental management system in line with the standard's requirements in 2025

Transparent governance and corporate identity **Legality, ethics and anti-corruption**	**Integrity and transparency**	Formalisation of an Anti-Money Laundering and Anti-Terrorism Policy	2024
Transparent governance and corporate identity **Legality, ethics and anti-corruption**	**Secure data and access management**	Raising staff awareness of cybersecurity issues	2024
Transparent governance and corporate identity	**Advancement of stakeholder engagement**	Ensure direct involvement and listening to all stakeholder categories identified	2024

[2-12]; [2-13]; [2-14]

Roles, responsibilities and competencies in sustainability

The Board of Directors, which among other things is responsible for reviewing and approving the reported non-financial information, pursues sustainable success through the implementation of a strategy to include environmental, social and governance elements by considering all risks that may be relevant to sustainability in the medium to long term in its assessments.

For ESG-related aspects, the BoD has a Control, Risk and Sustainability Committee that examines and evaluates sustainability policies, supports the definition of sustainability guidelines and plans, monitors the company's exposure and examines the content of non-financial reporting.

The Sustainability Steering Committee guides the decision-making processes and responsibilities for specific ESG initiatives. The committee is composed of the main corporate functions involved in the development of business policies and practices, such as Operations, Human Resources, Finance, Investor Relations, Quality and R&D, Purchasing and Marketing. The presence of such a committee allows for the multilateral interaction of all corporate entities, thus optimising the coordination of all parties.

Finally there is the Sustainability Function, which reports directly to the BoD. It performs research and studies regulatory and contextual developments in the field of sustainable development, sharing the evidence with the functions involved from time to time and suggesting any improvement actions based on the mapping and assessment of processes, risks and controls adopted within the Group. The sustainability function also supports all activities aimed at preparing non-financial reports and disclosures, including this Consolidated Non-financial Statement.

Regulation EU 852/2020

The Taxonomy Regulation (Reg. EU No. 2020/852 of 18 June 2020), hereinafter also "Taxonomy" or "EU Taxonomy" is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. In fact, it is a unified system for classifying environmentally sustainable economic activities that can contribute to one of the environmental or climate objectives defined in the law (climate change mitigation, climate change adaptation, sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control, and prevention and restoration of biodiversity and ecosystems). To be considered environmentally sustainable and aligned with the Taxonomy, an activity must fulfil the following requirements:

- Making a substantial contribution to at least one environmental or climate objective.
- Doing no significant harm to any other environmental objective.
- Complying with minimum social safeguards.
- Complying with the technical screening criteria.

In line with Article 8, paragraph 2, of the Regulation, for the 2023 reporting year the Group has disclosed the portion of turnover, capital expenditures ("Capex") and operating expenses ("Opex") considered eligible and/or aligned with the EU Taxonomy.

In fact, as of 1 January 2022 companies subject to the European Directive 2014/95/EU must verify through Delegated Acts whether their activities are firstly permissible and secondly aligned with the Taxonomy, i.e. whether they comply with the defined technical screening criteria, do not cause significant harm to other environmental and climate objectives (*Do No Significant Harm* – DNSH) and comply with minimum safeguards.

During 2023, the European Commission also published the Delegated Act regarding the remaining four environmental objectives (Delegated Regulation 2023/2486). For the FY 2023, non-financial companies are required to report KPIs related to eligible activities for all six environmental objectives, while alignment analysis is mandatory only for the first two objectives (mitigation of climate change and adaptation to climate change).

Eligibility analysis

In order to assess the eligibility of the turnover from its economic activities for the tax year 2023, Newlat Food compared the activities in the Annexes with its own activities and found that the latter are not listed in the Annexes and are therefore not considered eligible for the EU Taxonomy.

With regard to capital expenditures and operating expenses, the Group mapped out the activities attributable to investments and expenses incurred, identifying certain interventions among those eligible relating to the management and implementation of water treatment plants, the expansion of production sites and the installation of production and lighting systems, and the management of owned real estate.

Alignment analysis

Subsequently, the Capex and Opex considered eligible were further examined in order to assess whether they could be considered aligned with the objectives of the Taxonomy. In detail, these items were assessed based on the technical screening criteria relevant to the two different climate targets, as required for 2023. This exercise involved an internal working group with the participation of the Sustainability function, the Administration function and the Technical Department.

DNSH

As mentioned above, to be aligned with the EU Taxonomy, an economic activity must make a significant contribution to at least one of the environmental or climate objectives according to the defined technical screening criteria without jeopardising the others, in line with the principle of Do No Significant Harm. The technical screening criteria and DNSH defined by the regulations are often complex and technical in nature, so in some cases the analysis to establish the alignment of Capex and Opex was carried out involving the supply chain as well. The suppliers involved were then asked to share data and information on the actions taken, in line with regulatory requirements.

The following rows detail the economic activities related to capital and operating expenditure aligned with the Taxonomy.

Minimum safeguards

In order to be considered aligned with the EU taxonomy, an economic activity must be carried out in compliance with minimum safeguards and thus protect the adoption of principles defined by recognised global frameworks such as: the Universal Declaration of Human Rights and the principles of the Global Compact proposed by the United Nations, the OECD Guidelines for Multinational Enterprises or the core labour standards promoted by the International Labour Organisation (ILO).

The minimum safeguards cover four areas: human rights, corruption, taxation and fair competition. Newlat Food conducted an assessment on minimum safeguards to identify aligned Capex and Opex. Among other things, the Group adopted a Code of Ethics and Conduct by which it declares the principles, values and guidelines that employees, partners and other stakeholders must maintain. Moreover, in accordance with Italian Legislative Decree 231/2001, Italian companies have implemented an Organisation, Management and Control Model to prevent a number of offences, including those of a corrupt nature. In 2023, no convictions were recorded regarding the four areas relevant to the minimum safeguard guarantees. With regard to compliance with minimum safeguards along its supply chain, the Group has drawn up a Code of Conduct for Suppliers and implemented a supplier evaluation and selection process that among other things takes into compliance with environmental, ethical and social criteria. Furthermore, the Group has implemented a whistleblowing channel in accordance with European regulations. This channel allows customers, suppliers, partners and third parties to confidentially or anonymously report any circumstance, event or action that does not comply with the principles adopted by the Group. Below the specific measures for each of the topics included in the minimum safeguards are described.

Human Rights

Newlat Food has issued a Human Rights Policy and a Diversity and Inclusion Policy taking national and international best practices, guidelines and standards as a reference point. Furthermore, most sites periodically undergo the Sedex Members Ethical Trade Audit (SMETA) aimed at promoting transparency and demonstrating the good ethical and social practices adopted by the Group not only within the company, but also throughout the supply chain, thus strengthening supply chain control systems and effectively identifying and mitigating potential risks. This audit is based on the criteria of the ETI (Ethical Trade Initiative) code, integrated with national and local laws in the countries concerned.

Corruption

The main tools adopted by the Group to prevent and combat corrupt practices are the Code of Ethics and Conduct, the Corporate Rules, the implementation of an OMC Model, the internal procedural system provided by it, and the training regularly provided on these issues. Furthermore, the Group has adopted an Anti-Corruption Policy. Finally, with a view to guaranteeing a better level of efficiency and transparency in its corporate governance, the parent company Newlat Food and its Italian subsidiary Centrale del Latte d'Italia have adhered to the Corporate Governance Code for Listed Companies, which defines principles of good management aimed at maintaining and making Group companies increasingly competitive, transparent and equipped with a governance structure that guarantees the widest possible protection for shareholders and third parties.

Taxation

Newlat Food pays great attention to compliance with tax regulations, acting with extreme responsibility and committing itself to interpreting tax rules and principles in the jurisdictions it operates in, i.e. Italy, the United Kingdom, Germany and France. Since there is no Group tax strategy, the Board of Directors determines the approach to ensure uniform tax management across all companies. Responsibility for tax compliance lies with each subsidiary, while the parent company's Administration, Finance and Control department supervises and coordinates relations between them. This approach aims to ensure both the correct determination and settlement of taxes due by law and the appropriate management of tax risk.

Fair competition

The Group is committed to observing competition protection laws and to cooperating with market regulators. The Group's main tools for avoiding anti-competitive behaviour are the Code of Ethics and Conduct and the system of internal procedures. The Code of Ethics provides all stakeholders with guidance on confidentiality of information, fair dealing, management of conflicts of interest and anti-corruption measures, as well as principles of honesty and transparency.

Capex

- 7.3 Installation, maintenance and repair of energy efficiency devices

The activities classified here are related to the installation of LED lighting in various Group locations. Compliance with the minimum safeguards was assessed as well as adherence to the technical screening criteria defining substantial contribution to climate change mitigation in line with the relevant Annex. Finally, it was verified that the activity would not significantly harm the following objectives:

    - Adaptation to climate change
    - Pollution prevention and reduction

In fact, the DNSH criteria of the remaining objectives are not relevant in the context of this activity.

- 5.3 Construction, expansion and operation of wastewater collection and treatment systems

Interventions related to this activity consist mainly in the construction of a purification plant. Also for this project, compliance with the minimum safeguards as well as the technical screening criteria determining the substantial contribution to climate change mitigation was considered. As in the previous point, it was verified that the works would not significantly harm the following objectives:

- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Pollution prevention and reduction
- Protection and restoration of biodiversity and ecosystems

In fact, the DNSH criteria of the remaining objectives are not relevant in the context of this activity.

Opex

- 7.3 Installation, maintenance and repair of energy efficiency devices

As in the case of capital expenditures, also for operating expenses the operations under item 7.3 mainly consist of the installation and maintenance of LED systems at the various Group locations. These works were classified in line with the EU Taxonomy following the evaluation of minimum safeguards. It was also assessed that operational expenditures related to this economic activity can contribute to climate objectives, i.e. climate change mitigation and adaptation. For these projects, it was verified that they would not significantly harm other environmental objectives, such as:

- Climate change adaptation/mitigation
- Pollution prevention and reduction

In fact, the DNSH criteria of the remaining objectives are not relevant in the context of this activity.

- 5.1 Construction, expansion and operation of water collection, treatment and supply systems

Works classified within this activity consist of operating and maintenance expenses for a drinking water plant. These were assessed to be in line with both the minimum safeguards and the DNSH criteria for the remaining objectives:

- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Protection and restoration of biodiversity and ecosystems

In fact, the DNSH criteria of the remaining objectives are not relevant in the context of this activity.

- 5.3 Construction, expansion and operation of wastewater collection and treatment systems

  Also for Opex, the expenses classified in this economic activity concern operation and maintenance work related to the purification plants at the Group's various locations. For these expenditures, compliance with the minimum safeguards as well as the technical screening criteria determining the substantial contribution to climate change mitigation was assessed, verifying that the works would not cause significant damage to the following objectives

- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Pollution prevention and reduction
- Protection and restoration of biodiversity and ecosystems

In fact, the DNSH criteria of the remaining objectives are not relevant in the context of this activity.

The table[7] below provides summary information on Revenues, Capex and Opex. The Capex and Opex eligible for or aligned with the EU Taxonomy. See Annexes 2/a, 2/b and 2/c of this Non-Financial Statement for a more detailed presentation, in line with Annex II of Delegated Regulation (EU) 2021/2178.

Table 7 Share of taxonomy-eligible and non-taxonomy-eligible economic activities in consolidated total Turnover, Capex and Opex

FY2023	Share of taxonomy-eligible or aligned economic activities (in %)	Share of economic activities neither taxonomy-eligible nor aligned (in %)
Revenues	0%	100%
Capital expenditures (Capex)	4.5%	95.5%
Operating expenses (Opex)	0.06%	99.94%
FY2022	Share of taxonomy-eligible economic activities (in %)	Share of non-taxonomy-eligible economic activities (in %)
Revenues	0%	100%
Capital expenditures (Capex)	4.3%	95.7%
Operating expenses (Opex)	0.2%	99.8%

Calculation of KPIs

KPI related to revenues

The revenue share is calculated as the ratio between the revenues generated from products or services associated with economic activities aligned with the taxonomy and the revenues from customer contracts, as represented in the consolidated income statement included in the Financial Report. As previously mentioned, the Group has not recorded revenues eligible for activities envisaged by the Taxonomy.

KPI related to capital expenditure (Capex)

The Capex share is calculated as the ratio between the capital expenditure included in the denominator that meets the alignment requirements set out by the EU Taxonomy and the total investments in property, plant,

[7] The table is intended to provide a summary presentation of the degree of eligibility and alignment of Newlat Food's activities. For a more complete presentation, in line with Annex II of Delegated Regulation (EU) 2021/2178, see Annexes 2/a, 2/b, 2/c and 2/d of this Non-Financial Statement

and equipment, and investments in intangible assets as represented in the financial statement included in the Financial Report.

KPI related to operating expenses (Opex)

The Opex share is calculated as the ratio between the operating expenses included in the denominator that meet the alignment requirements set out by the EU Taxonomy and the total expenses related to: cost of goods sold, selling and distribution expenses, and administrative expenses as represented in the consolidated income statement included in the Financial Report.

STAKEHOLDER ENGAGEMENT

[2-29]

Newlat Food Group is constantly in contact with different types of subjects, which generate interests and expectations in relation to the Group. These subjects can therefore be defined as stakeholders and can refer to subjects within the Group structure, such as partners and shareholders and employees, as well as outside the Group, as is the case with suppliers, customers, consumers and local communities.

Each type of stakeholder corresponds to a different and specific type of relationship. This diversity is a direct consequence of the substantial difference between their interests and expectations.

It follows that the Group, in its desire to pay increasing attention to the dialogue with these subjects, will have to address them differently, through a carefully and precisely targeted dialogue.

Indeed, the importance of this dialogue is mainly due to the fact that it allows the Group to achieve the objectives of improving and enhancing the knowledge of its network, enabling, on the one hand, an increase in the positive impacts generated and, on the other, to mitigate the negative impacts of business activities on the environment and society. The dialogue allows the Group to gather important information on the context it operates in and to receive constant feedback on its work, thus facilitating responsible development of its business and environment.

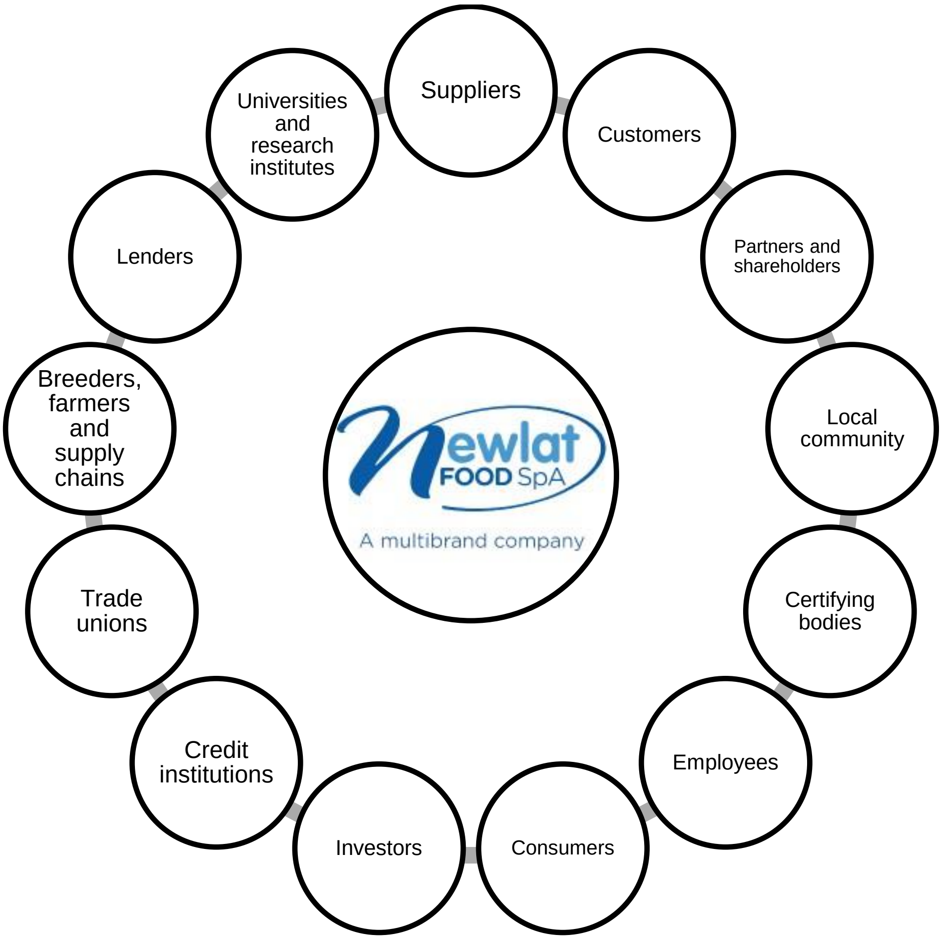
In 2021, with the aim of establishing a profitable and ongoing dialogue with all stakeholders, the Group launched a multi-year Stakeholder Engagement plan that involved numerous parties through one-to-one meetings, workshops and online surveys. Such an exercise will allow timely identification of changes in the Group's impacts and the evolution of business dynamics accordingly.

The Company stakeholders are represented in schematic form in the figure below, which shows that the Group wants to give its stakeholders equal, albeit specific, importance.

A brief description of each stakeholder and the relevant aspects is given below:

- Stakeholders.
- Specific interests of each stakeholder.
- Type of relationship and dialogue objectives.
- Importance and attention given by the Group, including with reference to the significant areas.

Figure 2 Group stakeholders



1. *Partners and shareholders*

As of 31 December 2023, both companies Newlat Food and Centrale del Latte d'Italia were listed on Euronext STAR Milan. As of the year 2024, Centrale del Latte d'Italia will no longer be listed in the STAR segment, so the ordinary shares issued by the company will be traded on the ordinary segment of the Euronext Milan stock exchange. For details on the shareholding structure of the two companies, the updated structure as of December 2023 is available within the Financial Reports of the companies

In addition to the standard forms of communication of a binding nature, the Group wants to focus on partners and shareholders, through this document and through an internal report that is truthful, usable and prompt.

In order to ensure commitment to this objective, the Group has established specific figures, such as Investor Relators (for communications to partners and shareholders) and the Reporting Officer, as well as the usual internal and external control bodies (to ensure that the data reported to management is true).

2. *Employees*

The company has always regarded its personnel as one of its most important assets. The Group constantly invests in its employees to ensure a healthy and safe working environment, continuous professional development and their direct involvement.

Newlat Food develops its relationship with workers by defining group guidelines, aimed at defining and sharing the company's values and mission.

3. *Suppliers*

In order to make its products, the Company uses suppliers that support the Group in achieving its business and sustainable development objectives. In particular, the Group wants high quality standards to be guaranteed for its products, optimising the cost of raw materials, in order to maintain a competitive advantage also on the commercial side.

For this reason too, the Company aims to develop long-term partnerships and collaborations. In this way, the Group establishes virtuous supply circles, oriented towards trust and future growth.

4. *Customers*

The Group's sales network consists mainly of agents with whom the Company has established solid collaborative relationships over time, in order to efficiently and effectively reach its customers. Although most customers belong to the large-scale retailing segment, the Group has always kept the smallest distribution channels open, trying to reach the end consumer more directly.

The Group carries out promotional and marketing activities in order to establish a direct dialogue with its customers. However, there is an awareness that the strongest tool for dialogue is the Company's focus on the level of quality and food safety of its products. For this reason, the Group, wanted to implement a system of specific safeguards throughout all phases of the procurement and production cycle, including through obtaining various certifications.

5. *Local community*

The Group aims to establish a clear and well-defined presence within the context in which it operates. In this regard, the context is understood as the geographical area in which the Group operates, but also as the set of elements that make up these areas. Among these elements is the local community and its socio-economic development. The company plans and conducts various initiatives to support the many communities it operates in, sometimes for charity, sometimes to raise awareness, sometimes for development.

It is also worth mentioning the contribution to the local supply chain that the Group, as a successfully operating business on the market, provides across a large part of the country.

6. *Certifying bodies*

The Group wanted to implement a management system for its operations over time that would allow full compliance with current regulations, as well as compliance with industry best practices.

In order to adapt sufficiently to these aspects, the Group has invested in some of the most important certifications related to the sector, focusing on ensuring high quality in its products and standards applied to production processes.

More detailed information on the types and applicability of certifications per facility can be found in the section "Certifications" and in Annex 1, at the end of this document.

7. *Consumers*

Consumer satisfaction has always been the Group's primary objective. The company takes great care to ensure the quality and safety of its products. In pursuit of this objective, the Group seeks to continuously innovate through significant and constant investments in research and development, in order to meet the growing needs of the market, both in terms of nutrition and taste. Furthermore, thanks to its wide range of products, the Group aims to satisfy particular groups of consumers with specific nutritional needs due to age, health reasons, food intolerances, or ethical, cultural and religious factors.

8. *Trade unions*

In their role as representatives of the workers, trade unions are the interlocutors with which the Group deals with regard to the application of contracts, the management of regulations and the definition of projects and initiatives concerning employees with a view to promoting and protecting work in the company's activities.

9. Investors

Those who choose to invest and place their trust in the Group have always been at the heart of what the company does. The support provided is indispensable, and the desire to establish a long-term relationship has always been a common goal. Among them are now mainly people who have seen the Group's business grow over time and who pursue responsible development.

10. Credit institutions

The Group's growth opportunities pass through relations with credit institutions, as irreplaceable partners for the development of the Company's resources and financial capabilities. Proving to be a reliable partner and attentive to the pursuit of growth that respects the interests of all stakeholders is a key element of shared success.

11. Farmers and supply chains

The relationship with the players in the agricultural world which the Group purchases its raw materials from is of fundamental importance to guarantee operational continuity, product quality and safety and to achieve consumer satisfaction. The Group maintains relations with numerous farmers within various supply chains and recognises their efforts through regular audits to ensure high standards for the end consumer, not only in terms of quality but also environmental and social impact.

In fact, the company encourages farming practices that are attentive to social and environmental impacts, supporting the development of farmers. In particular, as far as milk is concerned, through its subsidiary Centrale del Latte d'Italia the Group has developed an extensive control over the supply chain, thus allowing for an adequate recognition of milk producers and the safeguarding of the territory and the zootechnical heritage through, for example, the promotion of the respect of animal welfare principles.

12. Lenders

Lenders contribute to the development of the Group through the lending of capital, therefore the Group assures its lenders of the transparency of the information reported having an impact on their assessments and decisions. The company maintains relations with lenders based on propriety and transparency, guaranteeing stability and credibility. Similarly, lenders are chosen from among those with all the necessary guarantees of soundness, transparency and who operate in the market with consolidated experience.

13. Universities and research institutes

The synergies between the Group, universities and other research bodies have enabled it to undertake projects geared towards innovation, research and the development of processes and products aimed at increasing consumer satisfaction. Thanks to these partnerships, the Group also carries out training, mainly related to the promotion of a healthy food culture.

The institutions and universities the Group works with include those in the regions it operates in most, with a view to increasingly consolidating and developing the relationship with the local area.

MATERIAL TOPICS FOR THE GROUP

[GRI 3-1]; [GRI 3-2]

The identification of material topics is the result of the process of identifying, assessing and prioritising ESG elements relevant to the Newlat Food Group and its stakeholders, as required by the International GRI Standards guidelines.

The process of updating the identification of material topics for this NFS first required the assessment of material topics both from an internal perspective, through the involvement of management, and from an external perspective, through the direct involvement of stakeholders. The Group had already introduced the concept of risk and opportunity as the basis for the assessment in the previous update of the materiality matrix (FY 2022) to better assess the impacts generated and suffered in the process of identifying material topics. Moreover, especially with a view to internal evaluation, the risk assessment underlying the ERM model was taken into account, which bases its considerations on, among others, the economic and financial impacts of the various areas identified.

In detail, the method used for the identification and prioritisation of material topics went through the following steps:

- Step 1 – Identification of relevant topics

  Possible topics relevant to the Group were identified through benchmarking with global macro trends and major sustainability reporting frameworks, with the requirements of investors and ESG rating companies, with commitments undertaken by customers and suppliers, and through comparison with a panel of companies and industry organisations.

- Step 2 – Stakeholder involvement

  Following the identification of relevant topics, it was necessary to identify material topics and to define the importance of these for the Group and its stakeholders. Relevant topics were then assessed both internally and externally by initiating a Stakeholder Engagement Plan to define the priority for the Group. Through the administration of surveys, one-to-one meetings and workshops, among other things stakeholders were asked to assess the opportunities and risks involved in dealing with each topic.

  The assessments are integrated and weighted in order to better represent the expectations of the stakeholders with regard to topics more important to them.

- Step 3 – Validation of the material topics

  The results of the evaluation were shared with key internal stakeholders and subsequently approved by them. Since over time there can be perceptible changes with respect to the evaluation and prioritisation of each topic, material topics are systematically re-evaluated in such a way as to enable alignment with stakeholder interests and expectations.

- Step 4 – Management of the material topics

In this Statement, among other things the Group reports on its performance, the impacts of its operations and how they are managed. Each topical area is thus linked with one or more corporate areas of reference, which help to define the actions necessary for the management and improvement of ESG aspects.

The result of the materiality analysis process described above is subject to approval by the Board of Directors and consists of 13 topics, considered key to responsible development of the business and to assessing and managing its impacts, also reported in the figure below.

Figure 3 Material topics and main impacts

Material topics identified and proposed for assessment		Main impacts
Product quality, safety and traceability	+	Dissemination of rule- and regulation-compliant practices along the value chain and protection of stakeholders
	-	Potential disservices, complaints and returns by customers or consumers due to product quality defects, as well as reputational damage
Listening to and protecting the consumer	+	Consumer health protection and product innovation to meet consumer and customer needs
	-	Misalignment between market demand and supply due to changes in consumer habits
Protection of worker health and safety	+	Protection of the health and safety of employees and co-workers and development of a safety culture, also outside the workplace
	-	Failure to disseminate and respect good practices can lead to worker injuries, absenteeism and sanctions
Sustainable packaging	+	Anticipate and prevent regulations on the banning of impactful or harmful materials
	-	Lack of environmental and economic impact assessment (in case of regulatory intervention), as well as fluctuations in prices and availability of materials
Sustainable farming practices, animal welfare and attention to raw materials	+	Contribution to the creation of a sustainable value chain through the integration of social and environmental criteria in the selection of suppliers and support for the supply chain
	-	Climate change such as temperature increase, loss of biodiversity, reduced water availability and/or soil productivity, which may affect the supply chain
Education, training and development of people	+	Employee retention, increased attractiveness and increased competitiveness and level of corporate innovation
	-	Potential loss of talent due to lack of adequate staff development strategy and corporate welfare practices
Process environmental impact	+	Reduction of environmental impact, respect for biodiversity and protection of resources
	-	Pollution of air, water and land, and acceleration of climate change
Employment protection	+	Job creation in the regions where the Group operates and promotion of a work environment that respects work-life balance
	-	Loss of know-how and possible impairment of efficient business continuity
Legality, ethics and anti-corruption	+	Spread a culture of legality among employees and promote respect for ethics
	-	Potential violation of local practices and cultures resulting from conducting business or engaging in behaviour contrary to the company's ethical standards or internal procedures
Responsible development and growth	+	Positive fusion of new realities entering the Group, as well as support for the integration and enrichment resulting from the introduction of new cultures

	-	Instability (political, economic, fiscal, regulatory) in the global economy and in the countries where the Group produces or sells
Transparent governance and corporate identity	+	Involvement of all stakeholders to increase and ensure their satisfaction and to seize the opportunities offered by a continuous dialogue with stakeholders
	-	Potential non-compliance with laws and regulations and misrepresentation of facts to stakeholders
Protection of human rights, reduction of inequalities and respect for diversity and inclusion	+	Promotion of human rights and diversity through the dissemination of a corporate culture based on the promotion of a discrimination-free environment
	-	Encouragement of negative practices in the supply chain and fostering of a working environment that does not respect those who can contribute to value creation
Promoting the regions and communities the Group operates in	+	Socio-economic development of local communities and promotion of community welfare through the implementation of social initiatives

The table below also shows the relationship between the topics enumerated in Italian Legislative Decree 254/16 and the material aspects identified by the Group, aspects that will be reported in more detail and specifically in the following pages.

Table 8 Reconciliation between the areas of Italian Legislative Decree 254/16 and the Group's material topics

Areas indicated by Italian Legislative Decree 254/16	Material topic	Description of the material topic
Environmental aspects	Sustainable packaging	Among the materials used by the Group, a significant part is linked to packaging, an object that must guarantee the quality and satisfaction of the end consumer of each of our products. In order to ensure the best possible environmental performance, our focus is on reducing packaging material in absolute terms, prioritising recyclable materials and preferably materials from renewable sources. We are also committed to adopting and promoting behaviour with our stakeholders aimed at improving the environmental impact of packaging.
	Process environmental impact	The Group's entire value chain has an impact on the environment, from procurement through production to distribution. Current production and research and development for new products and technologies must aim for continuous improvement to limit the environmental impact in terms of energy consumption, emissions, waste production and water consumption. The latter is a limited and fundamental resource, which is of particular importance for our production. Monitoring and making efficient use of water in our factories is an ongoing commitment, as is careful management of water withdrawals and discharges to reduce consumption and impacts on water basins.
	Sustainable farming practices, animal welfare and attention to raw materials	Supporting sustainable agriculture that meets the world's food needs while protecting the environment and safeguarding farmers and consumers is a key element in ensuring a long-term business vision.

		Sustainable agriculture aims to increase productivity in food systems, protect and enhance natural resources, improve livelihoods, increase resilience and adapt the governance of the sector to new challenges. The monitoring of the entire supply chain allows the development of milk producers by promoting initiatives aimed at safeguarding the local region and the livestock. The Group is committed to joint projects with suppliers to raise quality and quantity standards, improve animal welfare and promote the production of the highest quality raw materials.
Social aspects	Product quality, safety and traceability	Ensuring maximum food safety throughout the production chain, from the selection of the raw material to their processing and packaging through to the traceability of distribution by means of a constant control and verification system that allows rapid intervention if necessary.
	Listening to and protecting the consumer	The consumer is at the centre of the group's brand activities. With this in mind, we are committed to ensuring the highest quality of our products and consumer satisfaction, listening and responding to their requests and needs, welcoming their opinion as a possible source of improvement and innovation and promoting opportunities and channels of communication.
	Promoting the regions and communities the Group operates in	The Group's industrial operations cannot disregard the surrounding region that they are both users and an active part of. With this in mind, we are committed to promoting initiatives to enhance and develop local communities and regions.
Personnel aspects	Protection of worker health and safety	Guaranteeing the right of every worker to work in a healthy, safe place by promoting training and initiatives aimed at ensuring a safe, secure environment for all workers, regardless of ability and type of employment relationship is a priority. The Group is committed to implementing a system that ensures active control over the protection of workers in compliance with applicable regulations.
	Employment protection	Promoting the conditions to guarantee workers a stable, long-lasting employment relationship, investing in their professional development and internal growth, pursuing their protection through constant dialogue with the trade unions.
	Education, training and development of people	Create an organisation of people of value through training that enables the development of professional and cross-cutting skills, as well as special attention to the education of new hires, in order to create a talent retention and human capital development system within the Group.
Respect for human rights	Protection of human rights, reduction of inequalities and respect for diversity and inclusion	Ensure respect for the Universal Declaration of Human Rights and combat discrimination on grounds of gender, age, disability, ethnic, social and geographical origin, trade union membership, language, religion, political or sexual orientation, gender identity, nationality, marital status, in recruitment, hiring, training, remuneration, reward and dismissal procedures.

Fight against active and passive corruption	Legality, ethics and anti-corruption	The group operates on the basis of the ethical principles of legality and anti-corruption through internal procedures aimed at complying with the rules of conduct for all its stakeholders.
	Transparent governance and corporate identity	Respect for the values of integrity, transparency, accountability and fairness that allow for dialogue with all stakeholders and facilitate their involvement. Report social, economic and environmental performance as transparently and comprehensively as possible to build a strong corporate identity and continuous improvement objectives.
Cross-cutting aspects	Responsible development and growth	In line with the Group's policies and in accordance with the corporate vision, promote innovation through a system of generation, selection and development of new product projects, assessing their feasibility within the Group's own plants or seeking partnerships with external companies. The Group seeks opportunities for international growth in order to strengthen its competitiveness and expand its scope of action in an efficient, responsible manner, in compliance with relevant regulations and sustainable development.

THE GROUP'S CONTRIBUTION TO THE 2030 AGENDA

The Company's business contributes to achieving some of the 17 Sustainable Development Goals (SDGs) identified by the United Nations in its 2030 Agenda.

Indeed, the implementation of the 2030 Agenda requires a strong involvement not only of institutions, but of all actors in the community, including businesses. Among the goals that the international community has set itself, many are closely related to current food systems. Approximately one-third of global greenhouse gas emissions are due to the agri-food system[8], 70% of the world's freshwater withdrawals are directed to agriculture,[9] and in Italy alone employment in the agri-food chain accounts for more than 17 million people.[10] Aware of the potential impact on ESG issues, the Group has initiated a process to boost its contribution to achieving the Sustainable Development Goals. These Goals have been identified considering the specificities of the food sector and taking into account the Group's business model, its Code of Ethics, practices, policies and activities. In light of these considerations, the following are the Goals the Group can contribute to.

SDG 2: The Group recognises the importance of sustainable agricultural practices and production systems, and in the course of its business has contributed to supporting agricultural productivity through continuous collaboration with supply chains.

SDG 3: Among Newlat Food's objectives is to listen to and meet the needs and demands of consumers, including the growing focus on health and wellness. The Group adopts actions aimed at improving quality, production and health and hygiene parameters, spreading and promoting the culture of food quality and safety throughout all phases of the procurement and production cycle. Furthermore, Newlat Food has always promoted a healthy and balanced eating style, basing its business on foods at the base of the food pyramid

8 Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: https://ourworldindata.org/environmental-impacts-of-food#breakdown-of-where-food-system-emissions-come-from
9 Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: https://ourworldindata.org/environmental-impacts-of-food
10 Cirianni, A., Fanfani, R., & Gismondi, R. (2021). *Struttura produttiva e performance economica della filiera agroalimentare italiana.* Rome: Istat. Taken from https://www.istat.it/it/files/2021/06/IWP_4-2021.pdf

and dedicating constant investments in research and development aimed at satisfying consumers with precise nutritional needs related to age, intolerances or allergies, and ethical, cultural and religious reasons.

SDG 8: Contributing to lasting, inclusive and sustainable economic growth occurs through business choices and strategies oriented towards diversification, technological upgrading, innovation and global resource efficiency in consumption and production in an attempt to decouple economic growth from environmental degradation.

Newlat Food is committed to taking immediate and effective measures to eliminate all forms of forced labour, protecting labour rights, promoting a safe and secure working environment for all workers, contributing to full and productive employment, and offering decent work with equal pay for work of equal value.

SDG 10: The development and boosting of the social and economic inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic or other status takes place by supporting equal opportunities and reducing inequalities in outcomes, including through the adoption of appropriate recruitment, hiring, training, remuneration, rewarding procedures and for the promotion of diversity and respect for human rights.

SDG 12: The Group pursues sustainable models of production and consumption through the efficient use of natural resources, striving to contain waste along the production and supply chains, monitoring the release of pollutants into the air, water and soil, and limiting the production of waste by promoting its recycling.

With a view to increasing transparency, Newlat Food not only integrates sustainability information into its regular reports, but through the organisation of seminars, visits and educational tours contributes to disseminating relevant information and spreading awareness on sustainable development and lifestyles in harmony with nature.

SDG 13: The fight against climate change is carried out by integrating measures to counter the Group’s environmental footprint into its strategy. Newlat Food systematically measures and reports its impacts with the aim of limiting them as much as possible.

SDG 15: The protection of biodiversity, conservation and sustainable use of water resources and terrestrial ecosystems is also achieved through full compliance with international agreements and environmental regulations implemented in the Group's strategy through the adoption of specific targeted environmental policies and practices.

THE RISK IDENTIFICATION PROCESS

As noted above, the Newlat Food Group has implemented an Enterprise Risk Management (ERM) model to measure, monitor and manage risks in accordance with internationally recognised approaches. The Model is an instrument of the board of directors drawn up with the cooperation of all company functions, in order to have:

- A complete and up-to-date mapping of the risks the Group is exposed to.
- An evaluation and classification of them using common metrics aimed at identifying and prioritising measures to ensure their proper management.

Roles and responsibilities are defined within the company to ensure the proper identification and management of the main risks that could compromise the achievement of the company's objectives.

The Risk Assessment performed assesses Strategic, Operational, Reporting and Compliance risks, including ESG risks. The impacts related to climate change were also taken into account in the risk assessment.

Periodic monitoring of the ERM model ensures continuous monitoring of the development of risks, the status of implementation of treatment plans and the emergence of new risks.

Following is a summary of the main risks generated and suffered in the areas of business identified by Italian Legislative Decree. 254/2016. The management methods in place, as well as the policies practised, have also been defined in order to mitigate the risks identified, and therefore to ensure business continuity and the achievement of corporate objectives.

Risks related to environmental aspects

With regard to environmental risks, like others operating in the Food & Beverage sector, the Group is exposed to risks related to climate change with an impact on the supply chain as agriculture and animal husbandry are closely linked to climatic conditions.

Furthermore, the risks associated with the transition of business to a low-carbon economy, in line with European actions calling for the transition to a decarbonised economy, must also be taken into account. These potential risks are currently not considered critical, and the Group has established a specific function that monitors and supervises regulatory developments both in terms of compliance and the evolution of business practices.

With regard to risks related to extraordinary climatic events, the Group operates some plants located near watercourses or reservoirs, however these sites have not presented significant problems in recent years. Finally, with regard to the risks generated, as a production company Newlat Food must consider various environmental aspects linked to its operations, such as:

- Energy consumption
- Waste generation
- Process residues
- Noise pollution associated with production

- Emissions into the atmosphere
- Use, consumption and discharge of water, as well as its treatment and the release of hazardous substances

In order to ensure that all these aspects are properly monitored, the Group is committed to complying with environmental regulations, conforming to the various limits and requirements of these regulations.

Risks related to social aspects

With regard to the social sphere, among the main risks closely related to regulatory aspects is the risk of producing and selling products that do not comply with regulatory requirements on food quality and safety, which could potentially undermine consumer confidence and the integrity of the Group and its various brands.

Then there is the risk related to the implementation of a supplier evaluation system that is not adequately robust in assessing compliance with ethical, social and human rights issues and potential non-compliance with social and environmental standards in the supply chain. Moreover, the Group may run the risk of not providing sufficient support to promote socio-economic development in the communities it operates in, which could lead to a decrease in trust and acceptance by surrounding communities.

Furthermore, the risk of improper competition by the supply chain could foster the implementation of monopolistic supplier policies, leading to higher procurement costs and increased dependence on a few suppliers.

Lastly, one of the risks incurred is the failure to identify changing consumer preferences and the lack of perception of new trends, which could adversely affect the demand for the company's products and the company's ability to adapt to market requirements.

Risks related to personnel aspects

With regard to personnel management, the following risks have been defined for the Group:

- Risk of lack of attractiveness and/or inability to retain key resources and skills.
- Risk of not finding valuable personnel or who best meet the needs of the specific reference business.
- Risk of the personnel’s lack of training, including in the form of continuous updating.
- Risk linked to the non-effective implementation of activities and projects aimed at developing a continuous dialogue between the company and its employees.

In addition to the aforementioned risks, there are also risks associated with the failed/inadequate implementation of measures to bring company procedures and operations into line with current regulations on worker health and safety.

This risk must also be understood as a risk incurred, if the consequences of non-compliance with the regulations in force are attributable to non-compliance by the employee. Among the risks incurred, mention should also be made of the risk associated with the limited availability and quality of direct and indirect labour, as well as the risk of loss of interest in working in the company, with consequent production discontinuity due to conflicts and a reduction in the efficiency and effectiveness of the services rendered.

Risks relating to respect for human rights

With regard to respect for human rights, the Group is exposed to risks such as the exploitation of child labour, the use of forced (undocumented) labour, illegal labour brokering and the violation of labour and personal rights, including the risk of discrimination.
It is important to emphasise that the countries the Group operates in, including Italy, England, Germany and France, are subject to stringent regulations on human rights and labour practices. These regulations offer some degree of risk mitigation, as they impose high standards and strict vigilance on the respect of workers' rights.

The following risks have been identified:

- Risk of the supply chain's failure to share the company's principles and values, with suppliers' consequent implementation of illegal labour practices. This can lead to serious violations of human rights and labour regulations, with possible negative consequences for the Group's reputation.

- Risk of being subject to the management and control of legal persons/entities that are not concerned about the respect of human rights.

- Risk of being financed directly or indirectly by organisations that do not operate in compliance with existing national and international legal requirements, regulations or guidelines on corporate and human rights, including the Universal Declaration of Human Rights and the principles of the Global Compact proposed by the United Nations (UN), the OECD Guidelines for Multinational Enterprises, the standards contained in Social Accountability 8000 (SA8000) and the core labour standards promoted by the International Labour Organisation (ILO).

Risks related to corruption issues

The risk of corruption must be considered taking into account that the Group operates in countries with a medium or medium/low risk of corruption, such as Italy, Germany, the United Kingdom and France.[11]
The risk of corruption is especially relevant for the Group with regard to relations between private individuals. The risk of corruption towards public bodies/authorities/bodies, taking into account the Group's overall relations appears to be potential.

The main risks identified are:

- Risk of corruption related to ordinary business activities in relationships with suppliers, customers and third parties of all kinds.

- The risk of corruption linked to the management of relations and obligations vis-à-vis the Public Administration and the Supervisory Authorities (e.g. the management of inspection visits or the transmission of data and communications).

Among the risks incurred, we find the same risks as those identified above should the Group act as a passive party to corrupt conduct.

11 According to the Corruption Perceptions Index, which ranks countries and territories worldwide according to their perceived levels of corruption in the public sector, out of 180 countries, Italy, Germany, the UK and France respectively rank 40th, 9th, 18th and 21st, thus ranking among countries with a medium to low perceived level of corruption.

ENVIRONMENTAL ASPECTS

SUSTAINABLE FARMING PRACTICES, ANIMAL WELFARE AND ATTENTION TO RAW MATERIALS

The adoption of sustainable agricultural practices, the respect and promotion of animal welfare and the attention paid to the selection of raw materials are of fundamental importance to the Group. In fact, these elements are closely interconnected: practices that respect the environment and animal welfare allow for a reduction and more prudent use of potentially harmful substances such as plant protection products and antibiotics, thus procuring products of higher quality and safer for the final consumer. Moreover, for some time now these elements have taken on a particular importance in the agri-food sector, both because of its specific vulnerability to certain risk factors, such as climate change, and because of the particular importance of the relationship of trust between producers and consumers with regard to the quality, safety and sustainability of agri-food production.

With this in mind, for example, the British company Symington's is a member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that promotes the cultivation and use of sustainable palm oil, and uses palm oil in its products exclusively from certified and sustainable sources.

The Group also promotes responsible practices and high quality raw materials through continuous collaboration with its supply chains. The raw materials used as ingredients in the production process are mainly: semolina for dry pasta, flour for bakery products, milk for dairy products, and finally starches, sauces, sugar, flavourings and other starch products such as couscous, rice and noodles for the instant-food world and cake mixes.

With regard to the ingredient semolina, a supply chain project has been set up to procure 100% Italian wheat from suppliers certified under ISO 22005, who provide the Group with organic and wholemeal ingredients to make Delverde pasta

With regard to milk, the company Centrale del Latte d'Italia has a strong control of the production chain, and thanks to close cooperation with farms and conferring breeders it has implemented numerous projects and chain agreements focused on the long term, aimed on the one hand at developing the production of Italian milk, and on the other at guaranteeing high safety and quality standards. There are 11 managed supply chains, including:

- The 100% Tuscan Milk Chain with 37 stables, all certified for animal welfare and mainly family-run, with an average of about 73 head and in some cases just seven or eight cows.
- Mugello Selection Milk Chain, which includes about 16 farms in the Tuscan Apennines, also certified for animal welfare.
- Maremma Selection Milk Chain, 13 farms with animal welfare certification, all located in the province of Grosseto.
- 100% Italian Infant Milk and 100% Italian Organic Infant Milk supply chains, all of which are family-run short supply chains, certified for animal welfare and from which the milk is obtained, collected within 24 hours of the first milking, which meets specific requirements regulated by the Sistema Rintracciabilità Infanzia (SRI) specification. All stables belonging to the two supply chains are geolocated to ensure a minimum distance from industrial areas, motorways and other sources of

pollution. The Organic Baby Milk chain also boasts one of the first five European farms to have implemented a robotised system for the distribution of food rations to cattle. The same farm supplies around 80% of its food rations through self-management of its own fields, thus representing an example of a closed-cycle supply chain.

- 100% Piedmontese milk chain, from which raw material is obtained from 39 Piedmontese farms with animal welfare certification. Four of them breed cows with the original genetic heritage, selected to produce milk with the protein Beta-Casein A2, which gives the milk a high nutritional value.

- Park Milk Chain, obtained exclusively from raw material coming from farms located in the territory of the Cilento Vallo di Diano e Alburni Park and which operate in respect of animal welfare.

Integrated supply chain project (PIF)

The Group's commitment took concrete form in the PIF called ("Tuscan Milk Promotion") undertaken by the Mukki brand together with the Tuscan farms supplying the raw material and aimed at developing a well-structured milk supply chain with a low environmental impact, which raised animal welfare and the quality of the raw material. Within this project, an innovative Production Regulation of Tuscan Milk was drawn up that defines a set of rules, good practices, requirements and production methods for conferring companies. In addition, a life cycle assessment (LCA) was performed, which resulted in the Environmental Product Declaration (EPD) on the Latte Mukki 100% Toscano and Latte Selezione Mugello lines. In 2023 five products of the Latte 100% Toscano line were also certified according to the UNI EN ISO 22005 standard.

Finally, as part of the PIF an animal welfare assessment was initiated among the conferring farms using the Classyfarm method.

Animal welfare

For some time, the European Community public opinion and consumer associations have been paying increasing attention to the issue of animal welfare. For the Group, respect for animal welfare is of fundamental importance as it is closely linked to the quantity, quality and safety of milk. In fact, stress alters the hormones responsible for, among other things, the activity of the mammary glands in animals: the adrenaline released in a state of poor well-being leads to a reduction in the milk obtained from the milking process. Furthermore, a stressful condition can lead to a reduction in the protein and fat content, thus altering the nutritional properties of the product and even compromising the cheese production process.[12] Animal welfare also means improving the health of cattle and reducing the use of drugs, which are responsible for antibiotic resistance. In fact, the presence of antibiotics in foodstuffs is an extremely important issue for the health and safety of the consumer: the drugs used for therapeutic interventions on an animal can be transferred to milk and thus be ingested by the consumer. Respect for animal welfare is therefore an advantage for farmers, who gain in productivity, product quality and animal life span, for the consumer, who gets a healthier, higher quality product, and for the environment, with less impactful structures that are more integrated with the surrounding landscape and more energy efficient.

The Group's commitment to protecting the health and welfare of the dairy cows on its conferring farms is therefore an essential factor, as is respect for the environment and care for the consumer. With a view to continually improving the quality and safety of its products, the company has undertaken to increase the

12 Pulina, et al. (2016). "Sustainable ruminant production to help feed the planet". *Italian Journal of Animal Science*.

proportion of milk from suppliers who guarantee animal welfare: 100% of the fresh, high quality milk of the Tapporosso and Latte Tigullio brands comes from farms in Piedmont that have animal welfare certification, as does the high quality fresh milk of the Centrale del Latte di Vicenza brand. Recently, Centrale del Latte Salerno also launched a project to promote animal welfare among its contributing farmers. In this regard, the Latte del Parco line is only made with milk from stables with the "Gli Allevamenti del Benessere" certification, recognised by the Italian Livestock Farm Association (AIA).

Currently, 93.2% of High Quality milk from local suppliers comes from supply chains with animal welfare certification. In Turin, Rapallo, Vicenza and Florence this share reaches 100%.

Supplier selection

The Group's suppliers mainly include those for food raw materials, especially milk and semolina, for packaging, for finished products made by third parties, for services and for auxiliary production materials. Such materials, products and services may have a direct or indirect impact on the quality and safety of the products offered by the Company. The Group undertakes to require its suppliers and external contractors to comply with the principles of conduct adopted by the Group itself. For this reason, each supplier, business partner or external contractor is notified of the existence of the Code of Ethics, the Organisational Model pursuant to Italian Legislative Decree 231/01 and the regulatory principles adopted by Newlat Food Group.

[GRI 308-1]; [GRI 414-1] In addition to taking into account certain key elements such as the professionalism and experience of suppliers or a quality-price ratio that also fully satisfies the end consumer, the Group implemented a structured supplier evaluation and selection process that ensures both high standards from the point of view of quality and safety of supply and the consideration of environmental, ethical and social criteria. In order to manage these requirements correctly and to promote continuous improvement, the company applies an Integrated Quality Management System procedure that pertains to the procurement process, supplier qualification and audits, thus enabling suppliers to be accredited and their performance monitored over time:

1. *Pre-qualification and supplier risk assessment*

The pre-qualification process is essential to verify that the supplier complies with all national and EU regulations and has all the necessary authorisations. In order to assess the professional suitability of the supplier, minimising any risks associated with the supply, the Group may, for example, request the HACCP plan, DURC documentation (in the case of the Italian companies Newlat Food and Centrale del Latte d'Italia), samples of materials and raw materials estimates, or verify the regular payment of wages or take out insurance to cover any damage caused by the supplier. Furthermore, the quality and safety characteristics of the raw materials supplied are checked at this stage. These are defined in specifications and technical sheets that are the result of cooperation and discussions with the suppliers themselves, and include requirements that are much more ambitious than those laid down in current laws, such as environmental protection and compliance with ethical and social principles. The checklists used for supplier qualification audits contain specific references to these criteria, including possession of environmental certification, such as ISO 14001, ethical certification, such as the SA8000 certificate, SMETA audit, certifications on animal welfare, worker health and safety conditions and the quality of raw materials supplied, which is also assessed on the basis of information on the potential risk of genetically modified organisms (GMOs) or any recalls.

Suppliers of raw materials and ingredients

All suppliers of raw materials and ingredients are assigned a risk level using a risk assessment form. In the pre-qualification phase, suppliers of milk and of all raw materials subject to constraints by Regulations and Chain Contracts (e.g. the Tuscan Milk Chain, the Italian Wheat Chain, or the Infant Milk Chain) are subject to preliminary audits divided into two complementary phases: an assessment of the structures and management of the farm and a hygiene and health check aimed at examining hygiene and food safety aspects. These audits cover both the site where the raw material is processed and the farm where primary production takes place. During farm visits and inspections, farmers are also made aware of the importance of environmentally friendly practices, animal welfare principles and the prudent use of medicines. Moreover, milk samples are systematically taken from each farm and analysed by accredited internal and external laboratories for fat, protein, lactose, somatic cells, bacterial count and other nutritional parameters in order to verify compliance with the regulations in force and to classify the quality of the milk (high quality, for example), thus determining the appropriate payment based on these values.

Suppliers of primary packaging, ancillary materials, finished products made by third parties and services

The risk class of these categories of suppliers is not determined through a risk assessment form, but on the basis of the relevance and impact of the individual product or service on the end result to be ensured. The assessment and selection of suppliers may also be based on further criteria: in the case of finished products, the Procedure may for example provide for the request of a product sample which is subject to sensory evaluation and chemical and microbiological conformity to ascertain quality and safety standards. Similarly, the selection of a packaging supplier may be based among other things on compliance with the material data sheet, suitability for food contact, the performance of the materials supplied on the packaging lines, the guaranteed integrity of strength and durability of the packaging, etc.

2. Performance monitoring and supplier retention

If the supplier meets the requirements set out in the Procedure, it is declared eligible to be added to the Group's supplier list, and subsequently performance monitoring is initiated. This assessment is performed at a frequency determined on the basis of the level of risk attributed to each supplier and by various means, such as updating informative documents, performing audits and monitoring visits or analysing any complaints received. A non-compliant audit may lead to the supplier being declared ineligible to supply to the Group. If, on the other hand, the score is sufficient but below a certain threshold, the supplier will receive feedback on the issues raised and an improvement plan to correct any non-conformities.

PROCESS ENVIRONMENTAL IMPACT

The Group's primary objective is to ensure the continuity of production through a constant supply of resources employed in production operations. The awareness that each production can have an impact on the local region makes it necessary to pursue certain strategies. In this sense, the Group is striving for ever-increasing process efficiency with a view to limiting the environmental impact of its plants. The choices that the company makes to achieve this goal are, for example, the introduction of more efficient machinery and the raising of people's awareness of reducing consumption. Furthermore, over the years some of the Group's plants have adopted an Environmental Management System in accordance with the UNI ISO 14001 international standard and certified by a third party. Today, there are five such plants: Ozzano Taro (PR), Turin, Vicenza, Rapallo (GE) and Florence. This management system is being extended to the Group's other Italian plants as well, with a view to pursuing continuous improvement in its environmental practices and increasing worker awareness. In accordance with its commitment to containing the use of non-renewable resources, for the Florence plant the Group has obtained certification of the Organisation's Carbon Footprint as per the ISO 14064 standard.

All consumption, atmospheric emissions, water use and waste production are systematically monitored, so that the values for these data can be determined and the results achieved can be accurately quantified following the improvements made. The main areas of analysis of the Group's environmental impact, discussed in more detail on the following pages, include:

- Energy consumption and emissions
- Water management and use of water
- Waste management and spills

Energy consumption and emissions

Energy consumed within the organisation

The Group's energy consumption comes from various sources. Energy is used within the production process to power machinery and equipment. For the world of pasta and bakery products, energy consumption is therefore due to the cooking and drying processes. While for the milk world energy is mainly used in heat treatments and to power the cold chain, which are essential to guarantee the safety of the final product. The Group also uses diesel fuel in the production plants for generators to provide a continuous supply to the cold rooms in case of emergencies.

Energy is also used in part for the lighting and air conditioning of work spaces, such as offices, plants and warehouses, as well as for the operation of all electronic devices and to power the Group's fleet of cars and goods transport vehicles for direct sales to customers.

The energy sources used by the Group are both renewable and non-renewable. The Group's energy consumption is shown below.

Table 8 Energy consumed within the organisation, divided into renewable and non-renewable sources [GRI 302-1]

Sources	UoM	2023	2022	2021
Natural gas	m3	26,904,511	27,190,918	25,858,068
Diesel for generators or heating	l	900	4,075	6,535
Diesel fuel for vehicles	l	294,309	281,109	287,385
Petrol for cars	l	15,612	14,418	13,825
LPG for vehicles	l	81,875	95,027	48,405
Steam[13]	MWh	18,330	17,479	19,474
Electricity purchased	MWh	80,166	83,811	74,992
of which from non-renewable sources	MWh	77,778	79,779	71,212
of which from renewable sources	MWh	2,388	4,032	3,780
Self-produced electricity	MWh	27,849	29,504	25,718
Self-produced electricity sold	MWh	(67)	(847)	(43)

Sources[14]	UoM	2023	2022	2021
Natural gas	GJ	949,191	959,296	912,273
Diesel for generators or heating	GJ	32	146	234
Diesel fuel for vehicles	GJ	10,504	10,064	10,289
Petrol for cars	GJ	503	420	403
LPG for vehicles	GJ	1,900	2,262	1,161
Steam	GJ	65,989	62,926	70,105
Electricity purchased	GJ	288,596	301,719	269,971
of which from non-renewable sources	GJ	280,000	287,204	256,363
of which from renewable sources	GJ	8,597	14,515	13,608
Self-produced electricity	GJ	100,257	106,215	92,585
Self-produced electricity sold	GJ	(243)	(3,050)	(155)
Total energy consumed[15]	GJ	1,303,808	1,324,086	1,252,583

A significant share of this consumption is accounted for by Symington's company-owned vehicles.

In spite of the inclusion of the French company EM Foods in the scope of consolidation, energy consumption in the year 2023 fell slightly compared to the previous two-year period thanks to a more efficient use of energy resources together with process optimisation.

For the purposes of reporting actual consumption, only properties owned by the Group or that are in any case under the direct control of the latter have been taken into account.

13 Value relative to the steam generated at 16 bar and 200°C by the district heating system.

14 The conversion factors used to calculate the value of GJ of energy consumed during 2023 come from "Table of national standard parameters - ISPRA 2020".

15 The total amount of energy consumed does not include the amount of fuel used for the car fleet shown in the table, nor the amount of electricity self-produced (nor sold to third parties).

The Group's self-produced energy comes both from cogeneration plants and from solar panels. Projects are being studied to extend alternative sources of energy production in plants and to reduce their consumption, with the aim of reducing the environmental impact of purchasing and production.

Energy intensity

The Group considered the product produced in the relevant reporting year as a representative unit of the energy intensity. Energy intensity was thus obtained by determining the ratio of energy consumed, expressed in Giga joules, per tonne of product produced. The figure was down and reflects production efficiencies and higher volumes handled by the Group during the year.

Table 10 Energy intensity calculated as the ratio of energy consumed to product produced [GRI 302-3]

Formula	Absolute values		Energy Intensity index
FY 2023			
Total energy consumed (GJ)	1,303,808	=	2.79
Total product produced (tonnes)	467,527		
FY 2022			
Total energy consumed (GJ)	1,324,086	=	2.84
Total product produced (tonnes)	466,117		
FY 2021			
Total energy consumed (GJ)	1,252,583	=	3.03
Total product produced (tonnes)	413,279		

We also monitor the ratio of energy consumed to turnover to analyse commercial efficiency, the energy intensity index of which has been steadily decreasing over the three-year period.

Table 11 Energy intensity calculated as the ratio of energy consumed to turnover [GRI 302-3]

Formula	Absolute values		Energy Intensity index	% Change YoY
FY 2023				
Total energy consumed (TJ)	1,303.808	=	1.64	-8.2%
Turnover (€M)	793.339			
FY 2022				
Total energy consumed (TJ)	1,324.086	=	1.79	-10.5%
Turnover (€M)	741.094			
FY 2021				
Total energy consumed (TJ)	1,252.583	=	2.00	-
Turnover (€M)	625.226			

Reducing energy consumption
[GRI 302-4]

The company aims to continuously improve the efficiency of its production processes. Limiting the environmental impact makes it possible to strengthen the competitiveness of companies, especially those that intend to respond to the growing environmental awareness of consumers, as in the case of the Group.

With this in mind, a number of programmes and investments aimed at reducing energy consumption were launched in the past two years. Among them, a 2,800 m² photovoltaic plant with a power output of 340 kW was built at the Florence headquarters, which allowed for savings of about 131.07 tonnes of CO2 in 2023. In addition, a multi-year plan to increase the energy efficiency of lighting systems by installing LED technology is under way in all Group plants. Actions to improve energy efficiency and reduce the consumption of energy resources are constantly being studied.

Direct and indirect GHG[16] emissions

The following data illustrate the amount of CO2eq emissions produced by the Group, both directly (Scope 1) and indirectly (Scope 2), in the course of its production operations. Emissions are net of any allowance trades with third parties or purchases of Guarantee of Origin (GO) certificates.

Table 12 Direct and indirect GHG emissions [GRI 305-1]; [GRI 305-2][17]

Emissions - Tco2e	2023	2022	2021
Direct emissions Scope 1	48,926	49,751	47,356
Indirect emissions Scope 2 – market based	41,221	41,354	40,888
Indirect emissions Scope 2 – location based	28,513	32,048	26,965
Total Scope 1 + Scope 2 emissions (market based)	**90,147**	**91,105**	**88,244**
Total Scope 1 + Scope 2 emissions (location based)	**77,439**	**81,800**	**74,321**

16 Greenhouse gases
17 The GHG Emissions Calculation tool was used to calculate the emissions:
Scope 1, fuels: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;
Scope 1, refrigerant gases: European regulation Fgas 517-2014;
Scope 2, steam: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;
Scope 2, location-based electricity: Isprambiente, "Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei", Ed. 2020;
Scope 2 2021, market-based electricity: European Residual Mixes 2018 v1.2 (published July 2019).
Scope 2 2022: Market-based electricity: European Residual Mixes 2021 v1.0 (published May 2022)
Scope 2 2023: European Residual Mixes 2022 v1.0 (published June 2023)

Emissions into the atmosphere produced by the Group are closely linked to electricity consumption, the consumption of natural gas, the use of fossil fuels and emissions deriving from the climate altering substances present in the cold rooms.

In 2023 the Group's total emissions decreased compared to the previous year, reflecting the decrease in energy consumption. There was a slight increase in the amount of market-based emissions due to the slight reduction, in absolute value, in the supply of electricity from renewable sources. The Group's priority has been to ensure production continuity, so faced with rising energy costs the strategy adopted has been to focus on making current production systems more efficient in order to rationalise and reduce the use of energy resources, with the aim of limiting their effect on the end consumer.

In order to provide an indication of performance over the three-year period with respect to turnover, the carbon intensity is shown below, down 1.2% compared to the previous year.

Carbon intensity

Table 13 Carbon intensity [GRI 305-4]

Formula	Absolute values		Carbon Intensity index	% Change YoY
FY2023				
Total emissions (tCO_2e)	90,147	=	0.193	-1.2%
Total product produced (tonnes)	467,527			
FY 2022				
Total emissions (tCO_2e)	91,105	=	0.1952	-8.6%
Total product produced (tonnes)	466,117			
FY 2021				
Total emissions (tCO_2e)	88,244	=	0.2135	-
Total product produced (tonnes)	413,279			

Table 14 Carbon intensity calculated as the ratio of emissions to turnover [GRI 305-4]

Formula	Absolute values		Energy Intensity index	% Change YoY
FY2023				
Total emissions (tCO_2e)	90,147	=	113.63	-7.6%
Turnover (€M)	793.339			
FY 2022				
Total emissions (tCO_2e)	91,105	=	122.93	-12.90%
Turnover (€M)	741.094			
FY 2021				
Total emissions (tCO_2e)	88,244	=	141.14	-
Turnover (€M)	625.226			

For the third consecutive year, the Group's environmental performance between 2022 and 2023 was also recognised by a study carried out by Statista (a German digital platform that manages one of the world's leading statistics and business intelligence portals) and published in the *Corriere della Sera* newspaper. In fact, the Group is one of the most climate-conscious Italian companies, thanks to the improvement in the ratio of CO2 emissions to turnover, which has constantly fallen over the last three years.

Home-work commuting plan

The Group pays close attention to the daily commute of employees, especially for its main Italian plants close to metropolitan areas, and draws up a Home-Work Commuting Plan. This plan is aimed at promoting a reduction in the use of individual motor vehicles in systematic home-work commuting, thus helping to decongest vehicle traffic and reducing the resulting environmental impact. To do this, the Group first carried out an internal survey to monitor the commuting habits of staff and to raise awareness of this issue. Following the survey, various initiatives to promote more sustainable mobility were considered, updated over time on the basis of the results of regular employee surveys, with the aim of monitoring travel trends following the awareness-raising activities undertaken and measures adopted.

Water management and use of water
[GRI 303-1]; [GRI 303-2]

Water is a precious resource and its responsible use is one of the basic principles of environmental protection and preservation. The Group uses water both as a raw material, e.g. in the production of dry pasta, baked goods and some ready meals, and for cooling, rinsing and washing production facilities and machinery, which is essential to ensure high standards of hygiene. In smaller quantities, water is also used to provide hygiene services to employees. With a view to limiting waste as much as possible and optimising water use, the group's companies have set up a monitoring system to manage water as efficiently as possible.

The water used by the Group comes mainly from groundwater, drawn from its own wells, or from water supplied by the public waterworks. In compliance with regulatory standards for the food industry, the Group uses only potable water as an ingredient.

The Group pays careful attention to the disposal of wastewater to avoid damage to the environment caused by an improper performance of this activity. Water discharges are managed in full compliance with the regulations in force in the various states where the plants are located.

The way in which wastewater is managed differs from site to site on the basis of different production processes, and consequently different management methods. Before being discharged, where necessary wastewater is treated in biological or chemical-physical purification plants, either within the Group or by third parties, in order to reduce impurities and the concentration of pollution parameters. In fact, industrial water discharges must comply with limit values established in current regulations.

Incoming and outgoing water is periodically subjected to routine sampling and analysis, generally performed by qualified laboratories. Among the measures to make water use more efficient, some time ago the Vicenza plant implemented a recovery system through the installation of two tanks that allow the recovery of water between the various washing processes, limiting withdrawals and discharges. At the Florence site, on the other hand, in order to reduce water consumption in milk processing a drinking water plant was installed that allows for the recovery of 30,000 m^3 of water per year, a volume equal to 12 Olympic-size swimming pools.

The following table shows the Group's water withdrawals for the three years 2023-2021, broken down by type and source of supply. As most of the factories operate in areas considered by the WRI (World Resource Institute) as high or extremely high water stress, the water from these areas is 840,232 m^3, or approximately 22% of the total water abstracted. Plants in these areas[18] include those in Bologna, Fara San Martino (CH), Corte de Frati (CR), Eboli, Salerno, Sansepolcro (AR) and Florence.

Table 15 Water withdrawal [GRI 303-3][19]

Water sources - m3	2023	2022	2021
	< 1000 mg/L	< 1000 mg/L	< 1000 mg/L
Surface water	4,617	4,477	3,939
Groundwater	3,157,353	3,314,447	3,007,983
Public waterworks or water supplied by water companies	833,484	819,941	758,072
Total water consumed	**3,995,454**	**4,138,865**	**3,769,994**

As in previous years, in 2023 only fresh water (with ≤1,000 mg/l total dissolved solids) was taken. There was also a decrease in water consumption during the year due to the balance between supply and actual production needs and requirements.

18 All other Group plants operate in areas considered to be at medium-high or lower risk of water stress.

Waste management and spills

In order to reduce the impact of waste produced by the Group's activities on the environment and optimise the recovery of production waste and surpluses, the Company is constantly looking for effective and efficient solutions. Among the various fronts, in addition to the efficiency of the industrial process, which is constantly measured and monitored, initiatives are conducted to promote the circularity of the Group's economy, without prejudice to the importance of careful differentiation of the waste produced to promote recycling.

In more than half of the locations the proportion of waste not destined for disposal but recycled or recovered is over 90%. This was achieved by the plants of:

- Bologna
- Corte de' Frati (CR)
- Eboli (SA)
- Florence
- Mannheim
- Lodi
- Ozzano Taro (PR)
- Reggio Emilia
- Turin
- Leeds
- Vicenza
- Ludres

Among these, in the plants in Bologna, Corte de' Frati (CR), Ozzano Taro (PR), Vicenza and the English company Symington's the share of waste destined for recycling or recovery (i.e. not for disposal) even reaches 100%. Moreover, to reduce waste production, almost all animal and vegetable waste and surpluses were reused in animal husbandry in 2023 to support the circular economy practices of the sector.

The waste disposed of comes mainly from production processes, and with a view to continuous improvement over the years the Group has implemented a constant, accurate monitoring system aimed at quantifying waste and tracking its recovery and disposal. Waste management is based on specific procedures, in accordance with the legal provisions of the various states that the Group's plants are located in.

The table summarises the amount of waste produced in the past three years and how it was disposed of.

Table 16 Waste by type and disposal [GRI 306-3][20]

Waste - Tonnes	2023			2022			2021		
	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Disposal	25	1,240	1,265	46	2,290	2,336	43	1,588	1,631
Recycling	38	11,670	11,708	29	10,531	10,560	25	9,050	9,075
Total	63	12,910	12,973	75	12,821	12,896	68	10,638	10,706

Following an update to the GRI standards, the reporting items of Indicator 306-3 were changed. For the sake of comparability, the information is reported both according to the previous edition of the standards and according to the 2021 update.

Table 17 Hazardous and non-hazardous waste [GRI 306-4]; [GRI 306-5]

Non-hazardous waste	2023			2022		
	Diverted from disposal	Disposed of at an external site	Total	Diverted from disposal	Disposed of at an external site	Total
Other recovery operations	5,632	0	5,632	3,747	0	3,747
Other disposal operations	0	1,059	1,059	0	1,061	1,061
Landfilling	0	131	131	0	334	334
Incineration (with energy recovery)	0	42	42	0	0	0
Incineration (without energy recovery)	0	7	7	0	895	895
Preparation for re-use	0	0	0	0	0	0
Recycling	6,038	0	6,038	6,784	0	6,784
Total	11,670	1,240	12,910	10,531	2,290	12,821
Hazardous waste	2023			2022		
	Diverted from disposal	Disposed of at an external site	Total	Diverted from disposal	Disposed of at an external site	Total
Other recovery operations	0	0	0	0	0	0
Other disposal operations	0	9	9	0	17	17
Landfilling	0	10	10	0	26	26
Incineration (with energy recovery)	0	2	2	0	0	0
Incineration (without energy recovery)	0	5	5	0	3	3
Preparation for re-use	0	0	0	0	0	0
Recycling	38	0	38	29	0	29
Total	38	25	63	29	46	75

20 The waste presented in the previous NFS as destined for Incineration, Landfill and Consortium Sewerage Treatment has now been reclassified under Disposal.

In 2023 there was a slight increase in the amount of waste produced by the Group due on the one hand to an increase in the reporting scope, and on the other to a large amount of documents being disposed of at the German site. In any case, thanks to virtuous practices favouring the recycling of waste, as well as attention to waste management, the share of recycled or recovered waste amounts to 91.9%, almost 10 percentage points more than last year.

[GRI 2-27] In 2023 the Group recorded no material sanctions in relation to environmental management aspects.

FIGHTING WASTE

Combating food waste can make a significant contribution to reducing environmental impacts. Such waste accounts for 6% of global greenhouse gas emissions.[21] The Group has undertaken various activities aimed at reducing food waste, thus contributing to the promotion of virtuous conduct to foster a circular economy.

Newlat Food donates surplus products to support people in need, with a view to making the most of products close to their expiry date. Products that have expired but are still perfectly suitable for consumption are donated free of charge to the needy through local associations and charities such as Banco Alimentare.

Also with a view to contributing to the fight against waste, the company Centrale del Latte d'Italia has implemented new production and packaging lines for fresh and UHT milk that guarantee a reduction in waste materials and greater possibilities for recycling.

SUSTAINABLE PACKAGING

[301-1] To make its products, the Group mainly uses raw materials of vegetable or animal origin, in addition to packaging materials and packaging, which are necessary to preserve the products during distribution and sale and to ensure quality, safety, goodness and proper preservation for the final consumer over time and thus contribute to reducing food waste. In fact, it is estimated that in upper-middle-income countries as much as 67% of food waste occurs in households,[22] sometimes as a result of poor storage due to packaging. Functional packaging extends the shelf-life of the food, allows the appropriate quantity to be purchased and helps in interpreting the expiry date providing information on proper storage. Packaging is therefore crucial to support the fight against food waste.

Current regulations concerning materials in contact with foodstuffs sometimes impose a reduced freedom of choice for the Group, however it is believed that implementing increasingly responsible solutions is of fundamental importance. With increasing consumer and governmental initiatives to reduce the environmental impacts of packaging and in light of the Plastics Strategy presented by the European Union, the adoption of responsible packaging can create new opportunities for innovation and competitiveness for the private sector, contributing to the achievement of a circular economy.

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21 Ritichie, H. (2020). Food waste is responsible for 6% of global greenhouse gas emissions. Taken from Our World in Data: https://ourworldindata.org/food-waste-emissions

22 United Nations Environment Programme (2021). Food Waste Index Report 2021. Nairobi.

In this context, the sustainability of packaging represents a path of continuous improvement for the Group to limit its environmental impact without sacrificing the safety, resistance and durability of its packaging. The company pursues this goal through a multifaceted commitment:

- Use recycled, recyclable and renewable materials, moderating the use of virgin materials.
- Reduce the amount of packaging material in absolute terms.
- Reduce the types of material used.
- Choose materials responsibly.

With this in mind, Centrale del Latte di Torino has long been a member of CORIPET, a voluntary consortium for the recycling of PET plastic bottles. Thanks to this synergy, today all fresh and ESL[23] milk in PET plastic bottles of the Tapporosso and Latte Tigullio brands (produced in the Turin plant) come from recycled rPET plastic, a lightweight, highly resistant material that is itself recyclable. The Vicenza plant is also introducing rPET packaging for use with a selection of products, such as ESL milk and highly digestible UHT.[24]

The Group has also increased its use of innovative and renewable materials for packaging. The Florence plant uses Tetra Rex Plant Based,[25] a renewable material composed of cardboard and plastic of vegetable origin, obtained from sugar cane, for its 1 litre packs of fresh milk and ESL bearing the Mukki brand. The Tapporosso and Latte Tigullio brands have also launched Plant-based Tetra Rex packaging for the ESL Bio milk range. Compared to the old packaging, the adoption of the new packaging allows a reduction in CO2 emissions. Mukki's Plant-based Tetra Rex packaging have been certified carbon neutral by the Carbon Trust since 2021. This recognition is also in progress for the Tapporosso brand. By adopting Tetra Rex Plant-based packaging, Mukki has also changed its secondary packaging from plastic baskets to cardboard boxes, thus reducing its annual use of plastic.

Among the various initiatives aimed at using alternative materials to plastic, Centrale del Latte d'Italia S.p.A. has adopted fully recyclable paper pots for its 100% natural yoghurt line (produced under the brands Mukki, Tapporosso, Latte Tigullio and Centrale del Latte Vicenza). Brown paper packaging, also certified zero-emission, is another important innovation adopted by the Group. Brown paper, which is not chemically bleached, lighter and totally recyclable, has been introduced on the LAATTE (branded Tapporosso and Latte Tigullio) and Latte del Parco (branded Centrale del latte Salerno) lines. On the latter line, which is also certified carbon neutral, the packaging also plays the important role of informing the consumer about the origin and route of the milk. Using a QR code, it is possible to identify the time of milking and the milking stalls, and to learn about the history and the regions of the farms involved.

The Group also pays particular attention to the responsible management of packaging raw materials: 99% of the packaging used by Centrale del Latte d'Italia is made from FSC-certified paper and therefore obtained from forests managed in accordance with strict environmental, social and economic standards.

Also in the pasta and bakery world, investments are currently being made to innovate current packaging for more efficient environmental impacts. Among the various projects being tested are, for example, the switch from plastic materials to paper for the wrapping of rusks and the development of new packaging for the

23 Extended Shelf Life milk
24 Ultra High Temperature - long-life milk
25 Tetra Rex Plant-based packages are produced by Tetra Pak, a company engaged in food processing and packaging solutions.

Crostino dorato line of crostini: the latter project, on which the University of Modena and Reggio Emilia was also involved, goes in the direction of increasing the recyclability of the materials used. Also with this in mind, solutions are being studied to make the packaging of the various pasta formats more easily recyclable, increasing the paper content to at least 95% and thus reducing the presence of other materials that would make the recycling process more complex. FSC-certified paper packaging has long been used by the Pezzullo brand for all its pasta lines. Pezzullo also pays attention to the sustainability of secondary packaging: collaboration with the 100% Campania network[26] has made it possible to use cartons for transporting the pasta made from paper and cardboard from the separate waste collection of families and companies in the Campania region.

Recently, the UK subsidiary Symington's has also undertaken several projects to innovate packaging. Initiatives include switching to materials that allow the reduction of virgin plastic content, switching from materials that are difficult to recycle to fully recyclable materials, or replacing plastic materials with other types of material, such as for example paper sourced entirely from carefully controlled forest management and FSC Chain of Custody certified. Among the various projects completed, one of the most important was the switch to recyclable packaging for the entire Sachets line of Mugshot branded products and other private label lines. As proof of Symington's commitment to responsible packaging management, currently, more than 87%[27] of ongoing projects related to product packaging are aimed at improving recyclability..

[26] 100% Campania is a network formed by six companies in Campania belonging to the paper and packaging chain with the aim of developing environmentally friendly and sustainable packaging and supports from the waste from the local separate collection of paper and cardboard.
27 On the number of products

SOCIAL ASPECTS

PRODUCT QUALITY, SAFETY AND TRACEABILITY

One of the Group's primary objectives has always been to guarantee the quality and safety of the products it offers. This is ensured by a careful selection of raw materials, numerous checks carried out on the product during all stages of the production process, extensive controls of distribution methods, the involvement of all employees in activities to raise awareness of these materials and significant and constant investment in research and development, aimed at improving the products offered in terms of both nutrition and taste. In order to ensure that all aspects of product quality and health and safety are constantly monitored, the Group has a Quality Policy, supported by a management system and specific internal functions responsible for monitoring this issue.

[GRI 416-1] Food quality and safety monitoring cover all stages of the food chain, with prevention and control of known and emerging risks. The adoption of such a management system therefore enables the Group to guarantee the end consumer a safe, quality product that complies with the standards and regulations in force in all the countries it operates in. For 100% of the products manufactured by the Group, an assessment of the impacts on health and food safety is indeed carried out.

The Company ensures the quality and safety of the products it offers right from the supplier selection phase, their qualification being based on the rigorous evaluation and selection processes discussed in the previous section. The adequacy of procurement requirements is formalised in the specifications and contracts outlined with suppliers and verified through continuous and effective controls to monitor quality and food safety indicators. As soon as the raw materials arrive at the plant, the first analyses are performed on the product so that it can be accepted or rejected if it does not meet the required parameters. The Group also promotes the quality and food safety of the products it offers through regular internal audits on production processes, aimed at ascertaining the adequate hygienic conditions and the correct structural requirements of the production sites, promptly identifying potential areas for intervention and improvement. With this in mind, quality and safety assessments of the finished products are organised each day within the plants to verify that the production process has met the established criteria.

A high level of food safety is also achieved thanks to the effective adoption of control systems and protocols, including the HACCP (Hazard Analysis Critical Control Points) methodology, which makes it possible to manage the potential risks known and regulated by regulations deriving from chemical, physical, biological and microbiological contaminants, or the systematic monitoring of packaging safety, verified through scrupulous controls on the finished product aimed at minimising the potential risk of migration of harmful substances, such as MOSH, MOAH and bisphenol A. Over the years, the company has also outlined a structured system for preventing and combating food and product fraud, following the guidelines of a number of international standards, including the International Food Safety Standard (IFS). The process has several stages:

- Identify potential critical issues concerning fraudulent activities throughout the supply chain.
- Assess the vulnerability of each category of raw materials, ingredients or packaging materials by assigning a risk level.
- Develop and implement a fraud mitigation plan, outlining specific mitigation actions for each plant and based on the level of risk.

- Review and update the vulnerability on an annual basis or whenever there is a change in the identified risk levels.

The Group's commitment is also reflected in its constant attention to product production phases. With regard to the processing of dairy products and the production of dry pasta, the company strictly follows production regulations and standards with the aim of offering the end consumer a safe, genuine product that respects tradition. In the instant food, baby food and bakery product lines, on the other hand, there are continuous activities to reformulate existing recipes and create new products, aimed at continuous improvement in terms of safety, quality and goodness, including from a nutritional point of view.

The traceability of raw materials and ingredients is one of the other key elements that ensure high standards of quality and food safety for the Group and consumers. As supply chains are complex and articulated systems, it is necessary to provide appropriate assurances regarding the control and management measures implemented to mitigate the risks that raw materials may face on their way to the final consumer. Also, in view of the growing demands of consumers, who are increasingly attentive to the traceability and safety of the products they buy, the Company is constantly collaborating with the various players in the supply chain in order to identify the causes of potential risks and, if necessary, take appropriate measures to prevent any problems from arising.

Certifications

For the Group, earning certifications is not only a driver for continuous improvement, but also a way of implementing a system of specific controls throughout all phases of the procurement and production cycle. In fact, with these certifications the company is committed to satisfying the many needs of consumers with respect to social and environmental issues and to seeking high standards of quality and safety in order to promote the characteristics of the products it offers.

The Group has earned a total of 152 certifications. The average number of certifications per site[28] is 8.4.

All facilities of Newlat Food and Centrale del Latte d'Italia are ISO 9001:2015 certified for their quality management system, which enables them to pursue continuous improvement of company processes and performance, thus enabling the Company to assure its customers and consumers that the quality of its products will be maintained over time. Again with a view to ensuring well-defined quality standards, almost all of the Group's offices have obtained and maintain GFSI recognized certifications, such as BRCGS, IFS and FSSC22000, with the aim of strengthening and promoting food safety throughout the value chain. The Group also has organic certification following the development of product lines that ensure pesticide- and chemical-free cultivation, traceability of raw materials and manufacturing and sales processes in accordance with the organic production regulations, both for the milk and pasta lines. Both lines have also earned accreditations for the traceability of the supply chain, such as the ISO 22005:2008 certification, which attests to the 100% Italian origin of the raw materials milk and semolina. Finally, the company has obtained Non-GMO Project certification, which attests to the absence of genetically modified organisms (GMOs) in various products in the non-dairy beverage line. In addition to product and supply chain certifications, three of the Group's laboratories – at the Ozzano Taro, Salerno and Florence plants – have earned ISO 17025:2018 certification.

28 Excluded from the calculation are the certifications obtained from deposits, which total 21. See Appendix 1/c for details of these.

With a view to continuous improvement and harmonisation of company processes, which is necessary since the growth of the Group has led to an increase in the number of production sites, each of which already has its own management systems, a Group policy has been defined and a process is under way to standardise existing systems under a central coordination.

LISTENING TO AND PROTECTING THE CONSUMER

One of the Group's objectives is to listen to and meet the needs and requirements of consumers as purchasing habits shift towards more conscious and responsible consumption. On the one hand, in light of the increasing talk of sustainable development, consumers are paying increasing attention to the environmental and social impact of their diet. In fact, we are witnessing a rapid change in eating habits as a result of choices oriented towards greater awareness of agricultural practices that respect the environment, the local region and animal welfare. On the other hand, there is growing attention to the way food is produced, seen as a determining factor in everyone's health and well-being. The Group has always promoted a healthy and balanced diet, and in fact the Company's production is based mainly on foods such as milk, unseasoned dairy products, pasta and other lightly refined baked goods: most of these are foods at the bottom of the food pyramid, for which consumption is suggested on a daily basis. Today, however, consumers are also increasingly attentive to the origin, quality and impact of food products, so the Group is constantly investing in projects aimed at satisfying consumers who are increasingly sensitive to nutritional issues.

On the one hand, there have been innovations in the materials used for product packaging, a subject discussed in more detail in the previous sections. At the same time, product lines have been created from farms with animal welfare certification and from local raw materials, in recognition of the commitment to promote and protect the local region.

The wide range of products on offer also means that consumers with specific nutritional needs can be catered for.

For consumers who need specific nutrients, the Mukki brand has launched infant formula product lines developed in collaboration with child nutrition experts, such as Mukki Bimbo, which contains a mix of ingredients carefully selected for children aged 1 to 3 and made according to even stricter specifications than those in place for early childhood. In addition to this, there are other special lines, such as Mukki Donna milk, enriched with vitamins and minerals to support the specific nutritional needs of women, and Mukki Training milk, with a high protein content intended for athletes.

There are also products formulated for consumers with special nutritional needs due to intolerances or allergies. These include the LAATTE line, made by selecting raw materials exclusively with beta-casein A2 protein, which enhances the natural digestibility of milk, lactose-free product lines, such as Latte Zero, designed for those who are lactose intolerant. For consumers on a gluten-free diet, the latest developments include the launch of the Delverde Gluten Free range and the Delverde 100% Legumes range.

The Group also aims to satisfy consumers with nutritional needs related to ethical, cultural and religious reasons. The new Naked ULTIMATE range, 100% vegan noodles and the Cuore Veg range of non-dairy drinks and desserts are designed for those who prefer an alternative to animal products. The Group also has Halal and Kosher certifications that ensure full compliance with food rules and traditions.

Finally, for consumers seeking well-being through their diet, there are functional, probiotic, whole-food and low-fat and high-protein products. These include the Benessere line of milk under the Mukki brand, enriched with nutrients for heart and bone health, the Flora Plus yoghurt launched by Centrale del Latte di Vicenza and containing vitamin B6 which contributes to the proper functioning of the immune system, the Delverde line of wholemeal pasta or the Naked brand instant noodles made with ingredients of natural origin. This year's new developments include the launch of the new high-protein pasta Delverde High Protein and Kefir drink, a lactose-free fermented drink with a high protein content and beneficial for the intestinal flora thanks to the presence of live milk enzymes. The latter product will be on the market under the brands Centrale del Latte Salerno, Mukki, Tapporosso, Centrale del Latte di Vicenza and Tigullio.

With regard to the topic of allergens, on the other hand, ensuring optimal management of these for the Group is a point of utmost attention, with continuous vigilance on the prevention and management of potential risks arising from them. Thanks to the synergy between the various company functions, all plants implement a series of initiatives aimed at ensuring consumer safety. Among these, the Symington's Group's plants, also due to the variety of ingredients, raw materials and products offered, include several projects aimed at rationalising the presence of allergens. In fact, a project to remove the celery allergen from formulations has been finalised, testing has begun for egg-free recipes, the removal of milk content from all cous cous recipes is under way, and there is an ongoing effort to ensure the sourcing of allergen-free ingredients.

Consumer protection in compliance with current regulations

A wide range of product offerings and a constant quest to ensure maximum customer satisfaction entails various risks, including regulatory risks related to the labelling of many products, as well as those related to process and product quality, or those related to communicating with customers and consumers to promote the articles.

[GRI 417-2]; [GRI 417-3] Consumer protection is the result of a careful process that, by pursuing responsible marketing and labelling, has not resulted in any sanctions during 2023. The Group guarantees accurate, transparent, complete and truthful information that can be found directly on product packaging or on the websites of the Group and the various brands, so that consumers can make a rational, informed decision. Specifically, aware of the importance of the correct use of advertising media, the Company encourages the adoption of high standards of responsibility and transparency in the promotion of its products.

[GRI 418-1] Finally, the Group pays great attention to the protection of customer and consumer data, avoiding any improper use of such information, in compliance with the relevant regulations. During 2023, no complaints were received concerning breaches of customer privacy and/or loss of customer data.

PROMOTING THE REGIONS AND COMMUNITIES THE GROUP OPERATES IN

The Group's industrial activities are closely linked to the local regions and communities it operates in. The company has always been committed to promoting a variety of initiatives aimed at promoting and developing local communities and regions. The activities undertaken in support of the community thus make it possible to strengthen the link with the region and to restore the trust that consumers place in the brand. In 2023 the Group made this link concrete by means of numerous initiatives and projects of various kinds, such as donations, sponsorships, product giveaways and partnerships with local bodies or universities aimed at supporting initiatives and activities to raise awareness and sometimes even educate adults and children, consumers and non-consumers.

The group works with charities, parishes and other associations such as food banks, Caritas, the Italian Red Cross and Civil Protection to support people in need by donating food. Among other projects aimed at supporting local communities, Centrale del Latte di Vicenza participated in the creation of a Donated Human Milk Bank (BLUD) by setting up a specific laboratory for pasteurising and freezing human breast milk to be used for babies born prematurely in the neonatal intensive care unit of the San Bortolo Hospital in Vicenza. Moreover, starting from 2022, following funding from the Agenzia per le Erogazioni in Agricoltura (AGEA), the Reggio Emilia plant produced supplies of UHT milk as food aid for the needy in Italy. Among the many long-term collaborations, one of the most significant is with the Meyer Children's Hospital Foundation in Florence, which is dedicated to supporting care and assistance projects for children and their families during hospitalisation. Starting in 2023, Centrale del Latte d'Italia, in particular the Mukki branch in Florence, committed to a major donation to purchase two lung ventilators for the neonatal intensive care unit.

With a view to promoting well-being, solidarity and social cohesion, the Group supported social and cultural initiatives such as conferences and educational meetings and local sporting events such as marathons, marches, tournaments and summer camps through sponsorships and donations of dairy products, pasta, baked goods and ready meals.

A further initiative aimed at promoting the region took the form of the Latte del Parco product line starting in 2020. This product is the result of a project undertaken by Centrale del Latte Salerno under the patronage of Legambiente, aimed at promoting the natural and cultural wealth of the Cilento, Vallo di Diano e Alburni national park area and promoting local excellence while limiting environmental impact.

With a view to promoting the promotion and protection of the local area, including through raising awareness among children, Centrale del Latte d'Italia launched the Combomerenda product, which features a collection of cards of different characters, the Combo fighters, friends of the environment and defenders of the sea and nature.

Initiatives in the local region are complemented by activities in the company. For some time now, Centrale del Latte d'Italia has been organising free educational visits for both students and adults during which it is possible to explore the entire milk production cycle, touching the cutting-edge tools and technologies used to process the milk we consume every day. One example is Mukki Day, a long-running event dedicated to children and families, full of workshops and fun and educational activities on milk production. Recently the Turin plant launched a new educational programme dedicated to primary and secondary schools: a Virtual Tour of Centrale del Latte di Torino. In addition to exploring the stages of milk production, the visits include a series of educational courses on health, well-being and healthy eating. In this context, together with the

MIUR[29] and various professionals in the food sector, the Turin plant organises seminars aimed at providing teachers with updates on the importance of nutrition for pupils, from nursery to high school. Some of the Group's factories also offer the possibility of visiting the farms and herds the milk actually comes from in order to bring producers and consumers closer together.

The numerous factories spread throughout the region contribute to support the communities they operate in, generating income for their workers and for their direct and indirect suppliers. In fact, the numerous supply chains managed by the Group are among the primary beneficiaries of the value generated by its business.

Partnerships with universities

[2-28] In addition to its membership in industry associations such as Confindustria, Assolatte and others, the Group has established numerous partnerships with universities, institutes and research institutes. In fact, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. are increasingly partnering with Italian universities to promote research, development and innovation projects of strategic importance for boosting the competitiveness of the production system, including through the consolidation of research centres and facilities. These synergies are aimed on the one hand at promoting educational and training initiatives, and on the other at stimulating innovation, research and development, thus generating a virtuous circle of knowledge creation and technical skills.

In addition to the numerous visits and conferences aimed at raising awareness of the company's business, every year Centrale del Latte d'Italia and Newlat Food offer university students opportunities to enter the company through internships and apprenticeships.

Major ongoing projects include:

Development of indicators for environmental sustainability through the LCA study

Working with Centrale del Latte d'Italia S.p.A., LCA-lab, an ENEA spin-off, performed an overall assessment of the potential environmental impacts associated with the management of the four agricultural systems at different levels of ecological intensification, using the Life Cycle Assessment (LCA) methodology. In the project, an integrated model of interview data and processed data was developed for modelling impacts related to cattle enteric fermentation and nitrogen and phosphorus excretion. The assessment of impacts associated with the Tuscan Milk production chain will be based on a comprehensive set of potential environmental impact indicators that take into account resource consumption (renewable and non-renewable energy, water), waste production, emissions into the environment (greenhouse gas emissions, acidification potential, eutrophication and photochemical smog production) as recommended by the European Platform for LCA (ILCD) and the PCR (Product Category Rules) "Processed Liquid Milk and Cream" and the "General Programme Instruction" of the EPD (Environmental Product Declaration) system.

"NU.T.RA.PA.C." – New technologies for processing, packaging and preservation of food, bakery and dairy products[30]

29 Ministry of Education and Ministry of University and Research

30 Project No. F/170019/00/X42- POSITION 19 CUP B89J22002380005 Expected duration: 01/01/2020 to 08/06/2023
National Operational Programme "Enterprise and Competitiveness" 2014-2020 ERDF Axis I - Investment Priority 1b - Action 1.1.3

The NU.T.RA.PA.C. project was launched in cooperation with the University of Modena and Reggio Emilia, specifically the Department of Life Sciences, involving the Lodi, Ozzano Taro and Sansepolcro sites. The project consists of six sub-projects, planned in the three different plants:

1. Research into new packaging solutions oriented towards quality and food safety - Sansepolcro and Ozzano Taro plants.

2. Development of new packaging processes/plant solutions - Sansepolcro and Ozzano Taro plants.

3. Research of technologies to contain acrylamide content and prevent risk of cross-contamination of allergens, for biscuits intended for specific consumer groups - Ozzano Taro plant.

4. Development of new processes/plant solutions for preparation, moulding and baking - Ozzano Taro plant.

5. Research on new technological solutions for food processing and preservation with regard to dairy products (mascarpone) - Lodi plant.

Development of new processes/plant solutions for food processing and preservation, with regard to dairy products (mascarpone) - Lodi plant.

With the launch of this project, various initiatives will be implemented to further increase food quality and safety and limit food waste through new solutions aimed at increasing the preservation and freshness of the products offered, thus meeting the needs and requirements of consumers.

From food waste to the development of functional foods in synergy between research and business: dairy processing by-products as a source of bioactive molecules

This project involves a collaboration between the Vicenza plant and the University of Padua and seeks to make use of milk production waste with the aim of reducing waste, encouraging the circular bio-economy in accordance with the objectives of the European Green Deal for the recovery of agro-food industry waste and identifying bioactive molecules and peptides with antioxidant and anti-inflammatory properties for the possible subsequent functionalisation of foodstuffs with these bioactive molecules.

The project consists of the following phases:

- Evaluation of milk processing by-products, both in terms of quality and protein composition.

- Extraction of the various peptide fractions from the protein component to identify bioactive peptides with antioxidant and/or anti-inflammatory activity.

- Once the bioactive peptides have been identified, their bioavailability will be analysed using cell lines simulating the intestinal epithelium.

- Cellular assessment of the expression of antioxidant and anti-inflammatory enzyme proteins by Western blot and RT PCR techniques to evaluate their effects on gene transcription.

- In vivo evaluation of the peptides of interest to assess whether the effects shown in vitro can also be transferred to a complex organism.

- Dairy by-product fractionation tests using nanofiltration/reverse osmosis for the separation and recovery of molecules of interest (lactose, vitamins, mineral salts)

Carried out in collaboration with the Department of Sustainability of Production and Territorial Systems of ENEA, the project envisages using specific filtration technologies such as microfiltration, ultrafiltration, nanofiltration and reverse osmosis of the permeate, i.e. what remains from mascarpone processing, to obtain proteins (caseins and seroproteins), simple sugars, mineral salts and vitamins. Thus, in addition to the recovery of molecules of interest, a product that would otherwise be discarded is retained.

PROTECTION OF WORKER HEALTH AND SAFETY

[GRI 403-1]; [GRI 403-2]; [GRI 403-3]; [GRI 403-4]; [GRI 403-5]; [GRI 403-6]; [GRI 403-7]

One of the main risks created by business activities is related to the health and safety of workers who mainly work in production, and the protection of its workforce has always been at the top of the Group's commitments.

In fact, the health and safety of personnel is a subject that is treated with particular care, sensitivity and attention in order to guarantee and promote a safe environment in the workplace. The Group adopts health and safety management systems that comply with the requirements of the relevant regulations. The regulations refer to the laws of the countries where the plants are located: Italian Legislative Decree 81/2008 for the companies located in Italy, i.e. Centrale del Latte d'Italia and Newlat Food, the 1974 Health & Safety at Work etc. Act for the Symington's Group located in England, the Arbeitssicherheitsgesetz for the plant located in Germany and the Code du Travail for the site in France.

In view of the Group's growth through the acquisition and integration of other companies, the constant objective is to make the management of health and safety risks at work more efficient and effective by harmonising and standardising the systems in place in the various locations. It is also aimed at implementing a single training plan, divided by country, for all employees of the various company sites.

For the Group, the identification and assessment of the hazards and risks that may contribute to the potential occurrence of accidents and/or occupational illness in the workplace is the first and most important requirement to be complied with to ensure the health and safety of workers and to identify the measures to be implemented to protect them. All facilities, workplaces, machines, equipment and working methods are subject to assessments in several areas, including warehouse work, laboratory work, maintenance and activities carried out in external areas. At the same time, assessments were made of cross-cutting risks, including risks of fire, noise, vibration, etc. Performed by consultants with proven professional experience, the assessments are systematically repeated, and when activities, installations and equipment are introduced or modified or following any accidents or major incidents, these assessments are reviewed. Workers are encouraged to move away from any hazards or dangerous situations at work and to report them to the appropriate persons. All reports received are collected, assessed and then submitted to the employer or management during regular meetings. At these meetings, the problems that have arisen, any accidents and near misses are highlighted and discussed, and if necessary corrective actions are identified and defined. Following the reporting of accidents or injuries, a procedure is undertaken to establish the details of the incident and any corrective or preventive action.

The Group constantly monitors the health situation of its employees through the supervision of a company physician: all employees are subject to a medical examination to ensure good health and fitness for work. The examination is repeated at a frequency defined by the doctor on the basis of each employee's job description and any resulting risks. Worker participation in occupational health and safety issues is ensured through periodic meetings between the main actors responsible for health and safety and the workers themselves. Furthermore, Symington's provided its employees with the Engage app, giving them quicker and more immediate access to various health and safety issues.

As required by the laws of the countries the Company operates in, the Group provides employees with both general and specific training on health and safety in the workplace. The participation of employees in training

is mandatory and takes place during working hours. The effectiveness of the training provided is assessed through employee feedback and the administration of final tests.
The Group promotes workers' health through healthcare funds that allow for the reimbursement or reduction of healthcare costs or through facilitated access to private health and life insurance services.

Table 18 Work-related injuries [GRI 403-9]

	2023	2022	2021	2020
Number of deaths as a result of work-related injuries	0	0	0	0
Number of serious work-related injuries	1	1	0	0
Number of recordable work-related injuries	42	28	44	26
Number of hours worked	3,638,806	3,369,663	2,976,201	2,202,516
Death rate as a result of work-related injuries	-	-	-	-
Rate of high-consequence work-related injuries[31]	0.3	0.3	-	-
Rate of recordable work-related injuries[32]	11.8	8.3	14.8	11.8

The Company regularly monitors all accidents that occur in the workplace.

[GRI 403-10] In 2023, as in the previous two years, no occupational illnesses were recognised. The table above shows the situation regarding injuries at work in the Group. Compared to the previous reporting year, the rate of injuries at work increased. At the Group level, the occupational injury rate for 2023 is in line with the average index of the previous three years,[33] which is 11.6. In light of the performance recorded locally at the individual operating sites, the Group is working with priority on the sites that have recorded an increase in this indicator, without however diminishing its efforts on the sites with better results. The only injury with more serious consequences was at Symington's, an incident that did not endanger the lives of any employees. The remaining injuries are minor, such as minor cuts, bruises and burns.

In fact, the occupational health and safety management system is subject to periodic audits by third parties to ensure the application and effectiveness of the procedures adopted and the controls in place. With these audits, the Group seeks to ensure impartiality and third-party verification. The occupational health and safety management system covers all activities and tasks within the company and includes all workers, both employees and external contractors. A limited number of non-employee workers work in the Group's plants, whose safety conditions are jointly assessed by the health and safety managers of the company and the managers of the organisation these workers are employed by.

With regard to workers who are not employees of the Group but are nevertheless under the control of the organisation, a system for monitoring hours is being implemented. In any case, no injuries were recorded for this category of workers during 2023. The type of these workers corresponds mainly to: people assigned to carry out cleaning, portering, reception services, to which are added extraordinary activities that may be assigned to employees of third companies. Temporary workers are only present in a few plants, and even then in very limited numbers.

[31] Calculated using the following formula:. (Number of recordable work-related injuries with serious consequences/Number of hours worked) x 1,000,000
[32] Calculated using the following formula:. (Number of recordable work-related injuries/Number of hours worked) x 1,000,000
[33] Hours worked during the past three years amounted to 8,548,380 and injuries totalled 99, including one with major consequences.

EMPLOYMENT PROTECTION

One of the company's strengths is certainly its human capital, made up of all the employees and contractors who gravitate around the company system. In fact, human resources represent an indispensable resource for the creation of value, guaranteeing company competitiveness and constant and sustainable development, ensuring customers and consumers a quality product and thus enabling the Group to achieve its objectives in the short, medium and long term. In turn, the Group generates opportunities through the creation of employment in the regions it operates in and the inclusion and development of talent in its business. The Group's practice is to attract resources, train them, develop them and consolidate relationships with them over time. In fact, the company pays particular attention to the early stages of hiring, when it seeks the best match between the skills required and the candidates' profiles. This is also confirmed by the following figures.

The Group therefore aims to offer its employees a safe and stimulating working environment by promoting respect for their personal space.

Information on employees and other workers
[GRI 2-7]; [GRI 2-8]

The Group's workforce evolved significantly in the three-year period 2021-2023 due to the acquisitions made during the years covered by the report, going from a workforce of 2,094 workers in 2021 to 2,303 in 2023. The composition of the workforce is shown in the tables below, highlighting the different types of contracts present in the company.

Table 19 Employees with a permanent or fixed-term contract

Employees	2023			2022			2021		
Contract type	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,489	587	**2,076**	1,437	565	**2,002**	1,427	540	**1,967**
Fixed-term	184	43	**227**	158	29	**187**	106	21	**127**
Total	**1,673**	**630**	**2,303**	**1,595**	**594**	**2,189**	**1,533**	**561**	**2,094**

Table 20 Employees with full-time or part-time contracts

Employees	2023			2022			2021		
Type of Contract – FT/PT	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	1,640	553	**2,193**	1,562	512	**2,074**	1,497	469	**1,966**
Part-time	33	76	**109**	33	81	**114**	37	91	**128**
With non-guaranteed hours[34]	0	1	**1**	-	1	**1**	-	-	**-**
Total	**1,673**	**630**	**2,303**	**1,595**	**594**	**2,189**	**1,534**	**560**	**2,094**

[34] Data not available for 2021.

[GRI 401-2] The Group does not differentiate between full-time employees, part-time employees, fixed-term employees or permanent employees in the granting of benefits, but treats all equally.

Collective bargaining agreements

The Group pays attention to the protection of its employees and is committed to strictly complying with the regulations in force.

In Italy, Germany and France, all employees are covered by a national collective agreement, to which is added a supplementary contract, which applies to almost all employees (99%).

In the English company Symington's, on the other hand, also because of the different trade union organisation and contractual conditions in the Anglo-Saxon world, no collective labour agreements are envisaged.

Table 21 Employees covered by collective bargaining agreements [GRI 2-30]

Newlat Food Group employees	2023	2022	2021
Number of employees - Group	2,303	2,189	2,094
No. of employees covered by collective or supplementary agreements - Group	1,676	1,532	1,467
% employees covered by collective or supplementary agreements - Group	72.8%	70%	70%

New employee hires and employee turnover
[GRI 401-1]

The tables below show the data regarding resignations and recruitment during the three-year period 2021-2023.

As is evident from the data in the tables below, the Group is in an expansionary phase, with a turnover rate typical of the conditions created by pursuing growth through external lines, while maintaining a positive income-expenditure balance.

Over the last three years, the turnover and hiring process has been reducing the average age of staff, with a significant increase in employees under the age of 30. Staff renewal is crucial to foster growth and competitive advantage, maintaining an optimal balance between experience and innovation and allowing new resources to integrate effectively into the workforce.

Table 22 Hiring in the Newlat Food Group

Employees - New hires	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	127	35	**162**	152	49	**201**	74	15	**89**
30-50	152	43	**195**	131	65	**196**	41	17	**58**
>50	33	12	**45**	31	9	**40**	16	2	**18**
Total	**312**	**90**	**402**	**314**	**123**	**437**	**131**	**34**	**165**

Table 23 Outbound turnover in Newlat Food Group

Employees - Employee turnover	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	93	20	**113**	78	24	**102**	46	19	**65**
30-50	129	44	**173**	102	54	**156**	45	30	**75**
>50	75	21	**96**	72	12	**84**	56	15	**71**
Total	**297**	**85**	**382**	**252**	**90**	**342**	**147**	**64**	**211**

EDUCATION, TRAINING AND DEVELOPMENT OF PEOPLE

The attention, protection and development of people are elements underpinning the Group's growth, the importance of which is also recognised by the current Code of Ethics. They are asked to work with loyalty and mutual trust for the benefit of common success.

The professionalism and skills developed by all employees are an important success factor for any company. The continuous training of personnel and the adoption of a corporate culture aimed at supporting the professional development of workers are a fundamental requirement for ensuring high product and process standards, and consequently for the responsible development of the Group. The Company therefore promotes the professional and personal growth of its employees, establishing a culture based on the development of the individual in the various operational contexts.

The commitment to ensure the growth of its personnel goes hand in hand with the Group's priorities for meeting the needs of its stakeholders, organising training courses deemed to be a priority for this purpose and providing incentives for staff at all levels to participate in them. Based on the data below, it can be seen that the Group does not make any distinction when it comes to gender in its investments in training and development.

[2-17]

In order to actively involve employees, raise awareness of environmental, ethical and social issues and stimulate the dissemination of new positive behaviour, a training plan on ESG issues was developed in the past two years, also involving top management with the aim of promoting the highest governance body's knowledge of sustainable development. Thanks to these sessions, the establishment of a Sustainability Steering Committee involving the main corporate functions, and the presence of a Control, Risk and Sustainability Committee allowing for constant discussion on ESG issues, the highest governing body and all function Departments are involved and informed on business performance with respect to strategy implementation, target achievement and the implementation of preventive or corrective actions to mitigate any and/or actual impacts of the Group, also with respect to responsible development objectives.

Employee training

With this in mind, and in compliance with the regulations of the various countries that the Group operates in, employees are guaranteed constant training from the moment they are hired.

The training provided focuses mainly on food safety, occupational health and safety and other aspects considered to be of high added value for the Group and its stakeholders, the aim being also to increase technical and professional skills. Training is thus aimed at both preserving and expanding the know-how acquired over time by the Group.

In 2023 the Group recorded an increase in the average hours of training provided to employees. While there was a slight decrease in the training offered to executives, the average hours of training provided to blue-collar workers rose sharply, while for managers and white-collar workers the figure was in line with the previous year.

Table 24 Average hours of training per year per employee of the Newlat Food Group [GRI 404-1]

Average hours of training	2023			2022			2021[35]		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	4	5	**4**	8	7	**8**	4	11	**4**
Managers+Office personnel	7	8	**8**	6	6	**6**	5	4	**4**
Manual workers	27	16	**24**	7	12	**8**	15	7	**14**
Total	**22**	**12**	**20**	**7**	**9**	**8**	**13**	**6**	**11**

Remuneration and Compensation

In 2022 the Group started reporting the annual total compensation rate, which is shown in the following table by country.

Table 25 Annual total compensation ratio [GRI 2-21]

Annual total compensation rate[36]	Italy			Germany			England			France		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Annual total compensation rate	4.24	4.23	5.55	3.80	3.36	3.62	9.55	7.25	-	2.31	-	-
Ratio of the percentage increase of the highest paid individual to the median compensation	0	-133.54	-	-1.44	-0.16	-	-1.32	-	-	-	-	-

The annual total compensation rate represents the ratio of the compensation of the highest paid individual to the median annual salary among all employees. That is to say, in Italian companies, the compensation of the highest paid individual is 4.24 times higher than the median salary of all employees, the same applies to German, English and French companies, where this ratio is respectively 3.80, 9.55 and 2.31.

[2-18]; [2-19]; [2-20]

Comprehensive qualitative and quantitative information on remuneration policies for the parent company is provided in the Remuneration Policy and Compensation Report (hereinafter also referred to as "Remuneration Policy"), which is publicly available in the relevant section of the company's website.

The Board of Directors has set up an internal Appointments and Remuneration Committee, an independent committee that supports the BoD in evaluating and deciding on the remuneration of Directors and Executives with strategic responsibilities, formulating proposals that are functional to the pursuit of the sustainable success and responsible development of the Group and taking into account the need to recruit, retain and

35 Training hours for Symington's are not available.

36 For Italian companies, the annual compensation rate was calculated taking into account the base salary of the employees.

motivate people with the expertise and professionalism required by the role held, thus strengthening the alignment between the interests of management, shareholders and other stakeholders.

In this regard, in addition to defining the fixed component of the remuneration of Directors and Executives with Strategic Responsibilities, the 2023 Remuneration Policy envisages that a portion of their short- and medium-long term variable remuneration be linked not only to economic, equity and strategic parameters, but also to non-financial performance objectives concerning ESG issues. These include, for example, the reduction of CO_2 emissions with a view to promoting the energy transition, commitment to health and safety issues, attention to the practices adopted in supply chain management and the promotion of circular economy principles in keeping with the sustainability strategy defined by the Group.

The performance of top management in the area of responsible development is therefore periodically assessed both internally based on established ESG objectives, and externally through the obtaining and renewal of validated certifications and assessments by third parties that provide for the maintenance of certain requirements and the achievement of improvement objectives as needed. These include, for example, compliance with ethical and occupational health and safety standards, validation of environmental and quality management systems, and other food safety certifications, explained in more detail in the Certifications section.

PROTECTION OF HUMAN RIGHTS, REDUCTION OF INEQUALITIES, RESPECT FOR DIVERSITY AND INCLUSION

[GRI 2-23]; [GRI 2-24]; [GRI 2-25]

Throughout the value chain there are potential risks for human rights violations. Among the most sensitive areas are the supply chain and the employed workforce. The impacts of the Group's work on the latter, however, are dominated by a strong core culture on these aspects, such as the culture in Italy, Germany and England, the countries where the Group produces and where the entire workforce works. In these countries there are also regulations in place that facilitate the management of impacts on the inviolable rights of the individual. To support its commitment, in 2022 the Group issued a Human Rights Policy and a Diversity and Inclusion Policy, taking national and international best practices, guidelines and standards such as the Universal Declaration of Human Rights, the Ten Principles of the Global Compact proposed by the United Nations, and the Fundamental Conventions of the International Labour Organisation as sources of reference. All commitments made through the policies were approved by the highest governing body, communicated to partners and all other stakeholders via the company website and disseminated to employees through training sessions.

Starting with the selection process and throughout the career path, the Group adopts and promotes conduct based on propriety and protection of personal dignity. This commitment also translates into the dissemination of a corporate culture based on the promotion of a working environment free of all discrimination. In fact, the Company strongly condemns and opposes with positive actions any direct or indirect form of discrimination based on sex, ethnicity, nationality, religion, age, disability, gender, sexual orientation, marital status, membership in political parties or associations, physical and/or economic condition and any other possible form of intolerance. At the same time, the Group recognises the respect and promotion of diversity as an added value for the development of a successful corporate culture capable of fully capitalising on Human Capital.

In the process of internationalisation and expansion, the Group's staff has not only expanded in number, but also in terms of nationality, culture and expertise, thus making a positive contribution to the company's growth. In addition to supporting such diversity, the Company recognises, promotes and defends full equality and equal opportunities without differences among its employees.

Even in its relations with the supply chain, the Group is committed to observing the principles set out in the Universal Declaration of Human Rights, the relevant national and international laws and the Code of Ethics.

In order to communicate its commitment to its suppliers, when signing agreements or contracts the Group provides them with its Organisational Model pursuant to Italian Legislative Decree 231/01 and its Code of Ethics with the aim of sharing its principles and attention to respect for human rights and inequalities. Furthermore, the Group has defined a Supplier Code of Conduct to actively involve these partners by asking them to adhere to the document and its values in order to guarantee a collaboration based on ethics and mutual respect.

[GRI 406-1] As evidence of the Group's proper conduct during the year, as in the previous two-year period, there were no incidents of discrimination.

Diversity among employees

The composition of employees shows that there is a process of generational turnaround between older and younger workers. The share of under-30s in the last three years has increased from 11% in 2021 to 14% in 2023, a relative increase of 27.3% in three years.

As previously indicated, this process is of particular interest for the future growth of the Group.

Table 26 Diversity among employees [GRI 405-1]

Group Employees 2023	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	0	0	8	0	15	2	**25**	1%
Managers+Office personnel	35	50	143	158	168	101	**655**	28%
Manual workers	221	30	585	179	498	110	**1,623**	70%
Total	**256**	**80**	**736**	**337**	**681**	**213**	**2,303**	100%
% by age group	76%	24%	69%	31%	76%	24%		
% of Total	11%	3%	32%	15%	30%	9%		

Group Employees 2022	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	-	9	-	15	2	**27**	1%
Managers+Office personnel	20	49	111	140	154	85	**559**	26%
Manual workers	228	26	569	189	488	103	**1,603**	73%
Total	**249**	**75**	**689**	**329**	**657**	**190**	**2,189**	100%
% by age group	77%	23%	68%	32%	78%	22%		
% of Total	11%	3%	31%	15%	30%	9%		

Group Employees 2021	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	0	10	0	19	2	**32**	2%
Managers+Office personnel	12	32	112	140	154	86	**536**	26%
Manual workers	175	19	575	188	476	93	**1526**	73%
Total	**188**	**51**	**697**	**328**	**649**	**181**	**2094**	100%
% by age group	79%	21%	68%	32%	78%	22%		
% of Total	9%	2%	33%	16%	31%	9%		

The Group aims not to create a difference in treatment between men and women and does not implement policies or practices designed to favour one over the other.

GOVERNANCE

TRANSPARENT GOVERNANCE AND CORPORATE IDENTITY

Transparency and integrity are the values that guide the Group in defining its Corporate Governance system. In fact, an integral and transparent governance structure together with constant attention to compliance with laws and regulations contribute decisively to increasing both the competitiveness of the Company and the sustainability of its development in the medium and long term, among other things promoting a relationship of trust between the Company and its stakeholders, with whom there is continuous and transparent communication. Based on these principles and values of Corporate Governance, the Group defines the structure of functions and responsibilities and develops an appropriate control system, ensuring both conscious management choices and an effective monitoring of business risk management. The control system in place is also aimed at guaranteeing a correspondence between the corporate identity and the way the company operates: in fact, one of the objectives is to monitor the alignment between the practices adopted internally, the mission, the vision and the image that stakeholders have of the Group.

With the aim of improving the efficiency and transparency of their corporate governance, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. adopted the Corporate Governance Code for Listed Companies published by the Corporate Governance Committee of Borsa Italiana. The Group's Corporate Governance is structured according to the traditional model, therefore the sovereign body of the company with decision-making powers is the Shareholders' Meeting, management responsibility is entrusted to the Board of Directors, supervisory functions to the Board of Statutory Auditors, and the statutory audit is assigned to independent auditors. The composition of the Boards of Directors of the Group companies at the end of the year is shown in the following table.

Table 27 Diversity in governance bodies - BoD [GRI 405-1]

Group 2023	< 30		30 - 50		> 50		
Diversity of Governance Bodies - BoD	Men	Women	Men	Women	Men	Women	Total
Members of Governance Bodies	-	1	4	1	3	3	12
% Members of Governance Bodies by age group	-	100%	80%	20%	50%	50%	-
% Members of Governance Bodies of the Total	-	8%	33%	8%	25%	25%	-
Group 2022	**<30**		**30 - 50**		**>50**		
Diversity of Governance Bodies BoD	**Men**	**Women**	**Men**	**Women**	**Men**	**Women**	**Total**
Members of Governance Bodies	-	1	5	1	2	3	12
% Members of Governance Bodies by age group	-	100%	83%	17%	40%	60%	-

% Members of Governance Bodies of the Total	-	8%	42%	8%	17%	25%	-

Group 2021 Diversity of Governance Bodies - BoD	< 30		30 - 50		> 50		Total
	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	5	1	2	3	12
% Members of Governance Bodies by age group	-	100%	83%	17%	40%	60%	-
% Members of Governance Bodies of the Total	-	8%	42%	8%	17%	25%	-

Tax management

[GRI 207-1; GRI 207-2]; [GRI 207-3]

In line with the principles defined in the Code of Ethics, the Group also acts in accordance with the values of transparency and integrity in the management of its taxes. Acting responsibly from a fiscal point of view is essential for the protection of social assets and for the creation of value in the medium and long term. Moreover, the Company sees the payment of taxes as an important channel through which to contribute to the economic and social development of the countries it is present in.

With this in mind, the Group pays great attention to compliance with tax regulations, acting with extreme responsibility and committing itself to interpreting the relevant tax rules and principles in the individual jurisdictions it operates in, i.e. Italian, English, German and French. As at present there is no Group tax strategy, the Board of Directors defines the approach to be adopted, with the aim of ensuring uniform tax management for all interested entities. Responsibility for compliance lies with the internal departments of each subsidiary, while the parent company's Administration, Finance and Control department is responsible for supervising and coordinating intercompany relations. This approach is inspired by a logic that on the one hand guarantees the correct and timely calculation and payment of taxes due by law and the execution of the related obligations, and on the other the correct management of tax risk, understood as the risk of violating tax rules or abusing the principles and purposes of the tax system. In detail, tax-related risks are identified and managed according to the company's Enterprise Risk Management model.

The Company has also adopted a set of rules, procedures and principles that are part of the broader system of organisation and control and that are to be considered fundamental points of reference that all parties are required to respect depending on the type of relationship they have with the Group.

The Group maintains a collaborative and transparent relationship with tax authorities, institutions and trade associations. The objective is to manage compliance and reputational risks and safeguard corporate assets, as well as to pursue the primary interest of creating value for shareholders over the medium and long term.

Furthermore, the Group does not operate with the aim of benefiting from domestic or international conduct and operations that do not reflect economic reality and from which undue tax advantages could be obtained, such as for example investments in or through countries considered to have privileged taxation with the sole aim of reducing the tax burden. For tax purposes, intercompany relationships are conducted at arm's length, as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as far as possible.

The Group uses tax incentives generally applicable to all operators, complying with all specific regulations only where the incentives are aligned with its industrial and operational objectives and in line with the economic substance of its investments.

For the Group, tax compliance is considered to be one of the fundamental aspects of the Company's ethical and responsible management. Consequently, violations of tax laws are among those that can be reported through the Company's internal channels. To date, the Group has not received any solicitations from its stakeholders on tax issues.

Table 28 Country-by-country reporting [GRI 207-4]

Names of resident entities	Main activities of the organisation	Number of employees	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Corporate income tax accrued on profits/losses	Corporate income taxes included in the profit and loss account	Reasons for the difference between corporate income tax included in the profit and loss account and tax due if the statutory tax rate is applied to the profit and loss account before tax
Italy									
Newlat Food S.p.A.	Production of dry pasta and baked goods	830	170,850,875	61,801,550	7,379,131	131,000,948	-	(1,626,829)	-
Centrale del Latte d'Italia S.p.A.	Production and processing of dairy products	612	330,717,412	3,176,944	4,159,605	68,151,860	-	(1,200,791)	-
Total Italy		1442	501,568,287	64,978,494	11,538,736	199,152,808	-	(2,827,620)	-
Germany									
Newlat GmbH	Production of dry pasta	144	125,311,427	-	5,135,809	44,031,610	-	(1,413,370)	-
Total Germany		144	125,311,427	-	-	-	-	-	-
United Kingdom									
Symington's Ltd	Production of ready meals (instant noodles, sauces, soups)	627	143,175,939	-	1,905,058	57,079,570	-	(706,872)	-
Total United Kingdom		627	143,175,939	-	-	-	-	-	-
France									
EM Foods S.A.S.	Cake and baking mixes	90	27,441,342	-	(927,966)	17,521,876	-	(995,320)	-
Total France		90	27,441,342	-	-	-	-	-	-

LEGALITY, ETHICS AND ANTI-CORRUPTION

In order to operate in a proper, law-abiding manner and avoid any type of active or passive corruption, the Group is committed to putting in place the necessary preventive measures to mitigate the risks of non-compliance with the laws of all the countries it operates in, and by means of a Code of Ethics it informs its collaborators of the values that inspire it and the principles and guidelines that guide the behaviour of all the Company's internal and external stakeholders.

In accordance with Italian Legislative Decree 231/2001, Newlat Food has also adopted an Organisation, Management and Control Model (OMCM) aimed among other things at preventing corruption-related offences. In order to ensure the effective application of its OMCM, the company has planned and effectively adopted a structured system of procedures and implemented dedicated control activities. The Italian subsidiary Centrale del Latte d'Italia has also adopted its own OMCM for the same purposes.

Both companies have also appointed a Supervisory Board (SB), which has been entrusted with the task of monitoring the correct application and effectiveness of the OMCM. This task is ensured by the Supervisory Board by means of a specific audit plan and by examining the information flows submitted periodically by the relevant corporate functions.

[2-15] [2-16]; [2-26] Both Newlat Food and its Italian subsidiary Centrale del Latte update their 231 Models, as well as implementing a whistleblowing channel in accordance with the provisions contained in the recent EU Directive 1937/2019. These channels allow all stakeholders (employees, customers, suppliers and partners) or even third parties to submit confidential or anonymous reports on any circumstance, event and/or action deemed to be contrary to the principles adopted by the Group. The channel is available in Italian, English and the languages of the countries the Newlat Food group operates in.

Newlat Food's constant attention to ethical issues and social responsibility has led the company to identify an Ethics Committee to which it entrusts the management of complaints and reports on this issue. This action was supported by the provision of specific channels and procedures.

Conflicts of interest

In order to prevent conflicts of interest, every transaction or operation must be undertaken solely and exclusively in the interest of the Group in a proper and transparent manner as enshrined in the principles contained in the Group's Code of Ethics and Conduct. If a conflict of interest arises or if an employee foresees that a situation may lead to a conflict of interest, they must report it so that the Group can take appropriate action to maintain independence of judgement and choice. Several channels exist to report any relevant critical issues to the highest governing body, including the whistleblowing channel mentioned above and the anonymous reporting boxes present in the various Group offices.

Note that constant coordination between the parties involved in the control system in accordance with the provisions of the Corporate Governance Code makes it possible to best meet the expectations of all stakeholders.

[GRI 205-3]; [GRI 206-1]; [GRI 2-27] As a result of the audits and investigations carried out, no substantiated bribery incidents were recorded during 2023. Similarly, there were no actions for anti-competitive behaviour, antitrust or monopolistic practices, nor penalties for non-compliance with social and economic laws and regulations.

Most of the Italian plants and the UK company have participated in a SMETA (Sedex Members Ethical Trade Audit) audit, aimed at promoting transparency and demonstrating the good ethical practices adopted by the Group, not only within the Company but also along the entire supply chain. The certification bases its assessment criteria on the ETI (Ethical Trade Initiative) code, integrating them with national and local laws in the countries concerned and based on four pillars: Compliance with labour regulations, business ethics, occupational health and safety and the environment.

Earning certification therefore allows, on the one hand, strengthening the control systems of the supply chain through the identification and mitigation of potential risks in an effective manner, and on the other hand promoting the good practices identified through a systematic monitoring of the supply chain. Therefore, such certification leads to various benefits, including:

- Knowing, monitoring and evaluating the working conditions and health and safety of workers applied by its suppliers, strengthening commercial relations with suppliers who are more virtuous in adopting good practices and international standards.

- Promoting respect for human rights and decent working conditions, thereby encouraging compliance with relevant rules, regulations and policies, such as the Modern Slavery Act (2015), and deterring the adoption of unlawful practices, such as unauthorised subcontracting.

RESPONSIBLE DEVELOPMENT AND GROWTH

Up until now the Group has pursued steady, significant growth, keeping in mind and systematically monitoring not only its economic performance, but also its environmental and social performance. Given the growing consumer awareness of ESG issues and the urgent demand for ESG-friendly products, integrating sustainability strategies and objectives into business operations is no longer just an option but a necessity, as well as a competitive factor for the entire private sector. This trend is even more pronounced for the agri-food sector, which is particularly exposed to certain environmental risk factors such as extreme heat waves, reduced availability of water, the spread of pests and diseases and other phenomena linked to climate change.

For these reasons, the Group operates so that the value created increases not only in the short term, but above all in the medium and long term, promoting ethical conduct, reconciling the legitimate expectations of the various stakeholders and limiting the direct and indirect environmental impact of its production in order to preserve the environment for the benefit of future generations and in compliance with current regulations. With this in mind, the Research and Development (R&D) division, also thanks to constant targeted investments, is committed to identifying new and innovative solutions, both in production and in processes, paying particular attention to safety and environmental performance, with the aim of pursuing increasingly responsible development.

One of the growth strategies pursued by the Group is the continuous search for opportunities for international development, with the aim of strengthening competitiveness, expanding and differentiating the range of products offered and increasing the share of exports of Italian products in foreign markets. In fact, considering that exports of Italian agri-foodstuffs are constantly increasing, growth and consolidation in international markets enables the company to pursue its objectives, promoting and supporting the creation of value for all its stakeholders. In 2023 the company finalised an agreement with EM Foods, based in France, to consolidate its position in the main countries in the European region. The proportion of consolidated turnover deriving from the Italian market is constantly decreasing, as a result of the Group's strategy to develop in foreign markets as well. The objective of expansion, including into other markets such as Asia and the Americas, goes hand in hand with investments to ensure a high level of product quality and to seek solutions that are increasingly close to consumers and stakeholders' needs.

In fact, the Company's growth occurs mainly through processes of acquisition of companies and brands, selected not only on the basis of competitiveness and profitability but also with respect to values and objectives shared with the Group, including integrity, transparency, the commitment to limit the impact of its operations on the environment, the observance of principles and rules on human rights and the protection of the community.

GRI CONTENT INDEX

Statement of use	The Newlat Food Group has reported in accordance with GRI Standards for the period 01/01/2023 - 31/12/2023.
GRI 1 used	GRI 1: Foundations 2021
Applicable GRI Sector Standard(s)	N/A - will await the publication of the specific industry standard

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	Introduction – Methodological note				
	2-2 Entities included in the organisation's sustainability reporting	Introduction – Methodological note				
	2-3 Reporting period, frequency and contact point	Introduction – Methodological note				
	2-4 Restatements of information	Introduction – Methodological note				
	2-5 External assurance	Introduction – Methodological note	.			
	2-6 Activities, value chain and other business relationships	Introduction - Business Model and Value Chain				
	2-7 Employees	Employment protection				
	2-8 Workers who are not employees	Employment protection	Total number of workers that are not employees	Information unavailable/incomplete	The figure is presented qualitatively. The company has set up a Working Group and will report on this issue in the coming years	

	2-9 Governance structure and composition	Introduction – Corporate Governance Model and Sustainability Management				
	2-10 Nomination and selection of the highest governance body	Introduction – Corporate Governance Model and Sustainability Management				
	2-11 Chair of the highest governance body	Introduction – Corporate Governance Model and Sustainability Management				
	2-12 Role of the highest governance body in overseeing the management of impacts	Introduction – Corporate Governance Model and Sustainability Management				
	2-13 Delegation of responsibility for managing impacts	Introduction – Corporate Governance Model and Sustainability Management				
	2-14 Role of the highest governance body in sustainability reporting	Introduction – Corporate Governance Model and Sustainability Management				
	2-15 Conflicts of interest	Legality, ethics and anti-corruption				
	2-16 Communication of critical concerns	Legality, ethics and anti-corruption				
	2-17 Collective knowledge of the highest governance body	Education, training and development of people				
	2-18 Evaluation of the performance of the highest governance body	Education, training and development of people – Remuneration and compensation				
	2-19 Remuneration policies	Education, training and development of people – Remuneration and compensation				
	2-20 Process to determine remuneration	Education, training and development of people – Remuneration and compensation				
	2-21 Annual total compensation ratio	Education, training and development of people – Remuneration and compensation				

	2-22 Statement on sustainable development strategy	Directors' report on operations – Letter to shareholders				
	2-23 Policy commitments	Protection of human rights, reduction of inequalities and respect for diversity and inclusion				
	2-24 Embedding policy commitments	Protection of human rights, reduction of inequalities and respect for diversity and inclusion				
	2-25 Processes to remediate negative impacts	Sustainable agricultural practices, animal welfare and attention to raw materials Quality, safety and traceability of products Sustainable packaging Listening to and protecting the consumer Valuing the territory and communities the Group operates in Protecting the health and safety of workers Employment protection Education, training and empowerment of people Protection of human rights, reduction of inequalities, respect for diversity and inclusion Transparent governance and corporate identity Legality, ethics and anti-corruption Responsible development and growth				
	2-26 Mechanisms for seeking advice and raising concerns	Legality, ethics and anti-corruption				
	2-27 Compliance with laws and regulations	Process environmental impact – Waste management and spills Legality, ethics and anti-corruption				
	2-28 Membership in associations	Promoting the regions and communities the Group operates in				

	2-29 Approach to stakeholder engagement	Introduction – Stakeholder Engagement				
	2-30 Collective bargaining agreements	Employment protection				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Introduction – Materiality				
	3-2 List of material topics	Introduction – Materiality				
Sustainable farming practices, animal welfare and attention to raw materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable farming practices, animal welfare and attention to raw materials				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable farming practices, animal welfare and attention to raw materials		Information unavailable/incomplete	Incomplete information for the foreign companies Newlat GmbH and EM Foods as there is no structured data collection. The Group will report on these figures in future years.	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable farming practices, animal welfare and attention to raw materials		Information unavailable/incomplete	Incomplete information for the foreign companies Newlat GmbH and EM Foods as there is no structured data collection. The Group will report on these figures in future years.	
Process environmental impact						
GRI 3: Material Topics 2021	3-3 Management of material topics	Process environmental impact				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Process environmental impact – Energy consumption and emissions				
	302-3 Energy intensity	Process environmental impact – Energy consumption and emissions				
	302-4 Reduction of energy consumption	Process environmental impact – Energy consumption and emissions				

GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Process environmental impact – Energy consumption and emissions				
	305-2 Energy indirect (Scope 2) GHG emissions	Process environmental impact – Energy consumption and emissions				
	305-4 GHG emissions intensity	Process environmental impact – Energy consumption and emissions				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Process environmental impact – Water management and use of water				
	303-2 Management of water discharge-related impacts	Process environmental impact – Water management and use of water				
	303-3 Water withdrawal	Process environmental impact – Water management and use of water				
GRI 306: Waste 2020	306-3 Waste generated	Process environmental impact – Waste management and spills				
	306-4 Waste diverted from disposal	Process environmental impact – Waste management and spills				
	306-5 Waste directed to disposal	Process environmental impact – Waste management and spills				
Sustainable packaging						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable packaging				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Sustainable packaging		Information unavailable/incomplete	The data are not processed quantitatively, but only qualitatively. The Company has set up a Working Group and will report on this issue in the coming years.	
Product quality, safety and traceability						
GRI 3: Material Topics 2021	3-3 Management of material topics	Product quality, safety and traceability				
GRI 416: Customer Health and Safety 2017	416-1 Assessment of the health and safety impacts of product and service categories	Product quality, safety and traceability				

Listening to and protecting the consumer						
GRI 3: Material Topics 2021	3-3 Management of material topics	Listening to and protecting the consumer				
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	Listening to and protecting the consumer – Consumer protection in compliance with current regulations				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Listening to and protecting the consumer – Consumer protection in compliance with current regulations				
Promoting the regions and communities the Group operates in						
GRI 3: Material Topics 2021	3-3 Management of material topics	Promoting the regions and communities the Group operates in				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Introduction - Business Model and Value Chain				
Protection of worker health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Protection of worker health and safety				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Protection of worker health and safety				
	403-2 Hazard identification, risk assessment, and incident investigation	Protection of worker health and safety				
	403-3 Occupational health services	Protection of worker health and safety				
	403-4 Worker participation, consultation, and communication on occupational health and safety	Protection of worker health and safety				
	403-5 Worker training on occupational health and safety	Protection of worker health and safety				

	403-6 Promotion of worker health	Protection of worker health and safety				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Protection of worker health and safety				
	403-9 Work-related injuries	Protection of worker health and safety				
	403-10 Work-related ill health	Protection of worker health and safety				
Employment protection						
GRI 3: Material Topics 2021	3-3 Management of material topics	Employment protection				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employment protection				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment protection				
Education, training and development of people						
GRI 3: Material Topics 2021	3-3 Management of material topics	Education, training and development of people				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Education, training and development of people				
Protection of human rights, reduction of inequalities and respect for diversity and inclusion						
GRI 3: Material Topics 2021	3-3 Management of material topics	Protection of human rights, reduction of inequalities and respect for diversity and inclusion				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Protection of human rights, reduction of inequalities and respect for diversity and inclusion				

GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of human rights, reduction of inequalities and respect for diversity and inclusion				
Transparent governance and corporate identity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Transparent governance and corporate identity				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Transparent governance and corporate identity				
GRI 207: Tax 2019	207-1 Approach to tax	Transparent governance and corporate identity – Tax management				
	207-2 Tax governance, control, and risk management	Transparent governance and corporate identity – Tax management				
	207-3 Stakeholder engagement and management of concerns related to tax	Transparent governance and corporate identity – Tax management				
	207-4 Country-by-country reporting	Transparent governance and corporate identity – Tax management				
Legality, ethics and anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Legality, ethics and anti-corruption				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Legality, ethics and anti-corruption				
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Legality, ethics and anti-corruption				
Responsible development and growth						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible development and growth				

ANNEXES

Annex 1/a: Certifications held by the company Centrale del Latte d'Italia S.p.A. – Plants

Certification/Authorisation	Turin	Rapallo	Vicenza	Florence	Lodi	Reggio Emilia	Salerno
Management System Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)	X	X	X	X	X	X	X
Plant export authorisation - South Korea	X			X	X	X	
Plant export authorisation - Custom Union					X		
Plant export authorisation - Panama					X		
Plant export authorisation - Brazil					X	X	
Plant export authorisation - China	X			X	X		
Plant export authorisation - Saudi Arabia				X			
ORGANIC (EU Reg. 848/2018)	X	X	X	X	X	X	X
BRCGS/BRCGS (not published)			X	X	X		
DT 87 - Technical Document for the certification of the A2A2 Milk Supply Chain	X	X					

DT 86: Document for the certification of dairy products made with milk from farms having certification issued by CReMBA on animal welfare	X	X					
Control service applied to animal welfare according to requirements that are more restrictive than the law, verified through Classyfarm and the requirements of the "Sustainable Production Chain of Tuscan Cow's Milk" specifications				X			
US FDA Registration			X		X		
FSSC 22000	X	X					
IFS/IFS (not published)			X	X	X	X	
UNI EN ISO 14001:2015	X	X	X	X			
UNI EN ISO 22005:2008	X	X		X			
UNI EN ISO 14064:2018				X			
UNI EN ISO 9001:2015 (multisite)	X	X	X	X	X	X	X
Kosher					X		
Halal	X		X	X	X	X	
NON-GMO (US products only)			X				
SMETA					X	X	

UNI CEI EN ISO/IEC 17025:2018				X			X
Registration regional HACCP laboratories list Tuscany region				X			
Vegan			X				
Development of national livestock productions “Guarantee of Animal Welfare”							X
Environmental Product Declarations (EPDs)				X (4)			

Annex 1/b: Certifications held by the company Newlat Food S.p.A.

Certification/Authorisation	Cremona	Bologna	Sansepolcro	Fara S. Martino	Eboli	Ozzano Taro
Management System Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)	X	X	X	X	X	X
Plant export authorisation - China						X
ORGANIC (EU Reg. 848/2018)	X		X	X	X	X
ORGANIC (JAS – Japanese Agriculture Standard)				X		
ORGANIC (IBD - Brazil Standard)				X		
BRCGS/BRCGS (not published)	X		X	X	X	X
US FDA Registration	X		X	X	X	X
IFS/IFS (not published)	X		X	X	X	X
UNI EN ISO 14001:2015						X

UNI EN ISO 22005:2008				X		
UNI EN ISO 9001:2015 (multisite)	X	X	X	X	X	X
Kosher	X	X	X	X	X	X
Halal						X
NON-GMO (US products only)				X		
SMETA	X	X	X	X	X	X
UNI CEI EN ISO/IEC 17025:2018						X
Vegan				X		

Annex 1/c: Certifications held by the company Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A. - Warehouses

Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A.	Warehouses									
Certification	**San Vincenzo**	**Livorno**	**Grosseto**	**Massa**	**Elba**	**Arezzo**	**San Pietro (Rapallo)**	**Pozzuoli**	**Rome**	**Lecce**
Organic (EU Reg. 834/2007)	X	X	X	X	X	X	X	X	X	X
UNI EN ISO 9001:2015 (multisite)	X	X	X	X	X	X	X	X	X	X
UNI EN ISO 14001:2015							X			

Annex 1/d: Certifications held by Newlat Deutschland GmbH and Symington's Ltd and EM Foods S.A.S.

Newlat GmbH	Plants
Certification	Mannheim
Organic	X
Gluten-free	X
IFS	X
ISO50001	X
Kosher	X
Schwäbische Spätzle	X

EM Foods	Plants
Certification	Ludres
AOECS	X
Organic	X
FSSC22000	X
RSPO	X
RFA	X

Symington's Ltd.	Plants		
Certification	Dartmouth Way - Leeds	Bradford	Consett
BRCGS	X	X	X
RSPO	X	X	X
SMETA	X	X	X
Halal			X

Annex 2/a: Share of turnover derived from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2023

Financial Year N	*2023*			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	Code (a) (2)	Turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (taxonomy-aligned)																			
N/A	N/A	€0,00	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		
Of which enabling			0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0%	E	
Of which transitional			0,00%	0,00%													0%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*										
N/A	N/A	€0,00	0,00%	N/A	N/A	N/A	N/A	N/A	N/A										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€0,00	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		€0,00	0,0%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0,00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		€793.339.000	100%																
TOTAL		€793.339.000																	

	Proportion of turnover/Total	
	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	*0,00%*	*0,00%*
CCA	*0,00%*	*0,00%*
WTR	*0,00%*	*0,00%*
CE	*0,00%*	*0,00%*
PPC	*0,00%*	*0,00%*
BIO	*0,00%*	*0,00%*

Annex 2/b: Share of capital expenditure from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2023

Financial Year N	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	**Code (a) (2)**	**CapEx (3)**	**Proportion of CapEx, year 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaption (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaption (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		EUR	%	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	€2.674,66	0,01%	Yes	No	N/EL	N/EL	N/EL	N/EL	N/A	Yes	N/A	Yes	N/A	N/A	Yes	0%	E	
Construction, extension and operation of waste water collection and treatment	5.3 CCM	€827.425,00	3,32%	Yes	No	N/EL	N/EL	N/EL	N/EL	N/A	Yes	Yes	Yes	N/A	Yes	Yes	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€830.099,66	3,33%	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0%		
Of which enabling			0,01%	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N/A	Yes	N/A	Yes	N/A	N/A	Yes	0%	E	
Of which transitional			0,00%	0,00%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				AM; N/AM (f)	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*	*AM; N/AM (f)*										
			%														%		
Installation, maintenance and repair of energy efficiency equipment	7.3 **CCM**/CCA	€215.047,84	0,86%	EL	EL	N/EL	N/EL	N/EL	N/EL								1,36%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4 **CCM**/CCA	€28.578,76	0,11%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Construction, extension and operation of waste water collection and treatment	5.3 **CCM**/CCA	€36.753,07	0,15%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Electricity generation using solar photovoltaic technology	4.1 **CCM**/CCA	€0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								2,37%		
Construction, extension and operation of water collection, treatment and supply systems	5.1 **CCM**/CCA	€0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,16%		
Renovation of existing buildings	7.2 **CCM**/CCA	€0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,41%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€280.379,67	1,12%	1,12%	0,00%	0,00%	0,00%	0,00%	0,00%								4,30%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		€1.110.479,33	4,5%	4,45%	0,00%	0,00%	0,00%	0,00%	0,00%								4,30%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		€23.828.057,67	95,5%																
TOTAL		€24.938.537,00																	

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	*3,33%*	*1,12%*
CCA	*0,00%*	*0,00%*
WTR	*0,00%*	*0,00%*
CE	*0,00%*	*0,00%*
PPC	*0,00%*	*0,00%*
BIO	*0,00%*	*0,00%*

Annex 2/c: Share of operating expenses arising from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2023

Financial year N	*2023*			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm) (h)									
Economic Activities (1)	**Code (a) (2)**	**OpEx (3)**	**Proportion of OpEx, year 2023 (4)**	**Climate change mitigation (5)**	**Climate change adaption (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate change mitigation (11)**	**Climate change adaption (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
		EUR	%	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	*Yes; No; N/EL (b) (c)*	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	€59.843,85	0,01%	Yes	No	N/EL	N/EL	N/EL	N/EL	N/A	Yes	N/A	Yes	N/A	N/A	Yes	0%	E	
Construction, extension and operation of water collection, treatment and supply systems	5.1 CCM	€4.688,00	0,00%	Yes	No	N/EL	N/EL	N/EL	N/EL	N/A	Yes	Yes	N/A	N/A	Yes	Yes	0%		
Construction, extension and operation of waste water collection and treatment	5.3 CCM	€183.535,40	0,02%	Yes	No	N/EL	N/EL	N/EL	N/EL	N/A	Yes	Yes	Yes	N/A	Yes	Yes	0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		€248.067,25	0,03%	100,00%	0,00%	0,00%	0,00%	0,00%	0,00%								0%		
Of which enabling			0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E	
Of which transitional			0,00%	0,00%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*										
Installation, maintenance and repair of energy efficiency equipment	7.3 **CCM**/CCA	€21.750,30	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,03%		
Construction, extension and operation of water collection, treatment and supply systems	5.1 **CCM**/CCA	€2.806,26	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Construction, extension and operation of waste water collection and treatment	5.3 **CCM**/CCA	€177.105,55	0,02%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,03%		
Collection and transport of non-hazardous waste in source segregated fractions	5.5 **CCM**/CCA	€1.913,08	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,00%		
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	4.30 **CCM**/CCA	€0,00	0,00%	EL	EL	N/EL	N/EL	N/EL	N/EL								0,14%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		€203.575,19	0,03%	0,03%	%	%	%	%	%								0,2%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		€451.642,44	0,06%	0,06%	%	%	%	%	%								0,2%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		€769.447.553,56	99,94%																
TOTAL		€769.899.196,00																	

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	*0,03%*	*0,06%*
CCA	*0,00%*	*0,00%*
WTR	*0,00%*	*0,00%*
CE	*0,00%*	*0,00%*
PPC	*0,00%*	*0,00%*
BIO	*0,00%*	*0,00%*

Annex 2/d Nuclear and fossil gas related activities – Disclosure for the year 2023

Row	**Nuclear energy related activities**	Yes/No
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	Yes/No
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

The Company leases three cogeneration plants. As a precautionary measure, given the possible incompleteness and inaccuracy of these cost items, they have not been included among the eligible expenses. A more structured reporting process will be implemented for future periods, in line with regulatory developments. Additionally, these plants do not meet the technical screening criteria outlined in the Annex to EU Delegated Regulation 2022/1214, and the related expenses are therefore not aligned with the objectives of the Taxonomy

Independent Auditor’s Report

[*GRI 2-5*: External Assurance]

Independent auditor’s report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of legislative decree no. 254/2016 and article 5 of CONSOB regulation adopted with resolution no. 20267 of January 2018

To the board of directors of Newlat Food SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the “Decree”) and article 5, paragraph 1, letter g) of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Newlat Food SpA and its subsidiaries (the “Group”) for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 18 March 2024 (the “NFS”). Our review does not extend to the information set out in the paragraph “Regulation EU 852/2020” of the NFS, required by article 8 of European Regulation 2020/852

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the “Global Reporting Initiative Sustainability Reporting Standards” published in 2021 by the GRI – Global Reporting Initiative (the “GRI Standards”), disclosed within the paragraph “Methodological Note” of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group’s activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereafter "ISAE 3000 Revised")* issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("Reasonable Assurance Engagement"), and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of personnel of the companies involved and responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;

2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;

3. understanding of the following matters:

   - business and organizational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
   - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

   With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;

4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

   In detail, we held meetings and interviews with the management of Newlat Food SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

   Moreover, for material information, considering the activities and characteristics of the Group:

   - at a group level,

     a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
     b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.

   - for the Florence site of Centrale del latte di Italia SpA, Fara San Martino site of Newlat Food SpA and for the Leeds, Consett and Bradford sites of Symington's Ltd which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we carried out meetings with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Newlat Food Group for the year ended on 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Newlat Food Group do not extend to the information set out in the paragraph "Regulation EU 852/2020" of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Davide Abramo Busnach
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2023 translation.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
in accordance with article 123-bis of the TUF
(traditional administration and control model)

Issuer: Newlat Food S.p.A.
Website: www.newlat.it
Year to which the Report refers: 2023
Date of approval of the report: 18/03/2024

GLOSSARY

Shareholders' Meeting: the Shareholders' Meeting of the Issuer.

CLI: Centrale del Latte d'Italia S.p.A.

Corporate Governance Code: The Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee and published on 31 January 2020.

Civil Code: the Italian Civil Code.

Corporate Governance Committee: the Italian Committee for the Corporate Governance of Listed Companies, constituted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board of Directors: the Issuer's Board of Directors.

Issuer/Newlat/Company: the issuer of transferable securities to which the Report refers.

Financial Year: the 2023 financial year which the Report refers to.

Newlat Group or Group: jointly the Issuer and the companies directly and/or indirectly controlled by it pursuant to article 2359 of the Italian Civil Code and article 93 of the TUF.

Consob Issuers’ Regulation: the Regulation issued by Consob with Resolution no. 11971 of 1999 (as subsequently amended) on issuers.

Consob Markets Regulation: the Regulation issued by Consob with Resolution no. 20249 of 2017 on markets.

Consob Related Parties Regulation: the Regulation issued by Consob with Resolution no.17221 of 12 March 2010 (as subsequently amended) on related party transactions.

Report: the report on corporate governance and ownership structure that companies are required to draw up pursuant to article 123-bis of the Consolidated Law on Finance.

Remuneration Report: the report on remuneration policy and compensation paid that companies are required to prepare and publish pursuant to article 123-ter of the Consolidated Law on Finance and 84-quater Consob Issuers' Regulation.

Consolidated Law on Finance/TUF: Italian Legislative Decree no. 58 of 24 February 1998.

Unless otherwise specified, the definitions of the Corporate Governance Code relating to Directors, Executive Directors, Independent Directors, Chief Executive Officer (CEO), Board of Statutory Auditors, Business Plan and Sustainable Success are also to be understood by reference.

ISSUER PROFILE

Issuer's corporate mission

The Issuer is at the head of the Newlat Group, an important player in the Italian and European agri-food sector, with a strong position in its domestic market and a significant presence in the German market, and the English market as well. 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. The Group's products are marketed through numerous trademarks, many of which are known nationally and internationally.

The Newlat Group has grown over the years thanks to the implementation of organic growth policies, but, above all, thanks to external growth, having perfected over the last 10 years multiple acquisitions from leading national and international counterparties in the agri-food sector.

The Newlat Group currently uses 18 production facilities, including 14 sites in Italy, one in Germany, three in the UK and one in France.

The Newlat Group's product range is divided into the following business units: (i) Pasta; (ii) Milk Products; (iii) Dairy Products; (iv) Bakery Products; (v) Special Products (gluten-free products; low-protein products and products for infants and children up to 3 years of age); (vi) Instant Noodles & bakery mixes (soups, various ready meal dishes and dessert preparations) and (vii) Other Products (such as sauces, as well as salads and sausages). In addition to products marketed under its own brands, Newlat produces for third parties and for the private label market.

The Newlat Group’s mission is to pursue the well-being of the consumer by producing healthy, high-quality products at affordable prices, promoting the best of Italian tradition and leveraging an international production and trade platform.

The Newlat Group's vision is to purvey "Made in Italy" brands that are representative of healthy food and that enjoy worldwide distribution, and to act as a consolidating player in the agri-food sector. The activity of the Newlat Group also relies on the following reference values: healthy foods and solid business.

On 29 October 2019 (the "Trading Start Date"), the Issuer was admitted to trading on the STAR segment of the MTA (now ESM - Euronext Star Milan) with the ticker symbol NWL.

On 30 March 2020, Newlat Group S.A., the parent company of Newlat Food S.p.A., entered into a purchase and sale agreement, as the buyer, with Finanziaria Centrale del Latte di Torino S.p.A., Lavia – Partnership, Luigi Luzzati, Marco Fausto Luzzati, Carla Luzzati and Sylvia Loew, as the sellers, under which Newlat Group S.A. purchased 6,473,122 ordinary shares of Centrale del Latte d'Italia S.p.A., representing 46.24% of the share capital and voting rights, against the payment, for every three CLI shares subject to purchase and sale, of a total consideration of Euro 3.00 and 1 ordinary share of Newlat Food held by Newlat Group S.A., corresponding to a unit price for each share subject to purchase and sale of Euro 1.00 and 0.33 Newlat Food ordinary shares. The transaction allowed the sellers to become shareholders of Newlat Food S.p.A. with a total shareholding of 5.30% before the future share capital increase the public purchase and exchange offer.

The operation was not subject to any conditions precedent. Newlat Group S.A. and the sellers executed the purchase and sale agreement on 1 April 2020.

Newlat Group S.A. assigned to Newlat Food S.p.A. the shares subject to purchase and sale that were purchased by Newlat Group S.A. within the meaning of the aforementioned agreement, as well as an additional 187,120 ordinary shares of Centrale del Latte d'Italia S.p.A., representing 1.34% of share capital already held by Newlat Group, for a total of 6,660,242 ordinary shares, representing 47.57% of the share capital under the same financial terms as the agreement entered into with the previous sellers and, therefore, against payment of a cash consideration by Newlat Food.

As a result of the acquisition of the interest in Centrale del Latte d'Italia S.p.A., Newlat Food launched a mandatory public purchase and exchange offer (the "PPEO") on the remaining ordinary shares, pursuant to and in accordance with applicable law, at the same consideration paid to Newlat Group S.A. (as well as the same consideration paid by Newlat Group S.A. to the sellers) and, therefore, equal to 0.33 newly issued Newlat Food ordinary shares and Euro 1 for each Centrale del Latte d'Italia S.p.A. ordinary share attached to the PPEO.

Newlat Food S.p.A.'s subscription offer to the shareholders of Centrale del Latte d'Italia S.p.A. finished at the end of July 2020. Based on these results, 2,803,460 ordinary Centrale del Latte d'Italia S.p.A. shares were signed up to the offer, accounting for 20.02% of CLI's share capital and 38.19% of the ordinary shares targeted by the offer. Also taking into account the 6,660,242 ordinary Centrale del Latte d'Italia S.p.A. shares making up the offeror's existing majority stake, the final results show that at 30 July 2020, Newlat Food S.p.A. owned a total of 9,463,702 ordinary Centrale del Latte d'Italia S.p.A. shares, equal to 67.59% of its share capital. Newlat Food S.p.A. paid to each shareholder who took up the offer a consideration of Euro 1 and 0.33 newly issued ordinary Newlat Food S.p.A. shares, which resulted from the share capital increase approved by Newlat's Shareholders' Meeting on 25 June 2020. Payment of the consideration for the shares that were signed up to the offer during the take-up period took place on 31 July 2020.

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 €150 million and a maximum of €200 million. The duration of the bond is set at six years from the date of issue.

On 19 February 2021 a bond was successfully issued, called "Up to € 200,000,000 Senior Unsecured Fixed Rate Notes due February 2027" at an interest rate of 2.625%.

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.

On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022.

As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The transaction was closed on 2 January 2023.

With the acquisition of EM Foods S.A.S., the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers.

At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.

<u>Adopted corporate governance system</u>

The Issuer's corporate governance system reflects the articles of association approved on 8 July 2019 by the Extraordinary Shareholders' Meeting of the Company in order to adjust the Issuer's corporate governance system following the start of trading of shares on Euronext Star Milan, as last amended on 25 June 2020 by the Extraordinary Shareholders' Meeting of the Company due to the share capital increase, approved at the same meeting (the "Articles of Association").

The Company's corporate governance system is consistent with the principles contained in the Corporate Governance Code, which the Company has applied since the 2021 financial year, informing the market in this Report.

The Company is organised according to the traditional model featuring the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors. The characteristics of these bodies are provided below in the dedicated parts of the Report.

On 8 July 2019, the Issuer's Ordinary Shareholders' Meeting awarded the audit firm PricewaterhouseCoopers S.p.A. ("PwC") the assignment to audit the accounts (including the audit of the regular keeping of the accounts, as well as the proper recording of operations in the accounting records) for the 2019-2027 financial years, for the Issuer's financial statements and the Newlat Group's consolidated financial statements. Also by resolution of 8 July 2019, the Issuer's Ordinary Shareholders' Meeting appointed PwC to carry out a limited audit of the Newlat Group's condensed consolidated half-year financial statements for the six-month periods as at 30 June 2020 - 2027.

As defined in article 2497 et seq. of the Italian Civil Code, the Issuer is subject to the management and control of Newlat Group S.A. For more information on this management and control, please refer to paragraph 2 (l) of the Report.

Sustainable success

The Issuer pays particular attention to sustainable development issues in environmental, social and governance terms. During the 2023 financial year the implementation of activities aimed at pursuing sustainable success continued.

In order to create long-term value for the benefit of its shareholders, taking into account the interests of the Company's relevant stakeholders, Newlat has maintained an ongoing dialogue with these parties, taking care to concretely incorporate their input by launching a stakeholder engagement plan.

In order to pursue the objective set, the Issuer (i) has identified an internal management committee made up of the structures mainly involved in sustainable development with the task of supporting the Board of Directors; (ii) has updated the materiality matrix that defines priorities in terms of impact on ESG issues; (iii) has included quantitative and qualitative ESG KPIs in its remuneration policy alongside the original purely financial indicators; (iv) has strengthened the internal control and risk management system by updating the ERM model to include ESG risks.

By incorporating performance objectives that are not only financial in nature, Newlat pays concrete attention to the environmental and social role of its business, which, among other goals, aims to manage its impacts on stakeholders.

Moreover, since the first year of listing the Company has been preparing the Non-Financial Statement pursuant to Italian Legislative Decree no. 254/16, which illustrates – to the extent necessary to ensure an understanding of the company's operations – its performance, its results and the impact it has produced, environmental, social and personnel issues, respect for human rights and the fight against active and passive corruption. This document also incorporates the outcome of a screening exercise performed on so-called Taxonomy-eligible activities under Regulation EU 2020/852.

Nature of SMEs

For the purposes of Article 1, paragraph 1, letter w- quater 1) of the TUF,[37] "SME" refers to: "... the small and medium enterprises that are issuers of listed shares and that have a market capitalisation of less than Euro 500 million. The issuers of listed shares that have exceeded that limit for three consecutive years are not considered SMEs".

The market capitalisation of the Issuer as at 31 December 2023 was Euro 345,329,493. In consideration of the above, the Issuer falls within the aforementioned definition of "SMEs" for all purposes envisaged by current legislation.

[37] Text currently in force (see art. 44-bis of Legislative Decree no. 76 of 16.7.2020, converted by Law no. 120 of 11.9.2020 which abolished the turnover parameter).

INFORMATION ON PROPRIETARY ASSETS (pursuant to article 123-bis, paragraph 1 of the TUF) as at
18 March 2024

(a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a) of the TUF)

As of the date of the Report, the share capital was subscribed and paid in for Euro 43,935,050.00 (forty-three million nine hundred thirty-five thousand fifty/00), divided into 43,935,050 ordinary shares with no indication of par value, corresponding to 68,665,050 total voting rights due to the vesting of the increased voting right as per letter d) below.

On 8 July 2019, the Issuer's Extraordinary Shareholders' Meeting approved a paid capital increase entailing a share split, excluding the option rights, pursuant to and for the purposes of article 2441, paragraph five, of the Italian Civil Code, to be executed in one or more tranches, before 31 December 2020, for a maximum amount of Euro 200,000,000, including any premium, by issuing a maximum number of 23,000,000 ordinary shares without an indication of par value, a maximum number set by the Board of Directors according to their issue price, to be offered as part of the private placement of the shares deriving from this capital increase, reserved for institutional investors,38 essential to the Listing.

The capital increase described above was carried out in the amount of Euro 13,780,482 by issuance of 13,780,482 shares, as per the declarations pursuant to article 2444 of the Italian Civil Code, filed with the Reggio Emilia Register of Companies on 29 October 2019 and 29 November 2019 respectively.

Subsequently, on 25 June 2020 the Extraordinary Shareholders' Meeting of the Company resolved on a new capital increase to serve the full mandatory public purchase and exchange offer announced by the Company on 1 April 2020 and concerning all CLI shares, less those already held by the Issuer.

Specifically, the Company approved a dissoluble paid-in capital increase excluding the option right pursuant to art. 2441, fourth paragraph, first sentence of the Italian Civil Code, to be executed on one or more occasions and also in several tranches, for a maximum amount, including a premium, of Euro 24,080,032, and more precisely for a maximum amount of Euro 4,666,673 in addition to a maximum premium of Euro 19,413,359, through the issue of a maximum number of 4,666,673 ordinary shares without the indication of par value, having regular dividend rights and the same characteristics as ordinary shares already in circulation, at an issue price per share of Euro 5.16 (charged for Euro 1 in capital and Euro 4.16 in premium), by 31 December 2020 by means of a contribution in kind (i) of 6,660,242 ordinary shares of CLI by Newlat Group S.A.; and (ii) of CLI ordinary shares subject to the PPEO.

The capital increase was carried out in two tranches in the amount of Euro 3,154,568 by issuance of 3,154,568 shares, as per the declarations pursuant to article 2444 of the Italian Civil Code, filed with the Reggio Emilia Register of Companies on 31 July 2020 and 6 August 2020 respectively.

38 Qualified investors as defined in article 34-ter, paragraph 1, letter b) of the Issuers Regulation and foreign institutional investors within the meaning of Regulation S of the United States Securities Act of 1933, as subsequently amended, with the exception of investors in the United States of America, Australia, Canada, Japan and any other country in which the offer of financial instruments is not permitted without authorisation by the competent authorities.

(b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b) of the TUF)

There is no restriction on the free transfer of the Issuer's shares nor any limitation on their possession, nor are there any approval clauses for access to Newlat's ownership structure, pursuant to the law or the Articles of Association.

(c) Significant shareholdings (pursuant to article 123-bis, paragraph 1, letter c) of the TUF)

On the basis of the information available at the date of this Report, shareholders that hold stakes equal to or greater than 5% of the voting capital, directly and/or indirectly, including through intermediaries, trustees and subsidiaries, are shown in the following table:

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Angelo Mastrolia	Newlat Group S.A.	61.658%	75.455%

(d) Securities conferring special rights (pursuant to article 123-bis, paragraph 1, letter d) of the TUF)

At the date of the Report there are no securities conferring special rights of control.

Pursuant to the provisions of Article 127-quinquies of the TUF and in accordance with Art. 44 of the Consolidated Act on Post Trading, as amended by Consob and the Bank of Italy Order of 10 October 2022, each share gives the right to double voting rights (i.e. two votes for each share) if the share is owned by the same person by virtue of a right in rem legitimating the exercise of voting rights (full ownership with voting rights or bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least 36 months from the date of its registration in the list established for this purpose (the "List"), kept by the Company, in compliance with applicable laws and regulations.

The Company shall register and update the List on a quarterly basis or whenever dictated by sector regulations and, in any case, by the record date for the Shareholders' Meeting, provided that the allotment conditions of the previous paragraph have occurred before said record date.

The increase of voting rights is also calculated for the purposes of determining constituent and deliberative quorums that refer to portions of share capital, but it does not affect the non-voting rights due by virtue of the possession of certain portions of share capital.

(e) Employee ownership: mechanism for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e) of the TUF)

The Articles of Association make no special provision for the exercise of employees' voting rights.

(f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f) of the TUF)

There are no special provisions in the Articles of Association that restrict or limit voting rights or separate the financial rights attached to securities from their ownership.

(g) Shareholder agreements (pursuant to article 123-bis, paragraph 1, letter g) of the TUF)

At the date of the Report, the Issuer is not aware of any shareholder agreements pertaining to the Shares within the meaning of article 122 of the TUF.

(h) Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h) of the TUF) and Articles of Association provisions on takeover bids (pursuant to articles 104, paragraph 1-ter and 104-bis, paragraph 1 of the TUF)

Change of control clauses

On 7 July 2020, CLI entered into a loan agreement with MPS Capital Services Banca per le Imprese S.p.A. and Deutsche Bank S.p.A. (the "Loan Agreement") for a maximum amount of Euro 31,500,000.00 at the Euribor rate increased by a margin of 175 basis points, to be repaid within 72 months from the date of signing the agreement. The Company granted the aforementioned lending banks a first-demand personal guarantee for the maximum total amount equal to the principal amount of the loan, as well as the related interest, charges and other accessories. Under the Loan Agreement, in the event of a change of control,[39] CLI shall repay the loan in full, pay interest, as well as any other amount due to the banks no later than 15 working days from such event.

Provisions on takeover bids in the articles of association

The Articles of Association do not derogate from the passivity rule provisions referred to in article 104, paragraph 1 and 1-bis of the TUF, nor do they make provision for application of the neutralisation rules referred to in article 104-bis, paragraphs 2 and 3, of the TUF.

39 There is a "change of control" under the Loan Agreement if (i) the Company ceases at any time to hold control of CLI or in any case a shareholding of at least 50% + 1 of CLI's voting share capital, or (ii) Angelo Mastrolia ceases at any time to hold the position of Chairman of CLI's Board of Directors.

(i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m) of the TUF)

Increase the share capital

Pursuant to the Articles of Association, the Shareholders' Meeting, by means of a special resolution adopted in an extraordinary session, may grant the Board of Directors the power, pursuant to article 2443 of the Italian Civil Code, to increase the capital on one or more occasions up to a specified amount and for a maximum period of 5 (five) years from the date of the resolution, also excluding the option right. The capital increase resolution adopted by the Board of Directors in execution of this delegation of power must be recorded in the minutes drawn up by the Notary.

Without prejudice to the other cases of exclusion or limitation of the option right provided for by applicable laws and regulations, in paid capital increase resolutions, the option right may be excluded up to a maximum of 10% (ten per cent) of the existing share capital, provided that the issue price corresponds to the market value of the shares and this is confirmed in a special report by an independent auditor or an external audit firm pursuant to article 2441, paragraph 4 of the Italian Civil Code.

The Articles of Association provide that the Company may issue equity instruments, in compliance with the provisions of law.

At the date of the Report, the Board of Directors was delegated neither to increase the share capital pursuant to article 2443 of the Civil Code nor to issue equity instruments.

Authorisations to purchase treasury shares

Pursuant to article 2357 and following of the Italian Civil Code, as well as the combined provisions of article 132 TUF and article 144-bis of Consob Issuers' Regulation no. 11971/99, and in any case in any other manner allowed under applicable laws and regulations, the Ordinary Shareholders' Meeting convened on 27 April 2023 authorised the purchase of one or more tranches of common shares of Newlat Food S.p.A. up to a maximum number that, taking into account treasury shares held from time to time in the portfolio by the Company and its subsidiaries, does not in the aggregate exceed one-fifth of the Company's share capital as defined in article 2357, section 3, of the Italian Civil Code, or any other maximum amount envisaged by the laws in force at any given time. The authorisation to purchase treasury shares is aimed at providing the Company with a stock of treasury shares at its disposal, using, selling them at any time, in full or in part, on one or more occasions and with no time limits, as part of extraordinary transactions such as, among others, swaps, contributions, exchanges, corporate and/or financial transactions of an extraordinary nature on the capital or even financing transactions and operations of an extraordinary nature such as, among others, mergers or similar, sales and acquisition projects and/or future industrial projects in line with the Company's corporate development strategy, as well as in the context of exchange and/or sale of share packages and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed of financial and/or management interest to the Company as well as to proceed with any acts of disposal of treasury shares acquired also to allow to seize the opportunities for maximising the value that may derive from operations, and therefore also for trading.

The authorisation has a duration of 18 months from the date of the resolution of the Ordinary Shareholders' Meeting.

On 9 June 2023 Newlat sold 3,900,000 of its own shares, or 8.88% of the share capital, to a group of institutional investors including Helikon Investments Limited and Banor S.I.M. at a price of Euro 5.80 per share. The same investors also signed an option agreement for the purchase of the remaining part of the Company's own shares under certain conditions.

As at 31 December 2023, the Company had 1,354,336 treasury shares.

The subsidiaries do not hold any shares of the Company.

At the date of the Report, the Company owned 1,608,494 treasury shares, accounting for 3.66% of share capital and 2.34% in terms of voting rights.

(j) Management and control activities (pursuant to articles 2497 et seq. of the Italian Civil Code)

The Issuer is subject to management and control activities by Newlat Group S.A. pursuant to article 2497 et seq. of the Italian Civil Code.

* * *

Note also that the information required by article 123-bis, paragraph 1, letter i) ("agreements between companies and directors...providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a takeover bid") is contained in the section of this Report dedicated to remuneration (Section 8).

The information required by article 123-bis, paragraph 1, letter l), first part ("rules applicable to the replacement of directors...if different from and additional to the applicable legislative and regulatory provisions") are illustrated in the section of this Report on the Board of Directors (Sec. 4.2).

Finally, the information required by art. 123-bis, paragraph 1, letter l), second part ("the rules applicable...to the amendment of the articles of association, if different from and additional to the applicable legislative and regulatory provisions") are illustrated in the section of the Report on the Shareholders' Meeting (Sec. 13).

COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), first part, of the TUF)

The Issuer has acceded to the Corporate Governance Code, applying it from 2021, which is available to the public on Borsa Italiana's website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf).

In accordance with the "comply or explain" principle underlying the Corporate Governance Code and in line with EU Recommendation no. 208/2014, this Report gives an account of the recommendations which the Company has not presently decided to comply with in part or in full.

Neither the Issuer nor its subsidiaries are subject to non-Italian legal provisions that influence the Issuer's corporate governance structure.

BOARD OF DIRECTORS

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors:

i. Guides the Company pursuing its sustainable success: (i) By implementing a strategy incorporating environmental, social and governance elements, (ii) including qualitative ESG KPIs in the remuneration policies; (iii) strengthening the internal control and risk management system by assessing, monitoring and managing ESG risks.

ii. Defines its own strategies and those of the Group aimed at the pursuit of sustainable success by conducting a materiality analysis for ESG issues to identify the main risks and opportunities based on the impacts on its stakeholders and identifying ways to manage these, constantly monitoring their proper implementation.

iii. Defines the system of corporate governance that is most suitable for carrying out the company's operations and pursuing its strategies.

iv. Promotes dialogue with shareholders and stakeholders relevant to the Company through the organisation of and/or participation in workshops and specially organised one-to-one meetings with shareholders, investors, analysts and other stakeholders, aimed at understanding market demands and their suggestions in order to create value in the long term.

Pursuant to article 16 of the Articles of Association, the Board of Directors is vested with all powers for the ordinary and extraordinary management of the Company.

The Board of Directors is responsible, without prejudice to the limits of the law and without the power of delegation, for decisions relating to: a) mergers and demergers, in the cases referred to in articles 2505 and 2505-bis of the Civil Code, also as referred to in article 2506-ter of the Civil Code; b) the establishment and closure of branches; c) which directors can formally represent the company; d) possible capital reductions should one or more shareholders withdraw; e) bringing the articles of association into line with legal and regulatory provisions; f) the transfer of the registered office within Italy; g) the issuance of bonds within the limits provided for by applicable laws and regulations.

The Board of Directors also:

- reviews and approves the strategic, industrial and financial plans of the Company and the Group, regularly monitoring their implementation;
- defines the Issuer’s corporate governance system and the Group's structure;
- defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all risks that may become significant in terms of sustainability in the medium to long term;
- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets;

- assesses the adequacy of the organisational, administrative and accounting structure of the Issuer as well as that of strategically important subsidiaries, with particular reference to the Internal Control and Risk Management System (ICRMS);
- establishes the frequency with which the delegated bodies must report to the Board on the activity carried out when exercising the powers conferred on them;
- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets;
- decides on the operations of the Issuer and its subsidiaries, where such operations are strategic or of significant importance to the Issuer's results, assets and liabilities and cash flows;
- performs an evaluation of the functioning of the Board and its committees and of their size and composition, taking into account, inter alia, elements such as the professional characteristics and experience (managerial or otherwise) of the members, as well as their gender and seniority with an eye on diversity criteria;
- adopts, in order to ensure proper management of corporate information and as recommended by the Chief Executive Officer or the Chair of the Board of Directors, a procedure for the internal management and external disclosure of documents and information concerning the Issuer, with particular reference to inside information.

In 2023 the Board of Directors did not deem it necessary or appropriate to develop justified proposals to be submitted to the Shareholders' Meeting for the definition of a corporate governance system that is more functional to the company's needs, as better described in Section 13.

The Board of Directors adopted a policy for the management of dialogue with the general public, which is described in Section 12.

APPOINTMENTS AND REPLACEMENTS (pursuant to article 123-bis, paragraph 1, letter l) of the TUF)

Appointments

The Articles of Association, in compliance with the provisions of article 147-ter of the TUF, provide for the slate voting mechanism to be used for appointing directors.

The Company is administered by a Board of Directors with no fewer than 3 (three) members and no more than 15 (fifteen).

The appointment of the Board of Directors is resolved by the Ordinary Shareholders' Meeting on the basis of slates submitted by shareholders, in accordance with the procedure described below, without prejudice to other mandatory laws and regulations.

Shareholders who, at the time, hold – either individually or together with other submitting shareholders – a stake at least equal to the share determined from time to time by Consob pursuant to the applicable laws and regulations, are entitled to submit the slates. Ownership of the minimum stake is determined in relation to shares that are registered to the shareholder on the day when the slate is submitted to the Company, it being understood that the relevant certification may be produced between submission and the deadline for publication of the slate.

Each shareholder, the shareholders adhering to a shareholders' agreement pursuant to article 122 of the TUF, the parent company, subsidiaries, joint ventures and the other entities between which there is a direct or indirect link, pursuant to applicable laws and regulations, may submit – or contribute to the submission, even through an intermediary or trust company – and vote for only one slate.

Each candidate may appear on only one slate under penalty of ineligibility.

Each slate shall bear the names, marked with a sequential number, of no more than 15 (fifteen) candidates.

Each slate must include at least some candidates - in accordance with the provisions of applicable legislation - who meet the independence requirements prescribed by applicable laws or regulations (including the market regulations of Borsa Italiana S.p.A.), indicating them separately and placing one of them at the top of the list.

For the period of application of applicable laws and regulations on gender balance, each slate that presents a number of candidates equal to or greater than 3 (three) must include candidates of both genders, at least in the minimum proportion required by applicable laws and regulations.

The following must be filed when the slates are submitted:

- Information on the shareholders who have submitted the list, including their stake.
- A declaration by shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any direct or indirect link, within the meaning of applicable laws and regulations, with the latter.
- The curriculum vitae of the candidates and a statement in which each candidate declares, under his or her own responsibility, that there are no grounds for ineligibility and incompatibility and that he or she fulfils the conditions for appointment.

- Information on candidates and indication of any eligibility to qualify as an independent director in accordance with applicable legislation and with the codes of conduct on corporate governance adopted by the Company.

- A declaration from each candidate accepting their candidacy.

- Any other additional or different declaration, information and/or document required by applicable laws and regulations.

The slates are filed by the deadlines set out in applicable laws and regulations, as indicated in the notice of convocation at the Company's registered office or also communicated remotely, and made available to the public under the terms and conditions set out in applicable laws and regulations.

Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

Each person entitled to vote may vote for only one slate. Each shareholder votes for a particular slate and therefore all the candidates indicated therein, without the possibility of variations or exclusions.

Candidates will be appointed from the slates that have obtained the highest number of votes according to the following criteria:

a) From the slate that has obtained the highest number of votes ("**Majority Slate**"), all directors to be elected minus one shall be drawn in the progressive order in which they were listed.

b) from the second slate that has obtained the highest number of votes and that is not even indirectly connected with the shareholders who have submitted, or with those who have voted, the Minority Slate ("**Minority Slate**"), a director is drawn, in the person of the candidate indicated with the first number on said slate.

If votes are tied between lists, the Shareholders' Meeting, using the majorities specified in law, will vote again solely on the tied slates, with the list obtaining the highest number of votes during this second vote prevailing.

If the above methods fail to produce a Board of Directors that complies with provisions on independence requirements, the following procedure is followed: the candidate who does not meet the independent director requirements established by applicable laws and regulations and was elected last sequentially from the Majority Slate will be replaced by the first candidate sequentially from the same slate who does meet said requirements. If this procedure should also fail to ensure the necessary number of directors who meet the independence requirements established by applicable laws and regulations, candidates who do meet said requirements will be presented and the Shareholders' Meeting shall choose replacements using the majorities specified in law.

If the above methods fail to produce a Board of Directors that complies with provisions on gender balance, the candidates of the most represented gender elected last sequentially from the Majority Slate are replaced with the first unelected candidates of the other gender who appear on the same slate; where this is not possible, in order to ensure compliance with the aforementioned provisions on gender balance, the Shareholders' Meeting shall appoint the missing directors using the methods and majorities specified by law, without application of the slate vote.

In any case, slates that have not obtained a percentage of votes equal to at least half of that required for their submission will not be taken into account.

If only one slate has been submitted, the Shareholders' Meeting will vote on it and if it obtains a relative majority, the candidates listed will be elected as directors in sequential order, up to the number set by the Shareholders' Meeting, without prejudice to the obligation to appoint a number of directors who are independent pursuant to article 147-ter of the TUF equal to the minimum number established by the Articles of Association and by applicable laws and regulations, and to comply with the rules on gender balance, where applicable. If the minimum number of independent and least-represented-gender directors established by the Articles of Association and by current laws and regulations is not elected, the Shareholders' Meeting will replace the directors with the lowest sequential number who do not fulfil the relevant requirements with the subsequent candidates from the same slate who do. If applying this process fails to identify suitable replacements, the Shareholders' Meeting will hold another vote using the majorities specified by law. In this case, replacements will be made starting with the candidates with the lowest sequential number.

If the number of candidates in the Majority Slate and the Minority Slate is lower than the number of Directors to be elected, the remaining directors shall be elected by the Shareholders' Meeting with the majorities provided for by law, without prejudice to the obligation of the Shareholders' Meeting to appoint a number of independent and least-represented gender directors that is not less than the minimum established by the Articles of Association and by applicable laws and regulations. All directors will be appointed using the same methods and majorities even if no slate is submitted.

Replacement

Pursuant to article 15 of the Articles of Association, should the legal or regulatory requirements for the office of a director, including the requirement for independence, no longer be met, this shall entail the forfeiture of the office.

In addition, should the office of one more directors be terminated for any reason, they are replaced freely in accordance with the provisions of article 2386 of the Italian Civil Code, choosing where possible from the candidates originally presented on the same slate as the outgoing director who have re-affirmed their candidacy, without prejudice to the obligation to maintain the minimum number of independent directors pursuant to article 147-ter of the TUF established by the Articles of Association and by law, and to the obligation to maintain gender balance according to applicable laws and regulations.

Note that in addition to the provisions of the law, of the Consolidated Law on Finance, of the Instructions to the Regulations of Markets Organised and Managed by Borsa Italiana S.p.A. (for issuers with the STAR status) and the provisions of the Articles of Association and the Corporate Governance Code, the Issuer need not comply with other requirements on the composition of the Board of Directors.

With regard to information on the role of the Board of Directors and the Board Committees in the processes of self-assessment, appointment and succession of directors, please refer to Section 7.

COMPOSITION (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

The Board of Directors is composed of 3 (three) executive directors and 4 (four) non-executive directors, all of whom have the expertise and skills appropriate to the tasks entrusted to them.

The number and skills of non-executive directors are such as to ensure that they have a significant say in the passing of board resolutions and to guarantee effective monitoring of management. The Board of Directors consists of 3 (three) independent non-executive directors. The Issuer's Board of Directors in office on the date of this Report comprises seven members, as resolved by the Issuer's Ordinary Shareholders' Meeting on 28 April 2022.

The Board of Directors will remain in office for a period of three years, until approval of the financial statements for the year ending 31 December 2024.

The table below displays the composition of the Issuer's Board of Directors as of the date of this Report.

Name and surname	Position	Place and date of birth
Angelo Mastrolia	Chair of the Board of Directors and Director (**)	Campagna (SA), 5 December 1964
Giuseppe Mastrolia	Chief Executive Officer and Director (**)	Battipaglia (SA), 11 February 1989
Stefano Cometto	Chief Executive Officer and Director (**)	Monza, 25 September 1972
Benedetta Mastrolia	Director (***)	Rome, 18 October 1995
Maria Cristina Zoppo	Director (*)	Turin, 14 November 1971
Valentina Montanari	Director (*)	Milan, 20 March 1967
Eric Sandrin	Director (*)	Saint-Amand-Montrond, 13 August 1964

(*) Independent director pursuant to the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance and article 2 of the Corporate Governance Code.
(**) Executive Director.
(***) Non-executive director.

Below is a summary of the personal and professional characteristics of the members of the Board of Directors.

Angelo Mastrolia - born in Campagna (SA) on 5 December 1964, he obtained his diploma in surveying in 1982 and attended the Faculty of Law at the University of Salerno. His entrepreneurial activity began in the 1980s in the milk and milk-based products sector, taking on the role of manager in the family company Piana del Sele Latteria S.p.A. After a stint in the leasing and real estate and industrial investments sectors, and in the supply of furnishings for luxury boats, in 2004, through the company TMT Finance SA (now Newlat Group), he began a series of acquisitions in the food & beverage sector, including the acquisition of Industrie Alimentari Molisane S.r.l., a producer of Pezzullo, Corticella and Guacci pasta, and in 2008 the acquisition of Newlat S.p.A. by Parmalat S.p.A., following approval from the antitrust authority. Following the acquisition of Newlat, in his role as controlling shareholder and Executive Chairman Angelo Mastrolia continued to ensure that the Newlat Group consolidated and grew in the domestic and international food & beverage sector, including through the acquisitions of the Birkel and Drei Glocken brands, the production plant at Ozzano Taro, the Delverde company in 2019, Centrale del Latte d'Italia S.p.A. in 2020, in 2021 of the English company Symington's Ltd, and finally in 2022 of the French company EM Foods S.A.S.

Giuseppe Mastrolia – born in Battipaglia (SA) on 11 February 1989, he obtained his diploma in accounting in 2007 from the Kennedy Institute of Battipaglia (SA), and since 2008 he has been a member of the Issuer's Board of Directors and held the positions of Chief Commercial Officer and Chief Executive Officer (with responsibility for Sales & Marketing). As of April 2020, he also holds the position of Deputy-Chair of the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A. and, as of August 2021, he is CEO of the English subsidiary Symington's Ltd, and from 2022 he holds the position of Managing Director of the French subsidiary EM Foods S.A.S.

Stefano Cometto – born in Monza on 25 September 1972, he received his Law degree from the University of Bologna in 1998 and obtained his Doctorate in Law from Nebrija University in Madrid in 2013. From 1998 to 1999 he was Lieutenant in the Finance Police. From 1999 to 2000 he was an internal lawyer in the credit department of San Paolo IMI S.p.A., and from 2000 to 2001 he was an employment lawyer for Unicredit S.p.A. (at the time, Rolo Banca 1473). From 2001 to 2007 he worked at Confindustria as an official in charge of industrial and trade union relations, as well as a legal adviser for trade unions. In 2008 he joined the Newlat Group, where he is the Issuer's Chief Executive Officer and Chief Operating Officer. As of April 2020, he joined the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A., where – as of July 2022 – he was appointed Chief Executive Officer.

Benedetta Mastrolia – born in Rome on 18 October 1995, she earned a BA in Economics and Business from the University of London in 2017 and an MA in Corporate Finance from City, University of London's Cass Business School in 2018. In 2014 she joined the Issuer's Board of Directors. In April 2020 she joined the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A., and in August 2021 she became Director of the English subsidiary Symington's Ltd.

Maria Cristina Zoppo – born in Turin on 14 November 1971, she obtained her degree in Economics and Business from the University of Turin in 1995. Since 1999 she has been enrolled in the Register of Accounting Professionals of Ivrea, Pinerolo and Turin, as well as in the Register of Statutory Auditors. From 1996 to 2015 she served as a consultant and executive manager at the Turin office of Studio Pirola, Pennuto, Zei & Associati. She is currently a Partner at BDO Tax & Legal S.r.l. professional studio, a member of the BDO international network of auditing and consulting firms and Partner of BDO Italia S.p.A. Since 2016, she has held the position of Independent Director and member of the Management Control Committee of Banca Intesa Sanpaolo S.p.A., and since 2022 she has held the position of Standing Auditor of Michelin Italiana S.A.M.I. S.p.A. and since 2023 she has held the position of Chair of the Board of Statutory Auditors of Schoeller Allibert S.p.A.

Valentina Montanari – born in Milan on 20 March 1967, she obtained her degree in Economics and Business from the State University of Pavia in 1991. Since 1995 she has been enrolled in the Register of the Order of Chartered Accountants of Milan and worked as an auditor at the Register of the Ministry of Justice. In 1996 she obtained a Master's Degree in Management and Financial Policy and in 1997 she obtained a Master's Degree in Corporate Finance, both from SDA Bocconi. She has built up significant experience as chief financial officer of listed Italian groups and as an independent director. From 2003 to 2013 she worked at RCS MediaGroup S.p.A., working as, among other things, director of several companies belonging to the group, group director of administration and taxation and Group CFO. From 2012 to 2013 she was Group CFO at Gefran S.p.A. and from 2013 to 2016 she held the same position at Il Sole 24 Ore S.p.A. From 2017 to 2018 she served as Group CFO of AC Milan, from 2016 to 2021 she served as Independent Director in Cerved Group. Since January 2013 she has held the position of Independent Director in Mediolanum Gestione Fondi SGR p.A., and since October 2021 she has been a member of the Control, Risk and Sustainability Committee in the same company. From 2019 to 2022, she held the position of Group CFO and Financial Reporting Officer at FNM Group S.p.A. Finally, from January 2023 she held the position of CFO at DRI D'Italia S.p.A. Furthermore, since 2022 she has been a member of the Board of Directors of the University of Pavia, since July 2022 she has been a Director in the Fondazione Italia per il Dono (FIDO), and finally since December 2022 she has been a Director in Impresa Sangalli Giancarlo, as well as independent Director, Lead Independent Director, Chair of the Control, Risk and Sustainability Committee and member of the Committee for Transactions with Related Parties of SECO S.p.A.

Eric Sandrin – born in Saint-Amand-Montrond on 13 August 1964, he obtained a degree in Political Science from the Institut d'études politiques in Paris in 1985, a Master’s degree (DEA) in private law from Paris XII University (Paris-Est Créteil) in 1990 and a Master's degree from Cornell Law School in 1994. In 1990 he began his career as a lawyer at the Cleary Gottlieb law firm in New York. From 2000 to 2008 he was general counsel art General Electric, before performing the same role at Atos Origin from 2008 to 2011. In 2011 he joined the SCOR Group, holding the position of general counsel until 2014. Since 2014 he has been general counsel at the Kering Group.

Please refer to Table 2 in the appendix for more details on the composition of the Board of Directors.

Diversity criteria and policies in Board composition and corporate organisation

The Company has adopted a diversity policy with respect to the composition of the management and administrative bodies with regard to aspects such as age, gender and educational and professional background, available at https://corporate.newlat.it.

The objective of this policy is to identify the optimal qualitative and quantitative composition of the Board of Directors in terms of the number of members, which must be adequate to the size and complexity of the Company's organisational structure, as well as in terms of diversified skills and profiles with expertise appropriate to the role to be filled.

Maximum number of positions held in other companies

In the same Policy on the Composition of the Board of Directors referred to in the previous point, the Company has also defined, in order to ensure the effective performance of the office of director, that the number of directorships and auditing appointments in other companies may not exceed 3 (three) in companies listed on regulated markets (in Italy or abroad) or in financial, banking, insurance or large companies.

For the purposes of the calculation of such positions, no account shall be taken of any positions held by Newlat Food directors in Group companies. Positions held in more than one company belonging to the same group are considered as a single office, with the executive office taking precedence over the non-executive position.

OPERATION OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

On 10 September 2021 Newlat approved the rules of the Board of Directors, which include the rules for the operation of the Board itself and its committees, including how to record minutes of meetings and procedures for submitting information to directors.

Specifically, minutes are to be taken by the Secretary, who is entitled to make audio recordings of the meetings to facilitate the taking of minutes, or by the Notary in the cases envisaged by current law.

Following the meeting, a draft of the minutes is sent to all directors and auditors for comments and observations, which are then collected by the Corporate & Legal Affairs function.

The final text of the minutes is transcribed in the register of meetings and resolutions of the Board of Directors by the competent company structures and is signed by the Chair and the Secretary.

With regard to the effective management of pre-meeting information, the Board of Directors has established that the documentation supporting the items on the agenda of each meeting must be sent to the directors and statutory auditors sufficiently in advance, as a rule no later than the second day prior to the date set for the meeting, except in cases of urgency in which the documentation is made available as soon as possible. The Company points out that the aforementioned deadline for the submission of pre-meeting documents has always been met.

Pursuant to article 17 of the Articles of Association, the Board of Directors is validly constituted with the presence of a majority of its serving members and validly resolves by absolute majority of the directors present. In the event of a tie, the vote of the Chair of the Board of Directors prevails.

Pursuant to article 19 of the Articles of Association, the Board of Directors may delegate, within the limits provided for by current laws and regulations, some of its responsibilities to an executive committee composed of some of its members or to one or more of its members, and determine their powers and, after consulting the Board of Statutory Auditors, their remuneration. The Board of Directors may also set up internal committees with advisory and recommendatory functions, and determine their powers partly in order to ensure that the corporate governance system conforms to codes of conduct adopted by the Company.

The Board of Directors may also appoint General Managers and special attorneys for certain acts or categories of acts, and assign their respective powers.

The Board of Directors appoints a Financial Reporting Officer, subject to the mandatory but non-binding opinion of the Board of Statutory Auditors, and can remove said officer if necessary. The Board of Directors, pursuant to article 154-bis, paragraph 4 of the TUF, ensures that the Financial Reporting Officer has adequate means and powers to carry out the tasks assigned to them by law, and that there is compliance with administrative and accounting procedures.

Pursuant to article 17 of the Articles of Association, the Chair of the Board of Directors convenes and chairs board meetings, sets the agenda and coordinates its work.

Convocation takes place using any and all suitable means in consideration of notice times, sent as a rule at least 5 (five) calendar days before the meeting to each member of the Board and the Board of Statutory Auditors; in case of urgency, this time frame may be reduced to 24 (twenty-four) hours before the meeting.

In any case, meetings of the Board of Directors will be deemed validly constituted, even in the absence of a formal convocation, if all the serving directors and the majority of the serving statutory auditors are present, and all eligible parties have been previously informed of the meeting and have not opposed the discussion of what is on the agenda. The Board of Directors may also be convened by the Board of Statutory Auditors or even by each individual statutory auditor, pursuant to article 151 of the TUF.

Meetings of the Board of Directors are also held by video or teleconference provided that each of the participants can be identified by all the others and that each is able to intervene in real time during the discussion of the agenda items, as well as to receive, transmit and view documents. Provided these circumstances are in place, the meeting shall be deemed to have been held at the place where the Chair is present.

The Board – also from time to time – appoints the Secretary of the Board, either from within or outside its own members.

The deliberations of the Board shall be recorded in minutes that are signed by the Chair and the Secretary.

In accordance with article 18 of the Articles of Association, the remuneration payable to directors is determined by the Shareholders' Meeting. Directors are entitled to be reimbursed for expenses incurred in the performance of their duties. The remuneration of directors with special responsibilities, as defined in the Articles of Association, shall be determined by the Board of Directors after consulting the Board of Statutory Auditors.

Pursuant to article 27 of the Articles of Association, the Board of Directors may, during the year and when it deems it appropriate, distribute interim dividends for the same year, in compliance with applicable laws and regulations.

Dividends not collected within five years from the date on which they become due are retained by the Company.

In 2023, the Board of Directors held 6 meetings lasting an average of 1 hour.

As of the date of this Report, two meetings of the Board of Directors have already been held, one of which – precisely on 18 March 2024 – was called among other things to approve this Report. Furthermore, three more meetings of the Board of Directors were scheduled for the current year to approve the half-yearly financial report and the quarterly interim reports.

Information on the composition of the Board of Directors and the participation of directors in board meetings is given in Table 2 annexed to the Report.

At the invitation of the Chair and depending on the items on the agenda, board meetings are also attended by the Company's managers in order to provide more extensive information to board meetings, as when non-executive directors acquire detailed information on specific issues that affect the Company's activities. Indeed, people who were invited to participate in the meetings with respect to specific items on the agenda include: the Group Financial Director, Fabio Fazzari, the Financial Reporting Officer, Rocco Sergi, as well as the Head of the Internal Audit function, Fabrizio Carrara.

ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS

The Chair of the Board of Directors acts as a liaison between the executive and non-executive directors, ensuring the effective operation of the Board.

Specifically, with the help of the Board's Secretary, the Chair of the Board of Directors:

Monitors and ensures that pre-meeting disclosures and supplementary information are provided in a complete, comprehensive manner that enables directors to act in an informed manner in the performance of their role.

Ensures that the activities of Board committees with investigative, propositional and advisory functions are coordinated with the activities of the Board of Directors, through participation in the meetings of those committees.

In agreement with the CEO, ensures that the executives of the Company and those of the Group companies it heads who are responsible for the corporate functions competent according to the subject matter attend Board meetings, including at the request of individual directors, in order to provide the appropriate details on the items on the agenda, ensuring their presence and verifying that such executives provide complete and accurate information. On this subject, note that executives are always present when their presence is required because of the topics on the agenda;

Monitors and ensures that after their appointment and during their terms of office all members of the administration and control bodies can participate in initiatives aimed at providing them with an adequate knowledge of the business sectors the Company operates in, of corporate dynamics and their evolution, also with a view to the sustainable success of the Issuer, as well as of the principles of correct risk management and of the relevant regulatory and self-regulatory framework. On this point, note the initiatives aimed at providing the members of the Board of Directors and the Board of Statutory Auditors with a complete knowledge of the Company.

Ensures the adequacy and transparency of the Board of Directors' self-assessment process, with the support of the appointments committee.

The Secretary of the Board

The Company has not appointed a Secretary of the Board of Directors, who is appointed from time to time at each meeting, even from outside the Company.

EXECUTIVE DIRECTORS

Chief Executive Officers

Pursuant to article 19 of the Articles of Association, the Board of Directors may delegate, within the limits provided for by current laws and regulations, some of its responsibilities to one or more of its members, and determine their powers and, after consulting the Board of Statutory Auditors, their remuneration.

By resolution of 2 May 2022, the Board of Directors, without prejudice to the responsibilities, powers and entitlements reserved by law and by the articles of association for the Board of Directors, the Chair and other corporate functions, delegated the following powers to the CEOs Giuseppe Mastrolia and Stefano Cometto:

Giuseppe Mastrolia:

All powers of ordinary and extraordinary administration:

- with no amount limit in all intra-group transactions,
- up to Euro 300,000.00 (three hundred thousand euros) in relation to third parties independently and with sole signing authority,
- without any amount limit with the joint signature with another member of the Board of Directors, except for matters and activities relating to the environment, occupational safety and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial responsibilities and powers, or for those matters that the law or the articles of association dictate are the exclusive competence of the Board of Directors and the Shareholders' Meeting

Stefano Cometto:

All powers relating to the function of employer, for all divisions, business units, plants and local units/warehouses belonging to the Company, including activities aimed at implementing and complying with the rules on workplace safety and hygiene, protection of workers' health and protection of the environment, with the power of delegation, as well as all tasks resulting from and/or related to the powers specified herein.

In particular, in his capacity as an employer and in addition to the Company's signature and power of representation, Stefano Cometto is awarded powers in the following areas, among others:

1. employment contracts
2. production organisation
3. food hygiene, safety and safety
4. environmental protection
5. management and control powers
6. leases, real rights

7. Purchase and sale of goods and services; with the following amount limits:
    - Movable property up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors.
    - Motor vehicles of all kinds, aircraft and boats up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors.
    - supplies and provisions for any type of use that must have an initial maximum duration of one year, subject to renewal, and up to an annual amount of Euro 100,000.00;
    - Works contracts, tenders, consultancies and freelance arrangements, including on an ongoing basis, drawing up the related contracts up to an annual amount of Euro 100,000.00.
8. collections, disposals and receipts
9. banking and financial transactions, with the following amount limits:
    - Euro 100,000.00 for: withdrawals from the Company's bank accounts and payments to its creditors; drawing or accepting bills of exchange; requesting cashier's checks; collecting cheque books to be issued on the Company's current accounts and signing the related request; issuing statements of indemnity.
    - Euro 80,000.00 for: opening, modifying or closing post office current accounts; carrying out any operation permitted on such accounts including withdrawals and the issuance of postal orders; collecting; issuing receipt and discharge in due form for sums or anything else due to the Company from private individuals, firms, entities, institutions, companies of any kind, insurers, banks and pension funds.
10. insurance
11. contracts, tenders and licences
12. judicial proceedings
13. transactions and arbitration
14. tax compliance and obligations

Chair of the Board of Directors

By resolution of 28 April 2022, the Shareholders' Meeting appointed Angelo Mastrolia as Chair of the Board of Directors, assigning him all the powers of ordinary and extraordinary administration, except for matters and activities relating to occupational safety, the environment and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial powers and responsibilities, as well as for all matters that by law or articles of association are the exclusive competence of the Board of Directors or the Shareholders' Meeting.

The Chair, Angelo Mastrolia, is also the sole shareholder of Newlat Group S.A., which in turn owns a 61.65% stake in the Company's share capital.

Disclosure to the Board by directors/delegated bodies
The Managing Directors report to the Board of Directors on the most important activities performed in the exercise of the powers delegated to them.

Other executive directors
There are no other executive directors on the Company's Board of Directors, other than those mentioned in the paragraphs above.

INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

Independent directors

At the end of 2023, the Issuer's Board of Directors included 3 (three) directors who met the independence requirements set out in article 147-ter of the TUF and the Corporate Governance Code.

The independent directors of the Issuer are indicated below:

a) Maria Cristina Zoppo

b) Valentina Montanari

c) Eric Sandrin

The number and skills of the Independent Directors are considered adequate for the needs of the Company and the operation of the Board of Directors, as well as the constitution of the relevant committees.

Note that the Chair of the Board of Directors does not qualify as independent.

With the support of the Appointments and Remuneration Committee, the current Board of Directors drew up a Policy on the Composition of the Board of Directors, approved by the body on 17 March 2023, which also identifies the quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Corporate Governance Code for the purpose of assessing the independence of directors.

As a rule, for the purpose of this assessment a director is deemed not to be independent in the following representative cases:

a) They are significant shareholders of the Company.

b) In the previous three financial years they have been an executive director or an employee of the Company, of one of its strategically important subsidiaries or of a company under common control with the Company, or of a significant shareholder of the Company.

c) In the previous three financial years the director directly or indirectly (e.g. through subsidiaries or companies they are a significant representative of, or as a partner of a professional firm or consulting company) has or has had a significant commercial, financial or professional relationship:

- With the Company or its subsidiaries, or its executive directors or top management.

- With a party that, even jointly with others through a shareholders' agreement, controls the Company; or, if the controlling party is a company or entity, with its executive directors or top management.

d) In the previous three financial years they have received from the Company, one of its subsidiaries or the parent company significant additional remuneration with respect to the "fixed" remuneration for the office of non-executive director of the Company and to the remuneration envisaged for participation in the Committees recommended by the Corporate Governance Code or envisaged by current regulations, even in the form of participation in incentive plans linked to company performance, including share-based plans.

e) They have been a director of the Company for more than nine years, even non-consecutive, in the last 12 years.

f) They hold the office of executive director in another company in which an executive director of the Company has an office of director.

g) They are shareholders or directors of a company or an entity belonging to the network of the company appointed to audit the Company.

h) They are a close member of the family (meaning the spouse not legally separated, cohabiting partner, dependent children, including those of the spouse, and, if cohabiting for at least one year, parents, relatives up to the 4th degree) of a person who is in one of the situations referred to in the preceding points.

As a threshold for the assessment of the cases set out in c) and d) above, the Board of Directors has established that the total value of the dealings and additional remuneration must not exceed 5% of the turnover of the director in question.

In any case, immediately after appointment, during the course of the term of office on an annual basis, as well as upon the occurrence of relevant circumstances, the Board of Directors must make sure that each of the non-executive directors meets the independence requirements.

The verification was performed by adopting the above criteria – in accordance with the provisions of the Corporate Governance Code, and in particular Recommendation 7 – based on which the Board of Directors was able to confirm the independence of Maria Cristina Zoppo, Valentina Montanari and Eric Sandrin.

In making the above assessment, the Board of Directors took into consideration all the information available, in particular the information provided by the directors being assessed, which was deemed sufficient and complete for a timely examination of those circumstances that could compromise independence, as stressed by Recommendation 6.

The Board of Statutory Auditors noted that the verification criteria and procedures used by the Board of Directors to assess the independence of its members were correctly applied, was the Policy on the Composition of the Board of Directors.

The Independent Directors in office at the date of this Report did not meet in the absence of the other directors, considering the opportunities to meet within the meetings of the board committees in which all the independent directors participate to be sufficient.

Lead Independent Director

By resolution of the Board of Directors on 2 May 2022, the Company appointed independent director Eric Sandrin as lead independent director.

The Lead Independent Director is assigned the task of coordinating the requests and contributions of the non-executive directors, and in particular of the independent directors.

Specifically, the Lead Independent Director:

- Cooperates with the Chair of the Board of Directors in order to ensure that directors are provided with complete, timely information flows and to define the initiatives aimed at enabling directors and statutory auditors to have a better knowledge of the Company and the Group and of corporate dynamics.
- Contributes to the evaluation process of the Board of Directors.
- Informs the Chair of the Board of Directors of any matters to be submitted for the examination and assessment of the governing body.
- Coordinates the meetings attended only by Independent Directors.

MANAGEMENT OF COMPANY INFORMATION

At its meeting on 6 September 2019, the Company's Board of Directors resolved to approve the Rules for the handling of inside information, the establishment and maintenance of the RIL and Insider List and Internal Dealing ("Rules") aimed at regulating, in addition to confidentiality and reporting obligations, the process of managing documents and information concerning Newlat and the companies belonging to its group, with particular regard to Confidential Information and Insider Information, as well as the establishment, maintenance and updating of the records of the parties who have access to the aforementioned information and the Internal Dealing obligations.

These Rules, which entered into force on the date when the application for the Issuer's shares to be admitted for trading was deposited with the Italian Stock Exchange, are published on the Issuer's website at https://corporate.newlat.it/wp-content/uploads/2020/04/Regolamento-info-privilegiate-internal-dealing.DOCX.pdf.

The purpose of the Rules is to ensure compliance with the applicable laws and regulations and to ensure that the Company timely, completely and adequately discloses the Group's inside information to the market, while guaranteeing maximum privacy and confidentiality until it is disclosed to the public.

Relevant and Inside Information is managed according to a process that breaks down into the following stages:

a) the Relevant or Inside Information is identified and reported by the competent IICOF (i.e. each "Inside Information Competent Organisational Function", identified within the Group, that becomes aware of Relevant or Inside Information due to its own activities) to the IIMF (i.e. the "Inside Information Management Function", in this case, the Chair of the Board of Directors);

b) the IIMF identifies and records the Relevant or Inside Information;

c) Relevant Information is monitored based on the different stages of its evolution towards Inside Information, and the additional IICOFs involved in the process are recorded;

d) where applicable, the Relevant Information becomes Inside Information.

The IIMF is the corporate figure responsible for deciding whether the information qualifies as inside information. If it does, the IIMF acts to ensure that the Inside Information directly pertaining to the Issuer is communicated to the public as soon as possible, in accordance with the Rules and with applicable laws and regulations, unless there are grounds to activate the delay procedure referred to in article 3.4 of the Rules.

Pursuant to the laws and regulations in force, the Issuer has established an electronic register of persons who have access to Insider Information ("Insider List") and a register of persons who have access to Relevant Information ("RIL"), the keeping of which is the responsibility of the FGIP with the support of the Corporate & Legal Affairs function for the updating and maintenance thereof.

In order to update the Insider List promptly, the IIMF mainly relies on the information contained in the RIL. When a piece of information becomes Inside Information, people are deleted from the RIL and added to the Insider List.

Section II of the Rules on internal dealing governs the reporting obligations, restrictions and control measures in relation to transactions carried out by relevant persons and persons closely associated with them of the Issuer and the Subsidiaries (as defined in the Rules).

In particular, the Relevant Managers are absolutely prohibited from directly or indirectly carrying out Transactions on their own behalf or on behalf of third parties in the 30 days preceding the publication of the annual or semi-annual or infra-monthly results that the Issuer is required to, or has decided to, make public ("Black-Out Period"), without prejudice to the provisions of art. 8 of the Rules.

The Issuer's Board of Directors, by means of a special resolution, may establish additional periods during which there is a ban/limitation on the completion of Newlat securities transactions in conjunction with particular events. It is understood that both Relevant Managers and all Recipients in possession of Inside Information must refrain from carrying out or recommending to third parties any operation on the securities, from inducing third parties to carry out operations on the securities or from communicating the Inside Information to third parties, unless such communication takes place in the normal performance of their role.

INTERNAL BOARD COMMITTEES (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

On 2 May 2022, the Company's Board of Directors set up internal committees with investigative, propositional and advisory functions, namely:

- A Control and Risk Committee, which is described in more detail in Section 9.2 (the "Control and Risks Committee").
- An appointments and remuneration committee, which is described in greater detail in Sections 7.2 and 8.2 (the "Appointments and Remuneration Committee").
- A committee for transactions with related parties, which is described in greater detail in Section 10 (the "RPT Committee").

The Board of Directors has determined the composition of the individual board committees by giving priority to the expertise and experience of their members.

At the date of the Report, the Committees were composed as follows:

Position	**Control and Risks Committee**	**Appointments and Remuneration Committee**	**RPT Committee**
Chair	Valentina Montanari	Eric Sandrin	Maria Cristina Zoppo
Component	Eric Sandrin	Valentina Montanari	Valentina Montanari
Component	Maria Cristina Zoppo	Maria Cristina Zoppo	Eric Sandrin

When setting up the aforementioned board committees, the Board of Directors also adopted the relevant rules defining the operation of the committees, including the procedures for recording minutes of meetings and the procedures for managing the information to be provided to the directors who are members of the committees.

Specifically, each set of rules specifies the composition of the relevant committee, the expertise required of each member, as well as the way in which the chair is to be appointed and the procedure for the replacement of members.

The rules also establish the manner in which the Committee's meetings are convened, the related timing, specifying the places where the meetings may be held and the persons to whom the notice must be sent, as well as determining the validity of the constitution of each meeting and of the deliberations on the items on the agenda.

Furthermore, in order to ensure the completeness of information flows, while protecting the confidentiality of the data and information provided, the rules provide that any documentation relating to items on the agenda shall normally be made available within the second day prior to the day set for the meeting, except in cases of urgency where the documentation is made available as soon as possible.

Finally, they specify the tasks attributed to each committee, indicating the means that its members may use to carry out their activities. All this in compliance with the duty of confidentiality regarding news and information acquired in the exercise of their functions, even after the expiry of the mandate of the individual members.

Additional committees (other than those envisaged by the law or recommended by the Corporate Governance Code)

The Board of Directors has not established any additional committees - other than those required by law or recommended by the Corporate Governance Code.

SELF-ASSESSMENT AND DIRECTOR SUCCESSION - APPOINTMENTS COMMITTEE

SELF-ASSESSMENT AND DIRECTOR SUCCESSION

The Board of Directors assesses the effectiveness of its activities and the contribution made by its individual members through questionnaires specifically prepared by external consultants of the Company.

The Issuer conducts the self-assessment every year and focuses on its size, composition and actual operation, also considering the role played by the Board of Directors in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

Specifically, the Board of Directors conducts its own self-assessment and expresses an orientation on its considered optimal quantitative and qualitative composition, the results of which have been published on the Company's website www.newlat.com, from which the following emerged:

- The appropriateness of the current number of 7 (seven) Directors to ensure an adequate balance of expertise and experience required by the Company's and the Group's business, suggesting an increase in the presence of members with digital and IT expertise, as well as ESG and, in particular, with skills in sustainability.

- Adequacy of the current ratio of Executive (3), Non-Executive (4) and Independent Directors pursuant to the Corporate Governance Code (3), as it is suitable to ensure an effective operation of the Board of Directors.

In general, the Board of Directors considers its composition to be adequate in terms of both skills and diversity given the presence of international managers with strong skills in accounting, finance and risk management capable of providing concrete support to the pursuit of the Company's strategic objectives and the tasks of the Board itself.

As far as the operation of the Board of Directors is concerned, the Directors believe that the organisation of the meetings is appropriate to the Company's structure, both in terms of the number of meetings and their duration, at which there is constant participation by all members, as well as external parties involved from time to time due to the topics on the agenda of the various meetings.

The conditions under which the meetings are held were also considered suitable and satisfactory, in terms of participation, in-depth examination of individual issues, and informed and independent deliberation.

With regard to the composition and operation of the internal committees (Control and Risk Committee, Appointments and Remuneration Committee and Related Party Transaction Committee), they were deemed adequate and suitable for the corporate structure. These board committees are all made up of highly experienced professionals who are able to carry out their tasks effectively. The activities entrusted to each of them of an investigative, advisory and propositional nature vis-à-vis the Board of Directors were deemed compliant and in line with the principles and recommendations provided by the Corporate Governance Code.

In conclusion, the Board of Directors considers its composition to be adequate both in qualitative and quantitative terms due to (i) the presence of a high degree of diversification of profiles and professional experience; (ii) the adequate operation of the body itself, whose activities are carried out in a climate of trust, cooperation and interaction between the members of the Board.

Succession plans

As of the date of this Report, due to the fact that Newlat qualifies as a non-large company with concentrated ownership, as defined in the Corporate Governance Code, no succession plan for executive directors has been adopted.

The Board of Directors reserves the right to perform an analysis in the future to assess the appropriateness of defining measures to ensure the continuity of management, including through the adoption of a succession plan, without prejudice to the provisions of the Corporate Governance Code.

APPOINTMENTS COMMITTEE

Composition and operation of the appointments committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

The Company's Board of Directors set up a single Appointments and Remuneration Committee composed exclusively of independent Directors, appointing the directors Maria Cristina Zoppo and Valentina Montanari as members, and Eric Sandrin as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

In the 2023 financial year the Appointments and Remuneration Committee held 1 meeting with an average duration of 1 hour each, which were attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the appointments committee

The Appointments Committee:

- Assisted the Board of Directors in the self-assessment of the Board itself and its committees, supporting the Chair of the Board of Directors in ensuring the adequacy and transparency of the self-assessment process.
- Assists the Board of Directors in defining the optimal composition of the Board and its committees.
- Assists the Board of Directors in identifying candidates for the office of director in the event of co-option.

Should the Company adopt a succession plan for executive directors, the Appointments Committee will be asked to support the preparation, updating and implementation of such plan.

The Appointments Committee plays an advisory and recommendatory role and has the task of assisting the Board of Directors at a preliminary stage with the assessments and decisions relating to the composition of the Board of Directors.

During the year, the Appointments Committee mainly carried out activities related to the discussion of the findings of the self-assessment questionnaire.

The Appointments Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE

REMUNERATION OF DIRECTORS

For the information in this Section, please refer to the Remuneration Report, prepared by the Company and available at https://corporate.newlat.it/corporate-governance/assemblea-azionisti/.

REMUNERATION COMMITTEE

Composition and operation of the remuneration committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

As stated in Section 7.2, the Company's Board of Directors set up a single Appointments and Remuneration Committee composed exclusively of independent Directors, currently composed of the directors Maria Cristina Zoppo and Valentina Montanari as members, and Eric Sanrdin as its chair.

All the members of the Remuneration Committee have knowledge and experience in financial matters or remuneration policies that was deemed adequate by the Board of Directors at the time of their appointment.

In accordance with the provisions of the Corporate Governance Code, no director takes part in the meetings of the Remuneration Committee at which proposals relating to their remuneration are formulated.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

As already indicated in Section 7.2 above, in the 2023 financial year the Appointments and Remuneration Committee held 1 meeting with an average duration of 1 hour each, which were attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the remuneration committee

The Remuneration Committee:

- Assisted the Board of Directors in drawing up the remuneration policy.
- Submits proposals and expresses opinions on the remuneration of executive directors and other directors holding particular positions, and on the setting of performance targets related to the variable component of such remuneration.
- Monitors the concrete application of the remuneration policy, and verifies the actual achievement of performance targets.

- Periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

During the financial year, the Remuneration Committee carried out the following main activities:

- Discussion of remuneration policy and analysis of both qualitative and quantitative performance targets.
- Discussion of the Remuneration Report for 2023.

The Remuneration Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

The Remuneration Committee did not use the services of a consultant in order to obtain information on market practices regarding remuneration policies.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISK COMMITTEE

In accordance with Principle XVIII of the Corporate Governance Code, the Issuer has defined the guidelines of the internal control and risk management system (hereinafter also referred to as "ICRMS") consisting of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company, in accordance with its strategies.

Assessment of the adequacy of the Internal Control and Risk Management System

For the 2023 financial year, the assessment of the overall adequacy of the Internal Control and Risk Management System was expressed on the basis of the analysis of the following aspects:

- Significant events with an impact on the corporate governance and control model:
- Group ERM Risk Assessment
- Audits scheduled in the 2023 Audit Plan
- 2024 Audit Plan
- Activities aimed at compliance with Law no. 262/05 on accounting and corporate documentation.
- Development of the Group's sustainability policies
- Information systems
- Export compliance
- Transactions involving derivative financial instruments
- Transactions involving own shares
- Related-party transactions
- Intragroup transactions and transactions with a potential conflict
- Transactions involving internal dealing
- Monitoring of the Internal Control and Risk Management Systems of subsidiaries
- Main pending litigation
- Situation of non-performing loans

Results of audits performed by internal and external audit bodies:

- Results of monitoring carried out by Internal Audit
- Meetings between the Control Bodies
- Information from the financial reporting officer
- Results of monitoring by the Supervisory Body
- Results of third-party audits of quality, occupational health and safety, and environmental management systems
- Impacts of macroeconomic scenarios: war and inflation
- Information from the Prevention and Protection Service and the Environmental Protection Service

Based on the information and evidence gathered and having consulted with the Control and Risk Committee, the Board of Directors considers that the Internal Control and Risk Management System in place in 2023 is adequate and effective with respect to the Group's size and characteristics, and overall capable of achieving the corporate objectives.

Internal Control and Risk Management System on financial reporting (ICRMS)

The Company considers the Internal Control and Risk Management System on financial reporting to be an integral part of its risk management system.

With specific regard to the Internal Control and Risk Management System on financial reporting, the Group has defined its own system of accounting control rules that defines the rules that the Group follows.

In addition to this system, there are internal instructions and rules (including, by way of example, the system of powers and proxies, reporting instructions, supporting information systems, visits to the offices of Group companies) through which the Parent Company ensures an efficient system of data exchange with its Subsidiaries.

The 2023 assessment highlighted the relevant processes that were subjected to timely review during the year with respect to specific control objectives (existence, completeness and accuracy, valuation, rights and obligations, presentation and disclosure).

Any deficiencies/improvement actions identified during the audits and reporting as described above require immediate identification of actions to be taken, as well as regular monitoring of their resolution.

The main characteristics of the ICRMS and the methods of coordination between the actors involved therein, inspired by national and international best practice models, are described below.

The corporate and supervisory bodies within the ICRMS are:

- The Board of Directors

- The Head of Internal Audit

- The Supervisory Board (Italian Legislative Decree 231/01)

- The Financial Reporting Officer

- The Board of Statutory Auditors

- The Independent Auditor

The Company's ICRMS is based on three levels of control:

Level I Control – the operating teams are primarily responsible for the ICRMS process. These teams – as part of their daily activities – are called upon to identify, measure, evaluate, monitor, mitigate and report the risks deriving from ordinary business activities in accordance with the ICRMS and the applicable internal procedures.

Level II Control – corporate risks are monitored, guidelines on the related control systems are proposed and their adequacy is verified to ensure the efficiency and effectiveness of operations, as well as adequate risk control, prudent conduct of business, reliability of information, and compliance with laws, regulations and internal procedures.

Level III Control – the Head of Internal Audit verifies and ensures the adequacy and effective operation of the Level I and II Controls and – in general – of the ICRMS, evaluating its completeness, functionality and reliability in terms of efficiency and effectiveness, as well as identifying any violations of applicable procedures and standards.

The central role in the Internal Control and Risk Management System is played by the Board of Directors, which defines the nature and level of risk compatible with the Company's objectives.

When working effectively, the Company's ICRMS guarantees, with reasonable certainty, the achievement of operational, disclosure and compliance objectives. Specifically:

- The operational objective of the internal control system concerns the effectiveness and efficiency of the Company in using resources, protecting itself from losses, and safeguarding the Company's assets. This system is also aimed at ensuring that staff work towards the pursuit of company objectives, without putting other interests before Newlat's.

- The objective of disclosure translates into the preparation of timely and reliable reports for the decision-making process within and outside the company organisation.

- The compliance objective ensures, on the other hand, that all operations and actions are conducted in compliance with laws and regulations, prudential requirements and internal company procedures.

The ICRMS involves every sector of the activity carried out by the Company, distinguishing between operational and control tasks and reasonably reducing any possible conflict of interest.

In particular, the internal control system is based on the following elements:

- Formalised and clear organisational system in the allocation of responsibilities.

- Authorisation and signature powers assigned consistent with the responsibilities.
- System of procedures to govern all business processes.
- IT systems geared towards segregation of duties.
- Management control and reporting system.
- Functions responsible in a structured manner for external communication.
- Periodic audits of the main company processes.

The Company's ICRMS is based on the following principles:

- Every operation, transaction and action must be true, verifiable, coherent and documented.
- No one can manage an entire process independently (so-called segregation of duties).
- The internal control system documents the performance of controls, including supervision.

Responsibility for the proper functioning of the internal control system is vested in each business function for all processes for which it is responsible.

The type of corporate control structure existing in the Company includes:

- Line controls, carried out by individual operating units on the processes for which they have operational responsibility, aimed at ensuring the correct conduct of operations.
- Monitoring activities, carried out by the managers of each process and aimed at verifying the correct performance of the underlying activities, on the basis of hierarchical controls.
- Activities for the detection, evaluation and monitoring of the internal control system over the administrative and accounting systems and processes that are relevant to the financial statements.

Lastly, with regard to the ICRMS, it should be noted that in the exercise of its functions, during the Board meeting of 18 March 2024, the Board of Directors:

- Approved the internal audit plan after consulting the Board of Statutory Auditors and the executive director responsible for internal audit, after consulting the Control and Risk Committee.
- After obtaining the opinion of the Control and Risk Committee, assessed the adequacy of the system in relation to the characteristics of the company and its risk profile, as well as its effectiveness.

CHIEF EXECUTIVE OFFICER

The Board of Directors has identified the Executive Chair of the Board of Directors, Angelo Mastrolia, as the director responsible for establishing, maintaining and supervising the operation of the Internal Control and Risk Management System.

Within the scope of the responsibilities entrusted to him by the Board of Directors, the Chair has implemented the guidelines and directives of the Internal Control and Risk Management System, defined by the Board of Directors. Below are the actions taken.

- Identify the main corporate risks, to be periodically submitted to the Board of Directors, taking into account the characteristics of the activities carried out.
- Implement the guidelines defined by the Board, taking care of the design, creation and management of the internal control and risk management system, continually verifying its adequacy and effectiveness.
- Update the Internal Control and Risk Management system with respect to the dynamics of operating conditions and the legislative and regulatory landscape.
- Entrust the internal audit function with performing audits on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the chair of the Board of Directors, the chair of the Control and Risk Committee and the chair of the board of statutory auditors.
- Promptly report to the Control and Risks Committee on problems and issues emerging in the course of its activities or of which it has been informed, so that the Committee can take appropriate action.

CONTROL AND RISKS COMMITTEE

Composition and operation of the Control and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

The Company's Board of Directors set up the Control and Risk Committee composed solely of independent directors, namely the directors Maria Cristina Zoppo and Eric Sandrin as members, and Valentina Montanari as its chair.

All the members of the Control and Risk Committee have adequate expertise in the Company's business, functional to assess the relevant risks, and have an adequate knowledge and experience in accounting and finance or risk management.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

Meetings of the Control and Risk Committee have always been attended by Newlat's financial reporting officer, as well as – at the invitation of the committee chair – the head of the internal audit department and representatives of the independent auditor, depending on the items on the agenda.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

In 2023, the Control and Risks Committee held 4 meetings lasting an average of 1 hour. These meetings were regularly attended.

As of the date of this Report, 2 meetings of the Appointments and Remuneration Committee have already been held.

Functions assigned to the Control and Risks Committee

The Control and Risks Committee:

- Supports the Board of Directors in carrying out its tasks in the field of internal control and risk management.
- After consulting the Financial Reporting Officer, the independent auditors and the Board of Statutory Auditors, assesses the correct use of the accounting standards, as well as their consistency for the purposes of preparing the consolidated financial statements.
- Assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its operations and the performance achieved.
- Examines the content of periodic non-financial information relevant to the internal control and risk management system.
- Expresses opinions on specific aspects relating to the identification of the main corporate risks, and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events the latter has become aware of.
- Examines periodic and particularly significant reports prepared by the internal audit function.
- Where deemed necessary, entrusts the internal audit function to carry out audits on specific operational areas, giving simultaneous notice to the Chair of the Board of Statutory Auditors.
- When it is time to approve the annual and semi-annual financial reports, it reports to the Board of Directors on the activities carried out, as well as on the adequacy of the internal control and risk management system.

During the financial year, the Control and Risks Committee carried out the following main activities:

- Analysis of Group ERM Risk Assessment results.
- Analysis of the 2023 internal audit.
- Analysis of the risks and 2024 audit plan.
- Preparatory activities for drafting the 2023 financial statements.
- Discussions with the Control and Risks Committee of the subsidiary Centrale del Latte d'Italia S.p.A.

- Analysis and approval of the materiality matrix for the Non-Financial Statement ("NFS").
- Illustration of the impairment test procedure and its results.
- Impacts of macroeconomic scenarios: war and inflation.
- Update with the independent auditors on the activities of the financial statements and NFS.
- 262 testing progress and results.
- Meeting with the Supervisory Body.
- Development of Group sustainability policies.
- Analysis of the draft Corporate Governance Report.

The Control and Risk Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

HEAD OF INTERNAL AUDIT

On 10 September 2021 the Board of Directors appointed Mr Fabrizio Carrara as head of the Internal Audit function, the person responsible for verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the Board of Directors.

The Board of Directors assigned Fabrizio Carrara a remuneration consistent with company policies, ensuring that he is provided with adequate resources to perform his duties.

The head of the Internal Audit department is not responsible for any operational area, reports hierarchically to the Board of Directors and has direct access to all information useful for carrying out the task.

On 18 March 2024 the Board of Directors approved the work plan prepared by the Head of Internal Audit, having consulted the Board of Statutory Auditors and the CEO.

During the year, the head of the Internal Audit function:

- Verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system through an audit plan approved by the Board of Directors and based on a structured process of analysis and prioritisation of the main risks.

- Prepares periodic reports containing adequate information on their activities, on the way in which risk management is conducted and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system, transmitting such information to the chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of these reports specifically concerns the activities of such parties.

- Prepares timely reports on events of particular importance, also at the request of the Board of Statutory Auditors, submitting them to the chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of such reports specifically concerns the activities of such parties.

- As per the audit plan, checks the reliability of information systems, including accounting systems.

The main activities carried out by the Head of Internal Audit during the year were as follows:

- Drafting of the Audit Plan proposal based on the identification and prioritisation of the main business risks present in the ERM.

- Carrying out of the independent monitoring programme in support of the Financial Reporting Officer as part of the Corporate Reporting Control System.

- Activities relating to relations with the Independent Auditor.

- Verification of the design of the internal control system to support non-financial reporting (NFS).

ORGANISATIONAL MODEL AS PER ITALIAN LEGISLATIVE DECREE 231/2001

The Company adopted an organisation, management and control model pursuant to and for the purposes of Italian Legislative Decree 231/2001 (the "Model 231"), as updated during the 2022 financial year.

The Model 231 consists of: (a) a general part, relating to issues concerning, among other things, the validity and application of Italian Legislative Decree no. 231/2001, the composition and functioning of the supervisory body, and the penalty code to be applied in case of violations of the rules of conduct of Model 231; and (b) the special parts, containing the general principles of conduct and control protocols for each of the offences deemed to be a risk to the Company.

Specifically, note that the 231 Model aims to prevent the following types of offences:

- Offences against the Public Administration (articles 24 and 25 of the Decree).
- Computer crimes and unlawful processing of data (article 24-bis of the Decree).
- Organised crime (article 24-ter of the Decree).
- Offences relating to health and safety at work (art. 25 septies).
- Crimes for the purpose of terrorism or subversion of the democratic order (art. 25 quater).
- Offences against industry and commerce (art. 25 bis 1).
- Corporate offences (art. 25 ter).
- Crimes against the individual (art. 25 quinquies).
- Offences concerning copyright infringement (art. 25 novies).
- Transnational offences (Law no. 146/2006).
- Employment of undocumented third-country nationals (art. 25 duodecies).
- Offences of inducement not to make statements or to make false statements to the judicial authority (art. 25 decies).
- Receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering (art. 25 octies).
- Crimes of counterfeiting money, public credit cards, revenue stamps and instruments or signs of recognition (article 25-bis of the Decree).
- Environmental offences (art. 25 undecies).
- Market abuse offences (article 25-sexies of the Decree).
- Crimes of racism and xenophobia (article 25-terdecies of the Decree).

- Crimes relating to payments with financial instruments other than cash (article 25-octies of the Decree).
- Tax offences (article 25-quinquiesdecies of the Decree).
- Smuggling (article 25-sexiesdecies of the Decree).

The Company's 231 Model is available at https://corporate.newlat.it/corporate-governance/codice-etico-e-modello-231/.

The functions of the Supervisory Board are assigned to Mr Massimo Carlomagno as Chair, and to Ms Ester Sammartino as a member, in exercise of the power provided by the applicable law. In this way, the Supervisory Body meets the applicable requirements of autonomy, independence, professionalism and continuity of action.

INDEPENDENT AUDITORS

At the date of the Report, the company responsible for independently auditing the Issuer's accounts was PricewaterhouseCoopers S.p.A., with its registered office at Piazza Tre Torri 2, Milan, no. 119644 in the Register of Independent Auditors held by the Ministry of Economy and Finance.

The Issuer’s Ordinary Shareholders' Meeting of 8 July 2019 conferred on the Independent Auditors, effective from the Trading Start Date, an external audit assignment (including checking that books are being properly kept and operating events are being properly entered into accounting ledgers) pursuant to articles 13 and 17 of Italian Legislative Decree no. 39 of 2010 for the 2019-2027 financial years, in relation to the Issuer's separate financial statements and the consolidated financial statements of the Newlat Group, replacing PwC’s existing assignment awarded on 28 June 2017. Also by resolution of 8 July 2019, and also effective as of the Trading Start Date, the Issuer's Ordinary Shareholders' Meeting awarded the independent auditors the assignment to carry out a limited audit of the Newlat Group's condensed consolidated half-year financial statements for the six-month periods as at 30 June 2020 - 2027.

FINANCIAL REPORTING OFFICER AND OTHER CORPORATE ROLES AND FUNCTIONS

On 9 August 2019, the Issuer's Board of Directors, in compliance with the provisions of article 154-bis of the Consolidated Law on Finance and with the relevant appointment procedures laid down in article 19 of the Articles of Association, decided to appoint, with effect from the Company's shares starting to trade on the MTA (now ESM), Rocco Sergi as the Financial Reporting Officer.

Article 19 of the Issuer's Articles of Association provides that the FRO shall be appointed by the Board of Directors, subject to the mandatory but non-binding opinion of the Board of Statutory Auditors, in accordance with the provisions of Article 154-bis of the Consolidated Law on Finance. The articles of association also require the FRO to have at least three years' experience in administration, finance and control and to meet the integrity requirements for directors. If these requirements are no longer being met, the office shall be forfeited and this must be declared by the Board of Directors within 30 (thirty) days of becoming aware of the failing.

Pursuant to article 154-bis of the Consolidated Law on Finance, the FRO shall:

- Draw up written statements accompanying the Company's documents and communications disseminated to the market and relating to accounting information, including interim accounting information.

- prepare appropriate administrative and accounting procedures for preparing the separate financial statements and, where applicable, the consolidated financial statements and any other financial communications;

- certify with a special report on the separate financial statements, the condensed half-year financial statements and the consolidated financial statements (i) the adequacy and effective application of the administrative and accounting procedures for the preparation of the financial statements; (ii) that the documents are prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002; (iii) that the documents correspond to the ledgers and accounting records; (iv) the suitability of the documents to provide a true and fair picture of the results, assets and liabilities and cash flows of the Issuer and of the companies included in the consolidation; (v) for the separate and consolidated financial statements, that the report on operations includes a reliable analysis of the operating performance and result, as well as the situation of the Issuer and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed; (vi) for the condensed half-year financial statements, that the interim report on operations contains a reliable analysis of the information referred to in article 154-ter, paragraph 4 of the TUF.

COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company promotes meetings and exchanges of information between the various bodies responsible for the verification and monitoring of organisational, administrative, accounting, internal control and risk management systems. Specifically, without prejudice to the provisions of the law with regard to auditors and statutory auditors,40 prior to the approval by the Board of Directors of the Company's draft financial statements (statutory and consolidated) and half-yearly report a collective meeting is held involving the following bodies:

- Control and Risks Committee:
- Board of Statutory Auditors
- Supervisory Board (pursuant to Italian Legislative Decree 231/2001)
- Head of the Internal Audit Function
- Financial Reporting Officer
- Director responsible for the Internal Control and Risk Management System
- Statutory auditors

during which information will be exchanged on the main findings and/or critical issues identified during the audits performed, with regard to organisational, administrative, accounting, internal control and risk management structures. The meetings are recorded in minutes. In addition to the periodic meetings mentioned above, the continuity and timeliness of information exchanges between the aforementioned control bodies is ensured by:

- The participation of the Board of Statutory Auditors in the meetings of the Control and Risk Committee.
- Periodic reporting by the Supervisory Board to the Control and Risk Committee and the Board of Statutory Auditors.
- Periodic reporting by the Head of Internal Audit to the Control and Risk Committee and the Board of Statutory Auditors.
- The exchange of information between the Control and Risk Committee, the statutory auditor and the Financial Reporting Officer on the accounting standards applied and the adequacy of the administrative and accounting procedures applied in preparing the financial reports of the Company and the Group.

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40 The reference is to the following articles of the Consolidated Law on Finance: art. 150, paragraph 3 (The Board of Statutory Auditors and the statutory auditor or auditing firm shall promptly exchange data and information relevant to the performance of their respective duties) and paragraph 4 (Those in charge of internal control shall also report to the Board of Statutory Auditors on their own initiative or at the request of even one of the Statutory Auditors); art. 151, paragraph 1 (The Statutory Auditors may, even individually, at any time perform inspections and controls, as well as ask the directors for information, also with regard to subsidiary companies, on the performance of company operations or on specific business, or address such requests for information directly to the management and control bodies of the subsidiary companies) and paragraph 2 (The Board of Statutory Auditors may exchange information with the corresponding bodies of the subsidiary companies on the management and control systems and on the general performance of the company's business. [omitted]).

INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 26 June 2021 the Issuer's Board of Directors resolved on the amendments made to the procedure for regulating related-party transactions (hereinafter the "Related Party Procedure") adopted by the Company by board resolution on 6 September 2019, available at https://corporate.newlat.it/wp-content/uploads/2021/06/Procedura-OPC-Newlat-2021.pdf

The Related Parties Procedure governs the procedures for the instruction and approval of transactions with related parties defined as of greater importance on the basis of the criteria set out in the regulation adopted by Consob with resolution no. 17221 on 12 March 2010 and subsequent amendments and additions (the "**Related Parties Regulation**") and transactions with related parties defined as of lesser importance, meaning transactions other than transactions of greater importance and transactions of a small amount (the latter are those transactions with related parties whose value does not exceed Euro 200,000.00 whether it is a natural or a legal person).

The Related Parties Procedure defines transactions of greater importance as those in which at least one of the significance indicators mentioned in Annex 3 of the Related Parties Regulations exceeds the 5% threshold and entrusts a specific corporate structure, consisting of the FRO supported by the competent functions, with the task of ascertaining how the procedure should be applied to a given transaction, including whether a transaction is classified as being of greater or lesser importance.

In accordance with the Related Parties Regulation, the procedure for transactions of lesser importance requires that, before approving a transaction with related parties, the Related Parties Committee ("**RPT Committee**"), composed exclusively of independent (pursuant to the TUF and the Corporate Governance Code) and unrelated directors, expresses a non-binding reasoned opinion on the Company's interest in completing it, as well as on the suitability and substantial fairness of the conditions envisaged. In this regard, it is noted that the Issuer has identified the RPT Committee as the competent body in relation to transactions with related parties.

With regard to transactions of greater importance, the Related Parties Procedure provides that the RPT Committee be involved in the negotiation and investigation phases, and at the end of the latter express its reasoned opinion on the Company's interest in completing the transaction and on the suitability and substantial fairness of the relevant conditions. The RPT Committee shall make its own assessments and, in the event of a negative opinion or one subject to the acceptance of certain findings:

a) In the case of a transaction of greater importance that is not the responsibility of the Shareholders' Meeting or does not have to be authorised by it, the Board of Directors may: (i) approve the transaction, provided that the approval resolution fully incorporates the findings made by the RPT Committee; or (ii) approve the transaction despite the contrary opinion or in any case without taking into account the findings of the Committee, provided that the completion of the transaction is authorised by the Shareholders' Meeting, pursuant to article 2364, paragraph 1, no. 5) of the Italian Civil Code and in accordance with the provisions of paragraph (b) below; or (iii) decide not to proceed with the transaction.

b) In the case of a transaction of greater importance falling within the competence of the Shareholders' Meeting or which must be authorised by it, without prejudice to the provisions of articles 2368, 2369 and 2373 of the Italian Civil Code, the transaction may not be carried out if the majority of unrelated shareholders (meaning persons entitled to vote other than the counterparty to a given transaction and related parties both to the counterparty to a given transaction and to the Company) who vote do so against the transaction, provided that the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital.

The provisions of the Related Parties Procedure do not apply to transactions approved by Newlat Food and addressed to all shareholders on equal terms, including:

a) Rights issues, including those servicing convertible bonds, and free capital increases pursuant to article 2442 of the Italian Civil Code.

b) Demergers in the strict sense, whether total or partial, with proportional share allocation.

c) Reductions in share capital by means of reimbursement to shareholders pursuant to article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to article 132 of the Consolidated Law on Finance.

The rules laid down in the Related Parties Procedure also do not apply in the following cases:

a) Shareholders' resolutions on the remuneration payable to members of the Board of Directors pursuant to article 2389, paragraph 1 of the Italian Civil Code, as well as resolutions on the remuneration of directors with special responsibilities included in the total amount for the remuneration of all directors previously determined by the Shareholders' Meeting pursuant to article 2389, paragraph 3 of the Italian Civil Code.

b) Resolutions, other than those indicated under (a), on the remuneration of directors with special responsibilities and other managers with strategic responsibilities, provided that:

The Company has adopted a remuneration policy approved by the Shareholders' Meeting that the Remuneration and Appointments Committee was involved in drafting.

- A report explaining the remuneration policy has been submitted for the approval or advisory vote of the Shareholders' Meeting.

- The remuneration awarded is identified in accordance with that policy and quantified on the basis of criteria that do not involve discretionary assessments.

- Transactions of a small amount.

- Compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-bis of the Consolidated Law on Finance and related executive operations.

- Transactions that are part of ordinary business and the related financial activity of the Company or of the subsidiary that performs the transaction, carried out at conditions similar to those usually practised with unrelated parties for transactions of a corresponding nature, scale and risk, or based on regulated rates or prices imposed on or practised with subjects with whom the Company is legally obliged to enter into a contract at a certain amount.

- Transactions carried out by the Company with its subsidiaries or transactions carried out between such subsidiaries, as well as those with associates, if there are no significant interests of other related parties of the Company in the subsidiaries or associates.

- Shareholders' resolutions on the fees payable to members of the Board of Statutory Auditors pursuant to article 2402 of the Italian Civil Code.

- Transactions to be carried out on the basis of instructions for stability purposes given by Supervisory Authorities, or on the basis of provisions issued by the parent company for the execution of instructions given by Supervisory Authorities in the interest of the stability of the Group.

The procedure allows the adoption of framework resolutions relating to series of homogeneous operations to be carried out by the Company, directly or through subsidiaries, with certain categories of related parties.

Please note that any decisions regarding the renewal – even if tacit or automatic - of contracts and relationships that the Issuer enters into with related parties in the period prior to the formal adoption of the Related Parties Procedure described above will be taken in accordance with this procedure.

Committee for transactions with related parties

The Company's Board of Directors set up the RPT Committee, composed solely of independent directors, appointing the directors Eric Sandrin and Valentina Montanari as members, and Maria Cristina Zoppo as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors. In particular, the RPT Committee:

- formulates prior opinions on the procedures governing the identification and management of related party transactions carried out by the Issuer and/or Group companies, as well as on the related amendments;

- formulates prior and reasoned opinions, in the cases expressly provided for, on the Issuer's interest in completing the transaction with related parties, as well as on the suitability and substantial fairness of the related conditions; and

- in the case of related party transactions of greater importance, the RPT Committee is involved in the negotiation phase and the investigation phase through the receipt of a complete and timely information flow, with the right to request information and to make comments to the parties responsible for conducting the negotiations or the investigation.

In 2023 the RPT Committee held 1 meeting lasting approximately 1 hour, which was attended by all members.

As of the date of this Report, 1 meeting of the RPT Committee has already been held.

BOARD OF STATUTORY AUDITORS

APPOINTMENT AND REPLACEMENT

Pursuant to the provisions of articles 21, 22 and 23 of the Articles of Association, the Issuer has adopted a transparent procedure for the appointment of statutory auditors which guarantees, among other things, adequate and timely information on the personal and professional characteristics of candidates for the office.

The Board of Statutory Auditors is elected by the Ordinary Shareholders' Meeting on the basis of slates submitted by shareholders as per the provisions below, ensuring gender balance in accordance with the provisions of applicable laws and regulations.

The presentation of slates is governed by applicable laws and regulations and by the Articles of Association.

Slates can be submitted by shareholders who, alone or together with others, represent, at the time of submission, at least the stake required to submit lists of candidates for the office of director.

The slates are filed with the Company within the deadlines set out in applicable laws, as indicated in the notice of convocation at the Company's registered office or also communicated remotely, and made available to the public under the terms and conditions set out in applicable laws and regulations. Each shareholder, the shareholders adhering to a shareholders' agreement pursuant to article 122 of the TUF, the parent company, subsidiaries, joint ventures and the other entities between which there is a direct or indirect link, pursuant to applicable laws and regulations, may submit – or contribute to the submission, even through an intermediary or trust company – and vote for only one slate. Each candidate may appear on only one slate under penalty of ineligibility.

Each slate shall contain a sequential number of candidates not exceeding the number of members to be elected.

The slates are divided into two sections: one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor. The first of the candidates in each section must appear in the register of auditors and must have carried out auditing activities for a period of not less than 3 (three) years.

Each slate that – considering both sections – has a number of candidates equal to or greater than 3 (three) must also include candidates of both genders, so that at least two-fifths (rounded downwards since it is a three-member corporate body) of the candidates for the office of standing auditor and at least one candidate for the office of alternate auditor (where the list also includes candidates for the office of alternate auditor) belong to the least-represented gender.

The following must be filed when the slates are submitted: a) information on the identity of the shareholders submitting the slate and an indication of the percentage of share capital held, as well as certification(s) showing ownership of such shareholding(s) as at the date of submission of the slate; b) a declaration by shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any direct or indirect link, within the meaning of applicable laws and regulations, with the latter; c) the curriculum vitae of the candidates and a statement in which each candidate declares, under his or her own responsibility, that there are no grounds for ineligibility and incompatibility and that he or she fulfils the conditions for appointment; d) information relating to the candidates with an indication of the administration and control positions held in other companies, as well as a statement by the same candidates attesting to the fulfilment of the requirements, including those of integrity, professionalism, independence and related to the accumulation of positions, provided for by current laws and regulations and by the Articles of Association; e) a declaration from each candidate accepting their candidacy; f) any other additional or different declaration, information and/or document required by applicable laws and regulations.

Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

Members of the Board of Auditors must meet the requirements of integrity, professionalism, independence and the limit of number of positions envisaged by applicable laws and regulations, as well as by the Corporate Governance Code and the policy adopted by the Company. With regard to the requirements of professionalism, matters relating to commercial law, company law, financial market law, tax law, business economics, corporate finance, disciplines having a similar or comparable object, and matters and sectors relating to the business sector of the Company are considered strictly relevant to the scope of the Company's activities.

The election of the Board of Statutory Auditors shall take place in accordance with the following provisions: a) from the slate that has obtained the highest number of votes ("majority slate"), two effective members and one alternate shall be drawn in the order in which they are listed; b) from the slate that has obtained the second-highest number of votes in the Shareholders' Meeting ("minority slate"), the remaining effective member, who shall also be appointed Chair of the Board of Statutory Auditors, and the other alternate member shall be drawn in the order in which they are listed. If more than one slate has obtained the same number of votes, a new vote shall be taken on said slates by all those who can vote and are present at the Shareholders’ Meeting, with the candidates from the slate that secures a relative majority being elected.

If gender balance is not ensured in accordance with the provisions of applicable laws and regulations, considering the statutory auditors and alternate auditors separately, the elected candidate belonging to the most represented gender who was last in the sequential order in each section of the majority slate, will be replaced by the unelected candidate from the least represented gender taken from the same section of the same slate in the sequential order of presentation. If the number of candidates elected on the basis of the slates submitted is lower than the number of statutory auditors to be elected, the remainder will be elected by the Shareholders' Meeting, which decides by relative majority and in such a way that the gender balance required by applicable laws and regulations is respected.

In the case of submission of a single slate, the Board of Statutory Auditors is drawn entirely from it in compliance with applicable laws and regulations. If, on the other hand, no slate is submitted, the Shareholders' Meeting decides by relative majority in accordance with the provisions of law. In such cases, the Chair of the Board of Statutory Auditors shall be appointed by relative majority of the votes present at the Shareholders' Meeting.

The Chair of the Board of Statutory Auditors shall be the statutory auditor elected from the minority slate unless only one slate is voted on or no slate is presented; in such cases, the Chair of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting by relative majority of the votes present.

COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

Pursuant to article 21 of the Articles of Association, the Board of Statutory Auditors shall consist of 3 (three) standing auditors and 2 (two) alternate auditors who shall hold office for three financial years, expiring on the date of approval of the financial statements for the third financial year of their office, and shall be eligible for re-election.

The Issuer's Board of Statutory Auditors in office on the Report Date consists of 3 standing auditors and 2 alternate auditors. This Board of Statutory Auditors was appointed by the Issuer's Ordinary Shareholders' Meeting on 28 April 2022 for a period of 3 years, until approval of the financial statements for the year ending 31 December 2024.

Only one slate was submitted, by the majority shareholder Newlat Group S.A., owner at the date of this report of 27,084,374 Newlat Food shares, corresponding to 61.65% of the share capital, which proposed the following candidates:

Section 1. Standing Auditors

a) Massimo Carlomagno, born in Agnone (IS) on 22.09.1965, tax code CRLMSM65P22A080Y, male.

b) Ester Sammartino, born in Agnone (IS) on 23.05.1966, tax code SMMSTR66E63A080O, female.

c) Antonio Mucci, born in Montelongo (CB) on 24.03.1946, tax code MCCNTN46C24F548H, male.

Section 2. Alternate Auditors

1. Giovanni Rayneri, born in Turin (TO) on 20.07.1963, tax code RYNGNN63L20L219Y, male.
2. Cinzia Voltolina, born in Moncalieri (TO) on 26.04.1983, tax code VLTCNZ83D66F335E, female.

The aforementioned slate was approved by a majority vote, with 51,337,248 votes for, representing 99.95% of the votes cast, and shares for 25,222 votes against, representing 0.05% of the votes cast.

Therefore, the Issuer's Board of Statutory Auditors in office consists of:

Name and surname	Position	Place and date of birth
Massimo Carlomagno	Chair	Agnone (IS), 22 September 1965
Ester Sammartino	Standing Auditor	Agnone (IS), 23 May 1964
Antonio Mucci	Standing Auditor	Montelongo (CB), 24 March 1946
Giovanni Rayneri	Alternate Auditor	Turin, 20 July 1963
Cinzia Voltolina	Alternate Auditor	Moncalieri (TO), 26 April 1983

Below is a summary of the personal and professional characteristics of the members of the Statutory Board of Auditors.

Massimo Carlomagno - born in Agnone (IS) on 22 September 1965, he obtained a degree in Economics and Business from the University of Salerno in 1990 and has been enrolled in the Register of Chartered

Accountants since 1996. From 1999 to 2005 he held the position of Chairman of the Board of Directors of Finanziaria Regionale del Molise S.p.A. Since 2005 he has held the position of Chairman of the Issuer's Board of Statutory Auditors.

Ester Sammartino - born in Agnone (IS) on 23 May 1966, she obtained a degree in Economics and Business from the University of Chieti in 1992 and has been enrolled in the Register of Chartered Accountants since 2002. From 1990 to 2005 she served as a director at Lamel Legno S.r.l. Since 2005 she has been a standing member of the Issuer's Board of Statutory Auditors, and since 2021 she has been a Statutory Auditor of Centrale del Latte d'Italia S.p.A.

Antonio Mucci - born in Montelongo (CB) on 24 March 1946, he obtained a degree in Economics and Business from the University of Bari in 1972 and has been enrolled in the Register of Chartered Accountants since 1990 and is also enrolled in the Register of Auditors. From 1991 to 2018 he held the position of auditor in various public bodies, such as the province of Campobasso and the municipalities of Termoli, Larino, Trivento, Riccia, Santa Croce di Magliano, Rotello, Bonefro, Matrice, Montagano, Macchia Valfortore, Morrone del Sannio and Ururi. From 1996 to 2005 he served as Chairman of the Board of Auditors of the Consorzio di Bonifica di Larino. From 1996 to 1999 he served as Chairman of the Board of Statutory Auditors of the cooperative B&G. He was a member of the Board of Statutory Auditors of Piana del Sele S.r.l. from 2007 to 2013. He served first as a member of the board of statutory auditors (from 2011 to 2013) and then as Chairman (from 2014 to 2016) of Finmolise S.p.A. Since 2014 he has held the position of standing auditor on the Issuer's Board of Statutory Auditors.

Giovanni Rayneri – born in Turin, Italy, on 20 July 1963, he graduated in Economics and Business at the University of Turin in 1988 and is a registered Chartered Accountant and Auditor. He is also registered in the Register of Technical Consultants at the Court of Turin. He is the chair or a member of the board of statutory auditors in numerous medium-sized and large companies and groups, including international enterprises.

Cinzia Voltolina – born in Moncalieri (TO) on 26 April 1983, she holds a Bachelor's degree in Business Economics, specialising in professional accountancy, as well as a Master's degree in professional accountancy, both from the University of Turin. She has also been registered as a Chartered Accountant and Auditor since 2014.

The Board of Statutory Auditors in office at the date of this Report has an adequate composition to ensure the independence and professionalism of its function.

Specifically, no situations referred to in Recommendation 7 of the Corporate Governance Code were found.

Diversity criteria and policies

Note that the Issuer has adopted a diversity policy with respect to the composition of the control bodies that ensures a balance between genders, pursuant to the provisions of article 148, paragraph 1-bis of the Consolidated Law on Finance available at https://corporate.newlat.it.

The composition of the Board of Statutory Auditors at the date of the Report complies with these provisions on gender balance.

Independence

The aforementioned Policy on the Composition of the Board of Statutory Auditors also provides that all members of the board of statutory auditors must meet the independence requirements set forth in Article 148, paragraph 3 of the TUF, as well as the independence requirements set forth for Directors in Recommendation 7 of the Corporate Governance Code.

Verification of these requirements is carried out immediately after their appointment and annually thereafter. As per the last evaluation on 18 March 2024, it was possible to confirm the independence of all members of the Board of Statutory Auditors.

In making the above assessment, all the information available to each member of the Board of Statutory Auditors was taken into account, applying all the criteria set out in the Corporate Governance Code with respect to the independence of Directors, as set out in Recommendation 6.

Remuneration

As resolved by the Shareholders' Meeting of 28 April 2022, the remuneration of the Statutory Auditors is appropriate to the competence, professionalism and commitment required by the importance of the role held, the size and sector of the Company, as well as its situation.

Management of interests

Any statutory auditor who, on their own behalf or on behalf of third parties, has an interest in a particular transaction of the Company is required to promptly and exhaustively inform the other members of the Board of Statutory Auditors, as well as the Chair of the Board of Directors, about the nature, terms, origin and scope of the interest.

SHAREHOLDER RELATIONS

Access to information

The Issuer has created an online section on its website that is easily identifiable and accessible and which contains information about the Company that is relevant to its shareholders, in order to allow them to exercise their rights in an informed manner.

This section is available at https://corporate.newlat.it/.

The Issuer has appointed a person responsible for managing relations with shareholders as Investor Relator, in the person of Ms Benedetta Mastrolia.

The Issuer has also entered into a contract with Barabino & Partners, a leading consulting firm in the field of communications, to best convey relevant information and news, both in terms of form and dissemination through the main press organs.

Dialogue with shareholders

In accordance with Recommendation 3 of the Code of Corporate Governance, the Company has adopted a Shareholder Dialogue Policy aimed at governing Newlat Food's current and potential methods of dialogue in order to strengthen, ensure and promote the exchange of information and improve the level of mutual understanding between investors and the Company in the most appropriate forms and in compliance with current regulations, including those on market abuse, all in order to achieve and encourage the exchange of ideas and foster the generation of value in the medium to long term.

Specifically, in addition to indicating the communication channels through which the Company engages in dialogue with the market, as well as the issues that may be the subject of such exchanges, the aforesaid Policy provides for the possibility that the dialogue may even be initiated at the request of the market, governing the related request procedures.

This policy is available at https://corporate.newlat.it.

SHAREHOLDERS' MEETINGS

Pursuant to the provisions of applicable laws, an ordinary session of the Shareholders' Meeting is able to approve the financial statements, to appoint and dismiss the directors, statutory auditors and the Chair of the Board of Statutory Auditors and to determine the remuneration of the directors and statutory auditors, and decides on anything else within its competence under the law. An extraordinary session of the Shareholders' Meeting will deliberate on amendments to the articles of association, as well as on everything reserved to its competence by law.

The Shareholders' Meeting resolves on all matters for which it is competent under law and under the Articles of Association; moreover, it is expressly invested with the power to dismiss the directors of the Company, even in the absence of just cause, if the relationship of trust between them and the Company has ceased to exist for any reason.

Each share gives the right to one vote, except for the shares with increased voting rights, as detailed in Section 2, letter (d) above.

In order to reduce the constraints and formalities that make it difficult and/or burdensome for shareholders to attend shareholders' meetings and exercise their voting rights, the Issuer has promoted initiatives aimed at encouraging the widest possible participation of shareholders in shareholders' meetings and facilitating the exercise of shareholders' rights.

As of the date of this Report, there have been no cases in which shareholders controlling the Issuer have submitted proposals to the Shareholders' Meeting on matters for which the Directors had not made a specific proposal.

As of the date of the Report, the Issuer has not proposed – for the approval of the Shareholders' Meeting – rules governing the conduct of Shareholders' Meetings.

The Shareholders' Meeting of 27 April 2023 was attended by all members of the Board of Directors.

Given that the corporate governance system adopted by the Issuer is considered suitable and functional to the Company's needs, the Board of Directors did not deem it necessary to submit further proposals to the Shareholders' Meeting for approval regarding the identification of a new administration and control model.

FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, paragraph 2, letter a), second part of the TUF)

The Issuer has not applied any other corporate governance practices than those indicated in the previous sections of this Report.

CHANGES SINCE THE REPORTING DATE

There have been no other changes to the corporate governance structure since the end of the period aside from those reported in the specific sections.

COMMENTS ON THE LETTER OF 14 DECEMBER 2023 FROM THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

At the meeting of 18 March 2024, the Chair brought the Chair of the Corporate Governance Committee's letter of 14 December 2023 to the attention of the Board of Directors and the Board of Statutory Auditors.

Below are the Company's considerations and the initiatives taken regarding the recommendations of the Committee.

On the subject of the business plan, the Committee "invites companies to provide adequate disclosure on the involvement of the board of directors in the review and approval of the business plan and in the analysis of issues relevant to long-term value generation".

On 17/03/2023 the Board of Directors approved the 2023-2025 Business Plan. On 18/03/2024 the Board of Directors approved the integrated and extended version until 2026. The evolution of the post-pandemic social and economic environment and the acquisitions made have led to the need for a further update of the plan with respect to the years 2024-2026. In addition to incorporating exogenous phenomena, the update to the plan identifies new strategic intentions with the management under a single entity of the third largest cluster in the milk & dairy sector, which should not only foster growth in terms of turnover but also possible aggregations with other operators in the sector. This update was approved by the Board of Directors on 18/03/. The Business Plan constitutes a governance and control tool for the adequacy of the Company's and the Group's organisational, administrative and accounting structures, as well as for risk prevention. More specifically, financial and credit risks are adequately covered by the provisions of the Plan and the system for monitoring its proper implementation.

On the topic of providing information before board meetings, the Committee "*while recognising the improvements that have been made, urges companies to provide adequate justification in the corporate governance report in the event of a waiver of the timeliness of pre-meeting distribution for reasons of confidentiality, which may be provided for in board rules and/or adopted in practice*".

On 10 September 2021, the Board of Directors adopted its own rules governing among other things the timing of the distribution of supporting documentation for Board meetings to the members of the Board and the Board of Statutory Auditors, timing that is always complied with.

On the subject of guidance on optimal composition, the Committee "*while recognising the improvements that have been made, invites companies to clearly indicate and provide adequate justification in the corporate governance report for the failure to provide guidance on the board's quantitative or qualitative composition before renewal, and/or the failure to request that those who submit a 'long' slate also provide adequate information about the slate's compliance with the orientation expressed. The Committee also invites companies to indicate how the timing of publication of the guidance was considered appropriate to allow adequate consideration by those submitting the slates of candidates*".

Despite belonging to the category of companies with concentrated ownership, in view of its upcoming renewal the Issuer has drawn up guidelines on the optimal composition of the Board of Directors, making it available to the market by publishing the document on its website at https://corporate.newlat.it/wp-content/uploads/2023/03/Procedura-composizione-C.d.A.-C.S.-NLF-v.02.pdf.

The guidelines were made public in good time, and in any case in such a way that those submitting slates of candidates can take it into account when composing their slates.

<u>On the subject of increased voting rights</u>, the Committee "*invites companies to give adequate disclosure in the proposals of the board of directors to the shareholders' meeting on the introduction of the increased voting right of the reasons for the choice and the expected effects on the ownership and control structures and on future strategies and to provide adequate justification for any failure to disclose these elements*".

The Issuer has long envisaged an increased voting right for each share held by the same shareholder for a continuous period of not less than 24 months from the date of registration in the list set up for this purpose, kept and updated by the Company.

TABLE 1: OWNERSHIP STRUCTURE INFORMATION

ON 18 March 2024

STRUCTURE OF THE SHARE CAPITAL				
	No. of shares	No. of voting rights	Listed (show market) /unlisted	Rights and obligations
Ordinary shares (specifying whether voting rights may be increased)	43,935,050	68,665,050	Listed on Euronext - Star Milan	Increased vote pursuant to art. 6, paragraph 9 of the Articles of Association[41]
Preferred shares	0	0	-	-
Multiple-vote shares	0	0	-	-
Other categories of shares with voting rights	0	0	-	-
Savings shares	0	0	-	-
Convertible savings shares	0	0	-	-
Other categories of non-voting shares	0	0	-	-
Other	0	0	-	-

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly issued shares)				
	Listed (show market) /unlisted	No. of instruments issued	Category of shares in service of the conversion/exercise	No. of shares in service of the conversion/ exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

[41] See Section 2(d) of this Report.

SIGNIFICANT EQUITY INVESTMENTS			
Declarant	Direct shareholder	Holding % of the ordinary capital	Holding % of the voting capital
Angelo Mastrolia	Newlat Group S.A.	61.65%	75.46%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors													
Position	**Members**	**Year of birth**	**Date first appointed (*)**	**Start of term**	**End of term**	**Slate (presenters) (**)**	**Slate (M/m) (***)**	**Exec.**	**Non exec.**	**Indep. Code**	**Indep. TUF**	**No. of other posts (****)**	**Participation (*****)**
Chair •	Angelo Mastrolia	1964	30/11/2006	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				13	6/6
Chief Executive Officer	Stefano Cometto	1972	30/01/2013	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				5	6/6
Director Executive Officer	Giuseppe Mastrolia	1989	29/06/2011	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				6	6/6
Director	Benedetta Mastrolia	1995	05/06/2014	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x			3	6/6
Director	Maria Cristina Zoppo	1971	25/09/2020	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	4	6/6
Director	Valentina Montanari	1967	29/10/2019	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	9	5/6
Director ○	Eric Sandrin	1964	29/10/2019	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	21	3/6
------------------- DIRECTORS WHO LEFT OFFICE DURING THE YEAR -------------------													
Director	-	-	-	-	-	-	**-**	**-**	**-**	**-**	**-**	-	-

Indicate the number of meetings held during the year: 6
Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to article 147-ter of the TUF): 2.5%
NOTES
The following symbols must be inserted in the "Position" column:
• This symbol indicates the director responsible for the internal control and risk management system.
○ This symbol indicates the Lead Independent Director (LID)
(*) The date of first appointment of each director is the date on which the director was appointed for the very first time to the Issuer's Board of Directors.
(**) This column indicates whether the slate from which each director was drawn was submitted by shareholders (specifying "Shareholders") or by the Board of Directors (specifying "BoD").
(***) This column indicates whether the slate from which each director was drawn is "majority" (specifying "M") or "minority" (specifying "m").
(****) This column shows the number of directorial or statutory auditor positions held by the person concerned in other listed companies or of significant size. The Corporate Governance Report provides more details on these positions.
(*****) This column indicates the attendance of directors at board meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE YEAR

BoD		**Executive Committee**		**RPT Committee**		**Control and Risks Committee**		**Remuneration Committee**		**Remuneration and**		***Other committee***		***Other committee***	
Position/Qualification	**Members**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**
Independent as per TUF and Code	Maria Cristina Zoppo	N/A	N/A	1/1	C	4/4	M	1/1	M	1/1	M	-	-	-	-
Independent as per TUF and Code	Valentina Montanari	N/A	N/A	1/1	M	4/4	C	1/1	M	1/1	M	-	-	-	-
Independent as per TUF and Code	Eric Sandrin	N/A	N/A	1/1	M	3/4	M	1/1	C	1/1	C	-	-	-	-
------------------- DIRECTORS WHO LEFT OFFICE DURING THE YEAR -------------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
--------------ANY MEMBERS WHO ARE NOT DIRECTORS--------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES

(*) This column indicates the attendance of directors at committee meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).
(**) This column shows the status of the director within the committee: "P": chair; "M": member.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE YEAR

Position	Members	Year of birth	Date first appointed (*)	Start of term	End of term	Slate (M/m) (**)	Indep. Code	Attendance at Board of Statutory Auditors meetings (***)	No. of other posts (****)
Chair	Massimo Carlomagno	1965	28/02/2005	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	6
Standing Auditor	Ester Sammartino	1966	28/02/2005	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	6
Standing Auditor	Antonio Mucci	1946	12/06/2009	28/04/2022	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	1
Alternate Auditor	Giovanni Rayneri	1963	28/04/2022	N/A	Shareholders' Meeting to approve the 2024 financial statements	M	N/A	N/A	N/A
Alternate Auditor	Cinzia Voltolina	1983	28/04/2022	N/A	Shareholders' Meeting to approve the 2024 financial statements	M	N/A	N/A	N/A
--------------------STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR-------------------									
-	-	-	-	-	-	-	**-**	-	-

Indicate the number of meetings held during the year: 7
Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to article 148 of the TUF): 2.5%

NOTES

(*) The date of first appointment of each statutory auditor is the date on which they were appointed for the very first time to the Issuer's Board of Statutory Auditors.
(**) This column indicates whether the slate from which each statutory auditor was drawn is "majority" (specifying "M") or "minority" (specifying "m").
(***) This column indicates the attendance of statutory auditors at meetings of the board of statutory auditors (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).
(****) This column shows the number of director or statutory auditor positions held by the person in question pursuant to article 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulation. The full list of positions is published by Consob on its website in accordance with article 144-quinquiedecies of the Consob Issuers' Regulation.

Annex A - List of the main positions held by the Directors

List of the main positions held, at the date of this Report, by each Director in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	Status
Angelo Mastrolia	Centrale del Latte d'Italia S.p.A.	Chair of the Board of Directors	In office
	New Property S.p.A.	Chair of the Board of Directors	In office
	TMT Property S.r.l.	Chair of the Board of Directors	In office
	Newservice S.r.l.	Chair of the Board of Directors	In office
	Symington's Ltd	Managing Director	In office
	EM Foods S.A.S.	Chair	In office
	Newlat GmbH	Director	In office
	Newlat Group SA	Sole Director	In office
	Biochemia System S.r.l.	Sole Director	In office
	ABGM Group S.A.	Sole Director	In office
	CFR Hypermarché S.A.	Sole Director	In office
	TMT Group S.A.	Sole Director	In office
	Latterie Riunite Piana del Sele S.r.l. in liquidation	Liquidator	In office
Giuseppe Mastrolia	Centrale del Latte d'Italia S.p.A.	Deputy Chair of the Board of Directors	In office
	New Property S.p.A.	Deputy Chair of the Board of Directors	In office
	TMT Property S.r.l.	Director	In office
	Symington's Ltd	CEO	In office
	EM Foods S.A.S.	Managing Director	In office
	Newlat GmbH	CEO	In office
Stefano Cometto	Centrale del Latte d'Italia S.p.A.	Chief Executive Officer	In office
	New Property S.p.A.	Chief Executive Officer	In office
	Newservice S.r.l.	Director	In office
	RA Creations S.r.l.s in liquidation	Liquidator	In office
	Gopura Consulting Srl.s	Sole Director	In office
Benedetta Mastrolia	Centrale del Latte d'Italia S.p.A.	Director	In office
	New Property S.p.A.	Director	In office

	Symington's Ltd	Director	In office
Maria Cristina Zoppo	Banca Intesa Sanpaolo S.p.A.	Director	In office
		Management Control Committee Member	In office
	Michelin Italiana S.p.A.	Standing Auditor	In office
	BDO Tax S.r.l. S.t.p.	Proxy	
	Schoeller Allibert S.p.A.	Chair of the Board of Statutory Auditors	In office
Valentina Montanari	University of Pavia	Director	In office
	Impresa Sangalli Giancarlo	Director	In office
	Fondazione Italia per il Dono (FIDO)	Director	In office
	Seco S.p.A.	Independent Director	In office
		Lead Independent Director	In office
		Chair of the Control, Risks and Sustainability Committee	In office
		Member of the Related Parties Committee	In office
	Mediolanum Fund Management SGR p.A.	Director	In office
		Member of the Control, Risks and Sustainability Committee	In office
Eric Sandrin	Gucci (China) Trading Limited	Shareholder representative	In office
	Kering Investment Management Group Co. Limited	Director	In office
	Kering Tokyo Investment Limited	Director	In office
	Kering Investment SA	Chief Executive Officer	In office
	Kering RE	Chief Executive Officer	In office
	Kering Studio	General Manager (Directeur Général)	In office
	Boucheron Uk Limited	Director	In office
	Bottega Veneta International Sarl	Director	In office

Autumnpaper Limited	Director	In office
Birdswan Solutions Limited	Director	In office
Alexander Mcqueen Trading Limited	Director	In office
Balenciaga Uk LTD	Director	In office
Balenciaga Japan LTD	Director	In office
Boucheron Holding SAS	Member of the Strategic Committee (comité stratégique)	In office
Kering Eyewear Apac Limited	Director	In office
Kering Holland NV	Director	In office
Balenciaga SA	Director	In office
GG France 14	Chair	In office
Boucheron Joaillerie (USA), INC	Director	In office
Kering (China) Enterprise Management Limited	Director	In office
GG France 13	Chair	In office

Annex B - List of the main positions held by the Statutory Auditors

List of the main positions held, at the date of this Report, by each Statutory Auditor in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	Status
Massimo Carlomagno	New Property S.p.A.	Chair of the Board of Statutory Auditors	In office
	Centrale del Latte d'Italia S.p.A.	Alternate Auditor	In office
		SB Chair	In office
	Municipality of Esine	Sole Auditor	In office
	Korg Italy S.p.A.	Statutory Auditor	In office
	Bakoo S.p.A.	Statutory Auditor	In office
Ester Sammartino	New Property S.p.A.	Statutory Auditor	In office
	Centrale del Latte d'Italia S.p.A.	Statutory Auditor	In office
		SB member	In office
	Municipality of Pognana lario	Sole Auditor	In office
	Municipality of Caslino D'Erba	Sole Auditor	In office
	Municipality of Borghetto Lodigiano	Sole Auditor	In office
Antonio Mucci	New Property S.p.A.	Statutory Auditor	In office

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros)	**Notes**	**At 31 December**	
		2023	**2022**
Non-current assets			
Property, plant and equipment	8.1	164,732	154,106
Right-of-use assets	8.2	43,773	46,509
of which from related parties		*14,105*	*16,722*
Intangible assets	8.3	91,548	92,345
Equity investments in associates	8.4	1,401	1,401
Non-current financial assets measured at fair value through profit or loss	8.5	777	1,213
Financial assets measured at amortised cost	8.6	800	801
of which from related parties		*735*	*735*
Deferred tax assets	8.7	6,362	7,148
Total non-current assets		**309,392**	**303,522**
Current assets			
Inventories	8.8	74,099	85,213
Trade receivables	8.9	84,634	91,982
of which from related parties		*2,493*	*681*
Current tax assets	8.10	1,323	1,889
Other receivables and current assets	8.11	22,529	19,045
Current financial assets measured at fair value through profit or loss	8.12	69	6,525
Financial receivables measured at amortised cost	8.13	13,099	13,099
of which from related parties		*13,099*	*13,099*
Cash and cash equivalents	8.14	312,459	287,820
of which from related parties		*93,586*	*97,909*
Total current assets		**508,212**	**505,573**
TOTAL ASSETS		**817,604**	**809,095**
Shareholders' equity			
Share capital		43,935	43,935
Reserves		102,079	77,296
Translation reserve		(1,703)	(2,982)
Net profit/(loss)		14,325	6,223
Total shareholders' equity attributable to the Group	8.15	**158,636**	**124,471**
Shareholders' equity attributable to minority interests	8.15	**16,022**	**14,834**
Total consolidated equity	8.15	**174,658**	**139,306**
Non-current liabilities			
Provisions for employee benefits	8.16	10,951	11,399
Provisions for risks and charges	8.17	2,337	2,038
Deferred tax liabilities	8.7	22,868	19,991
Non-current financial liabilities	8.18	290,466	304,723
Non-current lease liabilities	8.2	37,160	39,173
of which from related parties		*14,092*	*14,703*
Total non-current liabilities		**363,783**	**377,324**
Current liabilities			
Trade payables	8.19	172,198	193,776
of which from related parties		*823*	*0*
Current financial liabilities	8.18	64,653	65,780
of which from related parties		*3,916*	*8,929*
Current lease liabilities	8.2	7,694	7,567
of which from related parties		*2,457*	*2,356*
Current tax liabilities	8.10	2,988	3,688
Other current liabilities	8.20	31,630	21,654
Total current liabilities		**279,163**	**292,466**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**817,604**	**809,095**

CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	At 31 December	
		2023	2022
Revenue from contracts with customers	9.1	793,339	741,094
Cost of sales	9.2	(656,185)	(607,693)
of which from related parties		*(3,043)*	*(2,235)*
Gross operating profit/(loss)		**137,154**	**133,400**
Sales and distribution costs	9.2	(89,912)	(89,509)
Administrative costs	9.2	(23,801)	(21,746)
of which from related parties		*(168)*	*(215)*
Net write-downs of financial assets	9.3	(1,378)	(1,247)
Other revenues and income	9.4	10,920	5,238
Income from business combinations	9.5	4,793	
Other operating costs	9.6	(6,496)	(6,015)
Operating profit/(loss)		**31,280**	**20,121**
Financial income	9.7	9,777	2,058
of which from related parties		*1,811*	*595*
Financial expenses	9.7	(21,341)	(12,278)
of which from related parties		*(647)*	*(796)*
Profit/(loss) before taxes		**19,715**	**9,901**
Income taxes	9.8	(4,203)	(3,304)
Net profit/(loss)		**15,513**	**6,597**
Profit/(loss) attributable to minority interests		**1,188**	**374**
Group net profit/(loss)		**14,325**	**6,223**
Basic net profit/(loss) per share	9.9	0.34	0.16
Diluted net profit/(loss) per share	9.9	0.34	0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	At 31 December	
		2023	2022
Net profit/(loss) (A)		**15,513**	**6,597**
b) Other components of comprehensive income that will not be subsequently reclassified to the income statement:			
Actuarial gains/(losses) net of tax effects	8.15	(78)	1,534
Total other components of comprehensive income that will not be subsequently reclassified to the income statement:		**(78)**	**1,534**
c) Components of comprehensive income that will not be subsequently reclassified to the income statement:			
Hedging instruments net of tax effects	8.15	(251)	583
Translation reserve	8.15	1,315	(2,628)
Total other components of comprehensive income that will not be subsequently reclassified to the income statement		**1,065**	**(2,045)**
d) Total other components of comprehensive income, net of tax effect (B+C)		**987**	**(511)**
Total comprehensive net profit/(loss) (A)+(D)		**16,500**	**6,086**
Profit/(loss) attributable to minority interests		**1,188**	**374**
Group net profit/(loss)		**15,312**	**5,712**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of euros)	**Notes**	**Share capital**	**Reserves**	**Net profit/(loss)**	**Total shareholders' equity attributable to the Group**	**Shareholders’ equity attributable to minority interests**	**Total**
At 31 December 2021	8.15	**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			(11,731)	-	(11,731)	-	(11,731)
Total treasury shares			**(11,731)**	**-**	**(11,731)**	**-**	**(11,731)**
Other changes			453		**453**	(17)	**436**
Net profit/(loss)				6,223	**6,223**	374	**6,597**
Hedge accounting			583	-	**583**	**-**	**583**
Translation reserve			(2,628)	-	**(2,628)**	**-**	**(2,628)**
Actuarial gains/(losses) net of the related tax effect			1,534	-	**1,534**	-	**1,534**
Total comprehensive net profit/(loss) for the year			**(511)**	**6,223**	**5,712**	**374**	**6,086**
At 31 December 2022	8.15	**43,935**	**74,313**	**6,223**	**124,471**	**14,834**	**139,306**
Allocation of net profit/(loss) for the previous year			6,223	(6,223)	**-**	**-**	**-**
Treasury shares			18,853	-	**18,853**	**-**	18,853
Total treasury shares			**18,853**		**18,853**		**18,853**
					-		
Other changes					**-**		
Net profit/(loss)			**-**	14,325	**14,325**	1,188	**15,513**
Hedging instruments net of tax effect			(251)	-	**(251)**	**-**	**(251)**
Translation reserve			1,315	-	**1,315**	**-**	**1,315**
Actuarial gains/(losses) net of the related tax effect			(78)	-	**(78)**	**-**	**(78)**
Total comprehensive net profit/(loss) for the year			**987**	**14,325**	**15,312**	**1,188**	**16,500**
					-		
At 31 December 2023	8.15	**43,935**	**100,376**	**14,325**	**158,636**	**16,022**	**174,658**

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of euros)	Notes	At 31 December	
		2023	**2022**
Profit/(loss) before taxes		19,715	9,901
- Adjustments for:			
Amortisation, depreciation and write-downs	8.1-8.2-8.3-8.8-8.9	41,665	36,283
Capital losses/(gains) on disposal		-	-
Financial expense/(income)	9.7	11,564	10,220
of which from related parties		*1,131*	*(201)*
Other non-monetary changes from business combinations	9.5	(4,793)	-
Cash flow generated /(absorbed) by operating activities before changes in net working capital		**68,152**	**56,404**
Change in inventory	8.8	13,231	(21,332)
Change in trade receivables	8.9	11,462	(26,397)
Change in trade payables	8.19	(28,836)	15,826
Change in other assets and liabilities	8.5-8.10-8.18-8.20	4,026	(5,215)
Use of provisions for risks and charges and for employee benefits	8.16-8.17	(1,039)	(678)
Taxes paid	8.10	(4,606)	(824)
Net cash flow generated /(absorbed) by operating activities		**62,391**	**17,784**
Investments in property, plant and equipment	8.1-8.2	(22,807)	(14,477)
Investments in intangible assets	8.3	(2,132)	(979)
Investments of financial assets	8.5-8.11	6,648	(6,390)
Deferred fee for acquisitions	8.17-8.20		-
Acquisitions of companies net of cash acquired		(1,000)	(300)
Net cash flow generated /(absorbed) by investment activities		**(19,290)**	**(22,146)**
New financial payables	8.18	34,882	73,241
Repaid financial payables	8.18	(50,266)	(117,234)
Repayments of lease liabilities	8.2	(10,368)	(13,645)
of which from related parties		*(3,601)*	*(2,980)*
Net interest expense	9.7	(11,564)	(10,220)
Acquisition of minority interests		-	(17)
Sale (purchase) of own shares	8.15	18,854	(11,732)
Net cash flow generated/(absorbed) by financing activities		**(18,463)**	**(79,607)**
Total changes in cash and cash equivalents		**24,637**	**(83,969)**

Cash and cash equivalents at start of year		**287,820**	**384,888**
of which from related parties		*97,909*	*126,552*
Offsetting of cash and cash equivalents		-	(13,099)
Total changes in cash and cash equivalents		24,637	(83,969)
Cash and cash equivalents at end of year		**312,459**	**287,820**
of which from related parties		*93,586*	*97,909*

RECONCILIATION STATEMENT AS AT 31 December 2023 WITH THE VALUES OF THE PARENT COMPANY'S SEPARATE FINANCIAL STATEMENTS

(In thousands of euros)	Equity	of which Net profit for the period
Balances resulting from the Parent Company's separate financial statements	151,945	5,752
Effect of full consolidation: -		
- Difference between the book value of the consolidated subsidiary Newlat GmbH and the relative share of equity	(32,240)	
- Difference between the book value of the consolidated subsidiary Centrale del Latte d'Italia S.p.A. and the relative share of equity	38,252	
- Difference between the book value of the consolidated subsidiary Symington's Limited and the relative share of equity	(6,706)	
- Pro-rata results achieved by investees	8,573	8,573
- Recognition of minority interests/shareholders	14,834	1,188
Shareholders' equity and profit/loss for the period from the Group's consolidated financial statements	174,658	15,513

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information and significant transactions carried out in 2023

Newlat Food S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at Via J. F. Kennedy 16, 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 Activities.

The Company is subject to the direction and coordination of its parent company Newlat Group S.A. (hereinafter "**Newlat Group**"), which directly holds 61.66% of its share capital, 36.36% is held by institutional investors and the remainder (1.98%) is held by Newlat Food itself through the purchase of treasury shares.

1. ADOPTED ACCOUNTING STANDARDS

The accounting standards and measurement criteria adopted in the preparation and drafting of the annual report at 31 December 2023 are set out below.

The annual financial report at 31 December 2023 was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the International Financial Interpretations Committee, which was formerly named the International Financial Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions that have an effect on the assets, liabilities, costs and revenues. The final results may be different to those obtained through these estimates. 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, trademarks with an indefinite useful life, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables and the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the payables for the purchase of equity investments contained in the other liabilities.

In particular, discretionary measurements and significant accounting estimates relate to the determination of the recoverable amount of non-financial assets calculated as the greater of fair value less costs to sell and value in use. Value in use is calculated based on a discounted cash flow model. The recoverable value depends significantly on the discount rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used. The key assumptions used to determine the recoverable value for the two cash-generating units, including a sensitivity analysis, are described in note 8.3 of the Consolidated Financial Statements at 31 December 2023.

The use of significant accounting estimates and assumptions also relates to the determination of the fair value of assets and liabilities acquired as part of business combinations. In fact, at the date of acquisition, the Group must separately recognise, at their fair value, assets, liabilities and contingent liabilities identifiable and acquired or assumed as part of the business combination, and determine the present value of the strike price of any call options on minority shares. This process requires the preparation of estimates, based on valuation techniques, which require judgement in the forecasting of future cash flows as well as the development of other assumptions such as long-term growth rates and discount rates for valuation models developed also with the use of experts outside the management team.

1.1 Basis of preparation

The Consolidated Financial Statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes.

The layout adopted for the statement of financial position provides for the separation of assets and liabilities between current and non-current.

An asset is classified as current when:

- it is assumed that this activity is carried out, or is owned for sale or consumption, in the normal course of the operating cycle;
- it is held primarily for the purpose of trading;
- it is assumed that it will be realised within twelve months of the reporting date;
- it consists of cash and cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets as non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it will be extinguished within twelve months of the reporting date;
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Covenants of a liability that could, at the discretion of the counterparty, result in its extinction through the issue of equity instruments do not affect its classification.

The chosen income statement layout provides for the classification of costs by destination.

The statement of other comprehensive income includes the result for the year and, with the same categories, income and expenses that, according to IFRSs, are directly recognised under equity.

The statement of changes in equity includes, in addition to the total gains / losses for the period, the amounts of transactions with shareholders and movements in reserves during the year.

In the statement of cash flows, the financial flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted by the effects of non-monetary operations, by any deferral or provision of previous or future operating inflows or outflows, and by elements of revenue or costs related to financial flows deriving from investment activities or financing activities.

The Consolidated Financial Statements have been prepared in thousands of euro, the functional currency of the Group. The statement of financial position, income statement, statement of cash flows, explanatory notes and tables are in thousands of euro, unless otherwise indicated.

The consolidated financial statements were prepared:

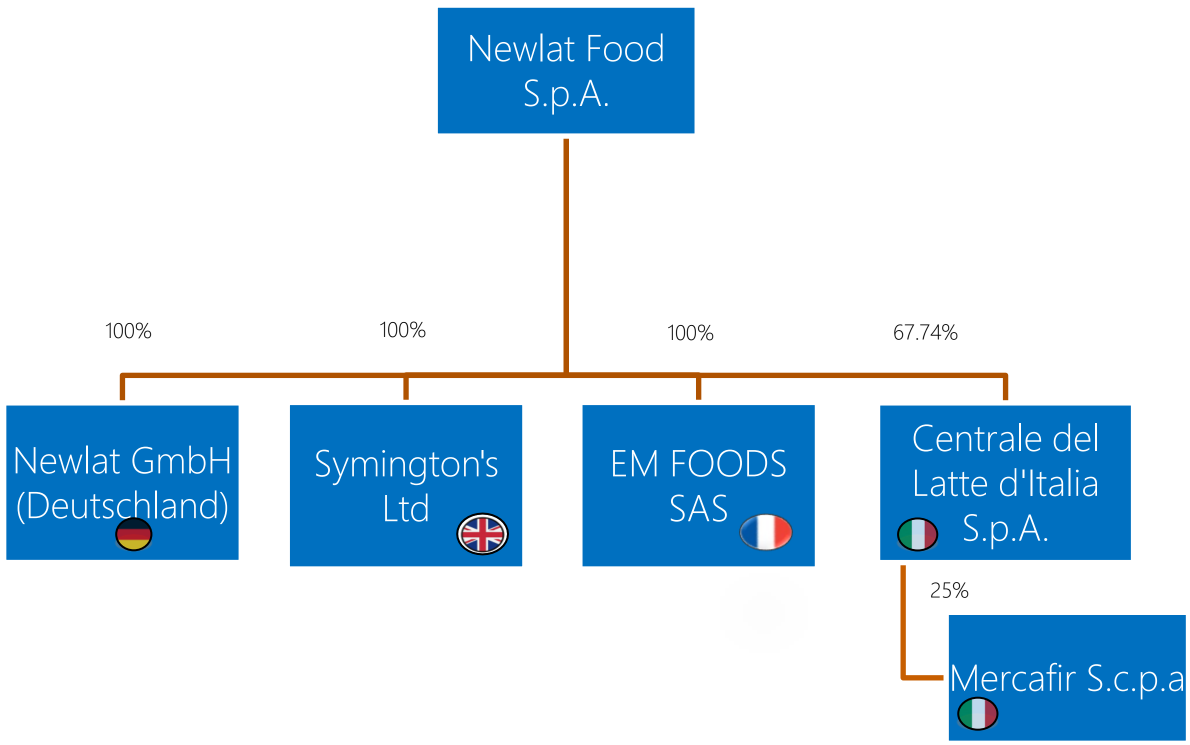
- on the basis of the best knowledge of IFRSs and taking into account the best doctrine on the subject;
- under the going-concern principle, in accordance with the principle of accrual accounting, in compliance with the principle of materiality of information and substance over form, and with a view to encouraging consistency with future presentations. The assets and liabilities and costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards;
- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where application of the fair value criterion is mandatory.

Criteria for preparation of the consolidated financial statements

The consolidated financial statements were prepared in order to represent the assets, liabilities, revenues and costs directly and indirectly attributable to the Newlat Group.

CORPORATE STRUCTURE AT 31 December 2023

Below is a graphical representation of the companies belonging to the Newlat Group at 31 December 2023:



The table below shows the main information regarding the Subsidiaries of Newlat:

Name	Registered Office	Currency	Share capital at 31 December 2023	Control percentage As at 31 December	
				2023	2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
EM Foods Sas	951 Rue Denis Papin, 54710 Ludres, France	EUR	1,000,000	100%	-
Symington's Limited	2528254 Dartmouthway, Leeds	GBP	100,000	100%	100%
Newlat Deutschland	Germany - Fransozenstraβe 9, Mannheim	EUR	1,025,000	100%	100%
Centrale Latte d'Italia	Italy - Via Filadelfia 220, Turin	EUR	28,840,041	67.74%	67.74%

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 31 December 2023 and the equity and profit/loss data for each subsidiary is also provided below:

Name	Carrying amount of equity investment (in thousands of euros) 31/12/2023	Shareholders' equity (thousands of euros) 31/12/2023	Profit (loss) for the year (in thousands of euros) 31/12/2023
Newlat GmbH Deutschland	68,525	40,254	3,969
EM Foods Sas	1,000	2,874	67
Symington's Limited	63,914	23,984	1,359
Centrale del Latte d'Italia S.p.A.	25,405	66,633	2,959

The financial statements of subsidiaries have been audited.

A brief description of the activities carried out by the parent company and its subsidiaries is provided below:

- Newlat Food S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products, in the production and sale of pasta, including organic pasta, wholemeal pasta, long and short pasta, pasta nests and premium lasagne, in the production of baked goods such as croutons and rusks, in the production of speciality and baby products.
- Newlat GmbH Deutschland: a company active in the production and sale in Germany of traditional forms of German pasta such as *spätzle* and flavoured pasta, instant cups and sauces.
- Centrale del Latte d'Italia S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products.
- Symington's Limited, a company specialising in the production and sale of instant noodles.
- EM Foods Sas, a leading manufacturer of baking and dessert mixes.

1.2 Consolidation criteria and methods and changes in the scope of consolidation

The Consolidated Financial Statements include the results, assets and liabilities and cash flows of Newlat Food and the subsidiaries approved by the respective administrative bodies, prepared on the basis of their relative accounting situations and, where applicable, adjusted accordingly to bring them into compliance with IFRS.

The reporting date of the consolidated entities is aligned with that of the Parent Company.

The following table summarises, with reference to the companies included in the scope of the Consolidated Financial Statements, the information relating to the company name, registered office, functional currency and share capital at 31 December 2023:

Name	Registered Office	Currency	Share capital at 31 December 2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050
Newlat Deutschland GmbH	Germany - Fransozenstraβe 9, Mannheim	EUR	1,025,000
Centrale del Latte d'Italia S.p.A.	Italy - Via Filadelfia 220, 10137 Turin	EUR	28,840,041
EM Foods Sas	951 Rue Denis Papin, 54710 Ludres, France	EUR	1,000,000
Symington's Limited	Leeds, 2528254 Dartmouthway	GBP	100,000

It should be noted that at the reference dates of the Consolidated Financial Statements, all the companies included within the scope were consolidated using the line-by-line method.

Note also that the 25% interest held by Centrale del Latte d'Italia S.p.A. in Mercafir was valued using the equity method

In preparing the Consolidated Financial Statements, all balances and transactions carried out between the companies included in the scope have been eliminated and therefore the Consolidated Financial Statements do not include any of the transactions in question.

Subsidiaries

An investor controls an entity when: (i) it is exposed, or has rights, to variable returns from its involvement with the entity and (ii) it has the ability to affect those returns through its power over said entity. The existence of control is checked every time facts and/or circumstances point to a change in one of the aforementioned elements constituting control. Subsidiaries are consolidated using the line-by-line method from the date on which control was acquired. They cease to be consolidated from the date on which control is transferred to third parties. The following criteria were adopted for line-by-line consolidation:

- assets and liabilities and income and expenses of the subsidiaries are consolidated line-by-line, attributing to the minority shareholders, where applicable, their portion of equity and net profit/loss for the period; these portions are shown separately in equity and the statement of other comprehensive income;
- gains and losses, including related tax effects, on transactions between companies consolidated on a line-by-line basis and unrealised gains and losses on transactions with third parties are derecognised, except for losses that are not derecognised if the transaction provides evidence of

impairment of the transferred asset. The mutual debit and credit positions, costs and revenues and financial expenses and income are also eliminated.

Equity investments in associates

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee company without having control or joint control over it. Investments in associates are measured using the shareholders' equity method. Under the equity method, the equity investment in an associate is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the equity interest of the participant in the gains and losses of the investee realised after the acquisition date

Conversion of items in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than the euro are then adjusted at the exchange rate in place on the reporting date. Any forex differences are reflected in the income statement under "Foreign exchange gains and losses".

Intra-group transactions

Profits arising from transactions between consolidated companies and not yet realised with respect to third parties are eliminated, as are the receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies. Intra-group losses are not eliminated because they are considered representative of impairment of the transferred asset.

Change in the scope of consolidation

On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The acquisition was then finalised at the beginning of January 2023.
The closing of the acquisition of EM Foods S.A.S. took place on 2 January 2023. With this acquisition the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers.

At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.

The following table shows the carrying amounts of the net assets acquired in the Acquisition of EM Foods Sas, the consideration paid for the acquisition and the related goodwill recognised as part of the profit and loss account:

(In thousands of euros)	**As at 1 January 2023**
Property, plant and equipment at fair value	10,961
Financial assets measured at amortised cost	4
Inventories	3,857
Trade receivables	5,453
Other receivables and current assets	468
Trade payables	(7,257)
Other current payables and liabilities	(1,862)
Deferred tax liabilities	(3,966)
Provision for risks and charges	(700)
Total net assets acquired	**6,958**
Payment by bank transfer already executed	(1,000)
Balance of the consideration to be paid during 2024	(1,165)
Income from business combinations	**4,793**

The transaction was booked in accordance with the guidance contained in IFRS 3 – "Business Combinations" since it can be categorised as an acquisition. The proceeds of the transaction result from expectations of negative results in the first period after the acquisition that will follow the integration of production into the Group.

1.3 Accounting standards and measurement criteria

Adopted accounting standards

The Consolidated Financial Statements were prepared based on the IFRSs in force issued by the International Accounting Standards Board ("**IASB**") and endorsed by the European Union at the closing date of each year in question.

Below are the criteria used with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the criteria used to recognise the income components.

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 goodwill. 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.

Property, plant and equipment

Property, plant and equipment is recognised as such only if the following conditions are met simultaneously:

- it is probable that the future economic benefits related to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Property, plant and equipment are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations made to acquire an asset, at the time of purchase or replacement. Subsequent to initial recognition, property, plant and equipment are valued using the cost method, net of recorded depreciation and any accumulated impairment losses.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the return of the asset to its original condition.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalisation of the costs inherent in the extension, modernisation or improvement of structural elements owned or used by third parties shall be carried out to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful life estimated by the Group for the various categories of property, plant and equipment is shown below:

Category of assets	Useful Life
Land and buildings	10-33 years
Plant and machinery	4-20 years
Industrial and commercial equipment	2-9 years
Other assets	5-20 years

At the end of each financial year, the company checks whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalised assets and, if so, modifies the depreciation criterion, which is considered a change in accounting estimate in accordance with IAS 8.

The value of the asset is completely reversed at the time of its disposal or when the company expects that it will not be able to derive any economic benefit from its disposal.

Capital grants shall be accounted for when it is reasonably certain that they will be received and all conditions relating to them are met. Contributions are then deducted from the value of assets or suspended among liabilities and credited pro rata to the income statement in relation to the useful life of the related assets.

Intangible assets

An intangible asset is an asset that simultaneously fulfils the following conditions:

- it is identifiable;
- it is non-monetary;
- it has no physical consistency;
- it is under the control of the company preparing the accounts;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to acquire it or generate it internally is recognised as a cost when incurred.

Intangible assets are initially stated at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognised as an asset, neither are intangible assets arising from research (or the research phase of an internal project).

An intangible asset arising from development or the development phase of an internal project is recognised if compliance with the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so as to be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and the use or sale of the asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method in accordance with one of the two different criteria set out in IAS 38 (cost model and revaluation model). The cost model requires an intangible asset to be recognised at cost after initial recognition, net of accumulated amortisation and any accumulated impairment losses.

The useful life estimated by the Group for the various categories of intangible assets is shown below:

Category of assets	Useful Life
Goodwill	unlimited
Drei Glocken and Birkel brands	unlimited
Other brands ITALY	18 years
Intangible assets with a finite useful life SYM (core brands, other brands, customer relationships, know-how)	25 years 15 years 13 years
Software licences	5 years
Other assets	5 years

The following main intangible assets can be identified within the Group:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, as described earlier, and then subjected to (at least) annual testing to determine whether it has impaired (for more details, see the below paragraph "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets"). Reversals are not permitted in the case of a previous write-down due to impairment.

Trademarks with an indefinite useful life

Trademarks, for which the conditions for classification as intangible assets with an indefinite useful life are met, are not amortised systematically and are subject to impairment testing at least once a year and whenever there are indicators of impairment.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as previously described, net of accumulated amortisation and any impairment losses.

Amortisation begins when the asset becomes available for use and is apportioned systematically based on the asset's estimated useful life; the criteria mentioned in the paragraphs "Property, plant and equipment" and "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets", respectively, contain the criteria for the value to be amortised and the recoverability of the book value.

Lease contracts

a) *Right-of-use assets and lease liabilities*

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it conveys the right to control the use of a specified asset for a period of time. The contract is re-evaluated to verify whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Group applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each class of underlying asset, not to separate the non-lease components from the lease components and to recognise each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which must be added both the following periods:

- periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option; and
- periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option.

In assessing whether the lessee is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option shall be considered. The lessee must redefine the lease term in the event of a change in the non-cancellable lease period.

At the effective date of the contract, the Group recognises the right-of use-asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

- The initial value of the lease liability.
- payments due for the lease made on or before the effective date, net of the lease incentives received;
- the initial direct costs incurred by the lessee; and
- The estimate of the costs to be incurred by the lessee for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset under the terms and conditions of the lease, unless such costs are incurred for the production of inventories.

On the lease start date, the lessee shall measure the lease liability at the current value of the payments due for the lease but not yet paid. Payments due for the lease include the following amounts:

- fixed payments, net of any outstanding lease incentives;
- variable payments due for the lease that depend on an index or rate, initially measured using an index or rate on the effective date;
- the amounts expected to be paid by the lessee as guarantees of the residual value;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the option.

- Lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its marginal lending rate, i.e. the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease agreement.

Subsequent to initial recognition, right-of-use assets are measured at cost:

- net of accumulated depreciation/amortisation and impairment; and
- adjusted to take into account any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- by increasing the book value to take account of interest;
- by decreasing the book value to take account of lease payments that have been made; and
- by restating the book value to take account of any new valuations or changes in the lease or revision of payments due for fixed leases.

In the case of lease changes that do not constitute a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated according to the new terms of the lease agreement, using the discount rate at the date of the change.

It should be noted that the Group makes use of two exemptions under IFRS 16, with reference to: (i) short-term leases (i.e. leases with a duration of 12 months or less from the effective date), in relation to certain categories of fixed assets, and (ii) leases of low-value assets (i.e. when the value of the underlying asset, if new, is less than USD 5,000, for example). In such cases, the right-of-use asset and the related lease liability are not recognised, and the payments due for the lease are recognised in the income statement.

Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets

On each reporting date, a test is carried out to ascertain whether there are any indicators of impairment of property, plant and equipment and intangible assets that are not fully depreciated/amortised or of indefinite useful life.

Where these indicators are present, the recoverable value of the above-mentioned assets is estimated, and any write-down is recognised in the Income Statement. The recoverable value of an asset is the higher of the fair value, less costs to sell, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if they are significant and can be reasonably determined, those arising from the sale at the end of its useful life, net of any costs of disposal. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of the money, in proportion to the period of the investment and the specific risks of the asset.

For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which said asset belongs.

Impairment is recognised in the income statement if the book value of the asset, or of the CGU to which it is allocated, is higher than its recoverable value. The impairment of a CGU is initially recognised as a reduction in the book value of any goodwill attributed to it and, therefore, as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previous write-down no longer exist, the book value of the asset is restored via the income statement, up to the limit of the net book value that the asset in question would have had without write-down and amortisation/depreciation. Reversals of goodwill impairment are not permitted in the case of a previous write-down due to impairment.

Financial assets

At the time of initial recognition, financial assets must be classified as "Financial assets at amortised cost", "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" on the basis of the following elements:

- The entity's business model for the management of the financial assets.
- The characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets measured at amortised cost net of the related amortisation provision

a) *Financial assets at amortised cost (IFRS 9)*

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and

- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets valued at historical cost whose short duration makes the effect of discounting negligible, those without a defined maturity or for revocable credit lines.

This category mainly includes trade receivables arising from the transfer of goods and the provision of services, recognised in accordance with the terms of the contract with the customer in accordance with IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already rendered).

Moreover, since trade receivables are generally short-term and do not provide for the payment of interest, the amortised cost is not calculated, and they are recognised on the basis of the nominal value reported in invoices issued or contracts concluded with customers: this provision is also adopted for trade receivables with a contractual maturity of more than 12 months, unless the effect is particularly significant. The choice stems from the fact that the amount of short-term receivables is very similar whether you apply the historical cost method or the amortised cost method, and the impact of discounting would therefore be wholly negligible.

Trade receivables are subject to impairment testing in accordance with IFRS 9. For the purposes of the measurement process, trade receivables are divided into maturity time bands. For performing loans, a collective assessment is made by grouping the individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics based on historical experience and takes into account expected losses.

a) Financial assets at fair value through other comprehensive income (IFRS 9)

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Following initial recognition, equity investments that do not qualify as subsidiaries, associates or joint control investees are measured at fair value, and amounts recognised as a counter-entry in equity should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category and not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

a) *Financial assets at fair value through profit or loss (IFRS 9)*

This category contains financial assets other than those classed as "Financial assets at fair value through other comprehensive income" or as "Financial assets at amortised cost". This item, in particular, includes only equity instruments held for purposes other than trading for which the Group has not opted for measurement at fair value through other comprehensive income, and bonds.

Financial assets at fair value through profit or loss are initially recognised at fair value, usually represented by the transaction price.

After initial recognition, these financial assets are measured at fair value. Any gains or losses resulting from the change in fair value are attributed to the Consolidated income statement.

Current financial assets at amortised cost

Upon initial recognition, financial assets are classified as appropriate according to the subsequent measurement method, i.e. at amortised cost, at fair value through other comprehensive income, or at fair value through profit (loss) for the year. The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them. A financial asset is measured at amortised cost if the asset is held to collect contractual cash flows (Held to Collect), represented solely by the payment of principal and interest on the principal amount to be repaid. These assets are valued at amortised cost in accordance with the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognised in profit (loss) for the year, as are derecognition gains or losses. In accordance with IFRS 9, the Group has adopted a new impairment model for financial assets measured at amortised cost or at fair value through other comprehensive income, except for equity securities and assets arising from contracts with customers. A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g. removed from the statement of financial position) when: - The rights to receive cash flows from the asset are extinguished, or
- The Company has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control thereof. The gain (loss) on a financial asset that is measured at amortised cost and is not part of a hedging relationship must be recognised in profit or loss when the financial asset is derecognised or reclassified through the amortisation process, or when impairment gains or losses are recognised.

Inventories

Inventories are assets:

- held for sale in the normal course of business;
- used in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognised and measured at the lesser of cost and the net realisable value.

The cost of inventories includes all purchase costs, transformation costs and other costs incurred to bring inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is less than cost, the surplus is immediately written down in the income statement.

Derivative financial instruments

It is the Group's policy not to invest in derivative financial instruments of a speculative nature. However, in cases where derivative financial instruments do not meet all the conditions for hedge accounting, changes in the fair value of such instruments are recognised in the income statement as financial expenses and/or income. Derivative financial instruments are accounted for under hedge accounting rules when: - There is formal designation and documentation of the hedging relationship at the inception of the hedge.
- The hedge is assumed to be highly effective.
- The effectiveness can be reliably measured and the hedge is highly effective during the designation periods.

The method of accounting for derivative financial instruments changes depending on whether or not the conditions and requirements of IFRS 9 are fulfilled. Specifically:

- Cash flow hedges

In the case of a derivative financial instrument for which a hedging relationship is formally documented for changes in cash flows originating from an asset or liability or from a future transaction (underlying hedged item) that is deemed to be highly probable and could affect profit or loss, the effective portion resulting from the fair value adjustment of the derivative financial instrument is recognised directly in an equity reserve. When the underlying hedged item becomes manifest, this reserve is removed from equity and allocated to the carrying amount of the underlying item. Any ineffective portion of the change in value of the hedging instrument is immediately allocated to the income statement under financial expenses and/or income. When a hedging financial instrument matures, is sold or exercised, or the company changes the correlation with the underlying item, and the expected transaction originally hedged has not yet occurred but is still considered probable, the related gains and losses arising from the fair value adjustment of the financial instrument remain in equity and are recognised in the income statement when the transaction occurs as described above. If the likelihood of the underlying transaction ceases to exist, the related gains and losses of the derivative contract originally recognised in equity are immediately recognised in the income statement.

- Fair value hedges of monetary assets and liabilities

Where a derivative financial instrument is used to hedge changes in the value of monetary assets or liabilities already recorded in the financial statements that could affect the income statement, profits and losses related to changes in fair value of the derivative financial instruments are immediately recorded in the income statement. Similarly, gains and losses relating to the hedged item change the carrying value of that item and are recognised in the income statement.

Options are measured at fair value, and this is charged to the income statement as an increase in the financial cost of the underlying transaction. Fair value is measured at the grant date of the option and recognised in profit or loss in the period between that date and the date on which the options become exercisable (vesting period) after the vesting conditions have been met. In addition, a cost is recognised for each change that results in an increase in total fair value. The effect of the dilution of options not yet exercised is reflected in the calculation of the dilution of earnings per share. The fair value of the option is measured using the applicable option valuation method (in this case the binomial lattice model), taking into account the terms and conditions under which the options were granted.

Cash and cash equivalents

Cash and cash equivalents are recorded, depending on their nature, at nominal value or amortised cost. Other cash equivalents represent short-term and highly liquid financial commitments that are readily convertible into known cash values and subject to a negligible risk of change in value, with an original maturity or a maturity at the time of purchase of not more than 3 months.

Payables

Payables relating to the year ended 31 December 2023.

Trade and other payables are recognised initially at fair value and are subsequently measured using the amortised cost method.

Payables to banks and other lenders are initially stated at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost, applying the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal effective rate initially determined. Payables to banks and other lenders are classified as current liabilities, unless the Group has an unconditional right to defer payment for at least twelve months after the reference date.

Payables are derecognised when they are settled and when the Group has transferred all risks and charges relating to the instrument.

Employee benefits

These include benefits granted to employees or their dependants and can be liquidated by means of payments (or with the supply of goods and services) made directly to employees, spouses, children or other dependants or to third parties such as insurance companies, and are divided into short-term benefits, benefits due to employees for termination of employment and post-employment benefits.

Short-term benefits, which also include incentive programmes in the form of annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (cost provision) after deducting any amount already paid, and as a cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example, the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for termination of employment includes departure incentive plans arising in the event of voluntary resignation involving the participation of the employee or a group of employees in trade union agreements for the activation of so-called solidarity funds, and redundancy plans, which take place when the company unilaterally terminates the contract. The company recognises the cost of these benefits as a financial liability at the earliest of the time when the company is unable to withdraw the offer of these benefits and the time when the company recognises the costs of a restructuring that falls within the scope of IAS 37. Provisions for departures shall be reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds involving a defined contribution by the company;
- the severance indemnity fund, limited to the shares accruing from 1 January 2007 for undertakings with more than 50 employees, irrespective of the destination chosen by the employee;
- employee severance indemnities accruing from 1 January 2007 and earmarked for supplementary pensions, in the case of undertakings with fewer than 50 employees;
- supplementary healthcare funds.

Defined benefit plans, on the other hand, include:

- the severance indemnity, limited to the amount accrued up to 31 December 2006 for all undertakings, as well as the amounts accrued since 1 January 2007 and not intended for supplementary pensions for undertakings with fewer than 50 employees;
- supplementary pension funds that provide for the payment of a defined benefit to members;
- long-service bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of working seniority.

In defined contribution plans, the obligation of the reporting company is determined on the basis of the contributions due for that year and therefore the measurement of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting for defined benefit plans is characterised by the use of actuarial assumptions to determine the value of the obligation. This valuation is entrusted to an external actuary and is carried out annually. For discounting purposes, the company uses the projected unit credit method, which projects future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. Actuarial gains and losses are recognised as a counter-entry in equity as required by IAS 19.

Provisions for risks and charges, and contingent assets and liabilities

Contingent assets and liabilities can be divided into several categories depending on their nature and their accounting impact. Specifically:

- the provisions are actual obligations of an uncertain amount and occurrence/maturity which arise from past events and for which it is probable that there will be a financial outlay that can be reliably estimated in terms of amount;
- contingent liabilities are possible obligations with a distinct probability of having to make a financial outlay;
- remote liabilities are those for which a financial outlay is unlikely;
- potential assets are assets which are uncertain and cannot therefore be recognised in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract;
- restructuring is a programme planned and controlled by the company's management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognising the charge, provisions are recorded in cases where there is uncertainty about the maturity or the amount of the flow of resources necessary to fulfil the obligation or other liabilities and in particular trade payables or provisions for presumed payables.

Provisions differ from other liabilities in that there is no certainty as to their maturity or the amount of future expenditure required. Due to their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

Liabilities or allocations to a provision are recognised when:

- there is a current legal or implied obligation resulting from past events;
- it is probable that resources designed to produce economic benefits will have to be used to settle the obligation;
- the obligation can be reliably estimated.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, the liability is classed as a contingent liability.

The allocation to the provision for risks and charges is an amount that represents the best possible estimate of the expenditure needed to liquidate the relevant obligation outstanding on the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. The amount of the allocation reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that they will occur.

Once the best possible estimate of the expense necessary to settle the related obligation outstanding on the reporting date has been determined, the current value of the provision is determined, in the event that the effect of the present value of money is a relevant aspect.

Revenue from contracts with customers

a) Revenue from contracts with related customers (IFRS 15)

The Group applies IFRS 15 as of 1 January 2018. In accordance with this standard, revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Group recognises revenue from contracts with customers when (or as) it fulfils the performance obligation, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Group transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- The customer simultaneously receives and uses the benefits arising from the entity's service as it is provided.
- The service of the Group creates or improves the asset (e.g. work in progress) that the customer controls as the asset is created or improved.
- The service of the Group does not create an asset which has an alternative use for the Group and the Group has the enforceable right to payment for the service completed up to the date in question.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Group recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions, incentives, penalties or other similar elements), the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group includes the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Group expects them to be recovered. Incremental costs for obtaining the contract are costs that the Group incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Recognition of costs

Costs are recognised in the income statement according to the accruals principle.

Dividends

Dividends received are recognised in the income statement according to the accruals principle, i.e. in the year in which the related right to receive them emerges, following the shareholders' resolution to distribute dividends from the investee company.

Distributed dividends are shown as changes in equity in the year in which they are approved by the Shareholders' Meeting.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the tax rates in force at the date of the financial statements. Current taxes for the year and for prior years, where unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current year and for prior years, must be determined at the value expected to be recovered from or paid to, respectively, the tax authorities, applying the tax rates and legislation that is in force or imminent at the reporting date.

Deferred taxes can be divided into:

- deferred tax liabilities, which are the amounts of income taxes payable in future years relating to taxable temporary differences;
- deferred tax assets, which are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry-over of unused tax losses, carry-over of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the temporary taxable or deductible differences identified, or to unused tax losses and unused tax credits.

At each reporting date, recognised and unrecognised deferred tax assets are revalued to check whether they are likely to be recovered.

The dictates of IFRIC 12 have been considered without detecting any significant impacts.

Net profit/(loss) per share

Basic earnings per share are calculated by dividing the net profit (loss) pertaining to the Group by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit (loss) pertaining to the Group by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average number of shares in circulation is modified assuming that all assignees exercise rights with a potentially dilutive effect, while the profit (loss) pertaining to the Group is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

Operating segments

The operating segment is a part of the group that undertakes business activities that generate revenue and costs, whose operating results are periodically reviewed by the Chair of the Board of Directors, in his role as Chief Operating Decision Maker (CODM), for the purpose of taking decisions on the resources to be allocated to the sector and evaluating results, and for which financial information is available.

1.4 Recently issued accounting policies

Below is a list of the New Accounting Policies, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023 and their descriptions:

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2023	Disclosure on accounting policies (Amendments to IAS 1)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Definition of accounting estimates (amendments to IAS 8)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Deferred tax on assets and liabilities arising from a single transaction (Amendments to IAS 12)	12 Aug 2022 L211/78 (EU) 2022/1392
1 January 2023	International tax reform - Standard rules (second pillar) (Amendments to IAS 12)	9 Nov 2023 (EU) 2023/2468
1 January 2023	Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)	9 Sep 2022 L234/10 (EU) 2022/1491

1) With Regulation (EU) No. 2022/357 of 2 March 2022, published in the Official Journal of the European Union on 3 March 2022, the following documents were adopted ("endorsed") and published by the IASB® Board on 12 February 2021:

— *Disclosure on accounting policies (Amendments to IAS 1* Presentation of the financial statements*)*

— *Definition of accounting estimates (Amendments to IAS 8* Accounting policies, changes in accounting estimates and errors*).*

Amendments to IAS 1 Presentation of the financial statements

With the Amendments to IAS 1, the IASB Board set out some guidelines for selecting accounting policies to be described in the notes to the financial statements.
Prior to the amendments, IAS 1 required entities to disclose information on the significant accounting policies adopted, leading to difficulties and confusion among preparers and primary users of financial statements as IFRS Standards lacked a definition of "significant".
However, IAS 1 provides the definition of "material", and therefore the IASB Board amended IAS 1 by requiring disclosure of the accounting policies adopted that are deemed to be material rather than significant.

In particular, IAS 1.117 clarifies that "*accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements*".

In order to identify material disclosures of accounting standards, an entity should consider the following guidelines:
– Disclosures about accounting standards are considered immaterial, and therefore not to be included in the notes to the financial statements, if they relate to immaterial transactions, other events or conditions. If an entity nevertheless decides to disclose immaterial information about accounting policies, these should not obscure material information about accounting standards.

– Accounting standard information may sometimes be material due to the nature of transactions, other events or conditions related thereto, even if the amounts are immaterial. However, not all accounting standard information concerning material transactions, other events or conditions is material per se.

– Information describing how the accounting standards apply to the entity's specific transactions ("entity-specific information") is much more useful than generic information on accounting standards ("boilerplate") or that is merely duplicative of the provisions of IFRS Standards.

– Disclosure of accounting policies deemed immaterial does not negate the disclosure requirements of individual IFRS standards.

The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that information about an accounting policy is material to its financial statements. For example, an entity is likely to consider information about accounting policies material to its financial statements if that information relates to transactions, other material events or conditions and:

a) The entity changed an accounting policy during the period and that change resulted in a material change to the information in the financial statements.

b) The entity has chosen an accounting policy from among one or more options permitted by IFRS Standards (e.g. investment property measured at cost rather than at fair value in accordance with IAS 40).

c) The accounting policy was defined by applying the provisions of IAS 8 in the absence of a specific provision in the IFRS Standards.

d) The application of the accounting policy requires significant judgements and assumptions that have been described in the notes to the financial statements in accordance with IAS 1.122 and 125. Or

e) The accounting treatment is complex and users of the financial statements without adequate disclosure would not be able to understand the material transactions, events and conditions.

Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors.*

The purpose of the Amendments to IAS 8 is to resolve the interpretative difficulties encountered in practice in distinguishing a change in accounting estimates from a change in accounting policies for which different accounting treatments are provided:

– The effects of a change in accounting estimates are generally recognised prospectively in the financial statements.4

– The effects of a change in accounting policies are generally recognised retrospectively.

New definition of "accounting estimates"

The IASB Board replaced the definition of "change in accounting estimates" with the new concept of "accounting estimates", and in particular "***accounting estimates** are monetary amounts in the financial statements that are subject to measurement uncertainty*".

The term "monetary amount" refers to any amount to be recognised in the financial statements, and is therefore different from the concept of "monetary item" defined in IAS 21 *Effects of Changes in Foreign Exchange Rates*.

The term "measurement uncertainty", which is consistent with the definition given in the Appendix to the Conceptual Framework in IFRS Standards published in March 2018, instead refers to the uncertainty that arises when a monetary amount, which is to be included in the financial statements, cannot be directly observed and must instead be estimated.
The IASB Board did not deem it necessary to include the definition of "non-monetary item" in IAS 8 as this terminology usually refers to the inputs used to estimate monetary amounts, and changes to these inputs are in turn changes to accounting estimates.

The definition of "accounting estimates" does not include estimates made in the application of accounting policies for matters other than the valuation of items in the financial statements, such as estimates needed to decide whether to recognise an asset or liability in the financial statements.

Relationship between "accounting estimates" and "accounting policies"

The Amendments to IAS 8 clarify that in order to achieve the objective of an accounting policy, an entity must make an accounting estimate.
Accounting estimates represent the result of "measurement techniques" that, in addition to the inputs, include "estimation techniques" and "valuation techniques".
Since accounting estimates represent the output of measurement techniques, changes in the inputs used or in measurement techniques (as a result of the availability of new information, increased experience or new developments) represent changes in accounting estimates, unless they result from corrections of prior periods, and do not represent changes in accounting policies.

2) <u>Below are the Regulations (EU) published in the Official Journal of the European Union by which two documents previously published by the International Accounting Standards Board were endorsed by the European Union:</u>

– Regulation (EU) No 2022/1392 of 11 August 2022, which endorsed "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)", published by the IASB Board on 7 May 2021.

– Regulation (EU) No 2022/1491 of 8 September 2022 endorsing "Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17 *Insurance Contracts*)", published by the IASB Board on 9 December 2021.

Deferred tax on assets and liabilities arising from a single transaction (Amendments to IAS 12 *Income Taxes*)

With the Amendments to IAS 12, the IASB Board clarified the following:

– The exceptions to the initial recognition of deferred tax assets and liabilities do not apply where a single transaction results in a taxable and deductible temporary difference of equal amount.

– Deductible and taxable temporary differences must be calculated by considering separately the asset and liability recognised in the balance sheet as a result of a single transaction and not on their net value.

Deferred tax assets related to deductible temporary differences determined as indicated above are recognised in the financial statements only if deemed recoverable.

The IASB Board clarified that when taxable and deductible temporary differences relating to the initial recognition of an asset and liability in the financial statements as a result of a single transaction have a different value, an entity should not recognise the assets and liabilities for deferred taxes, as their initial recognition would result in an initial adjustment to the carrying amount of the asset or liability they relate to, making the financial statements less transparent.

Initial recognition of IFRS 17 and IFRS 9 – Comparative information (Amendments to IFRS 17 - *Insurance Contracts*)

The Amendments to IFRS 17 are intended to eliminate accounting mismatches that may arise in comparative financial statement data as a result of the initial application of IFRS 17 and IFRS 9.
Specifically, with the Amendments to IFRS 17 the IASB Board included a new option in the transitional provisions of IFRS 17, called "classification overlay", which allows insurance entities that apply IFRS 17 and IFRS 9 at the same time to classify and measure insurance-related financial assets in the comparative financial statements according to the provisions of IFRS 9.

As an option, comparative information for a financial asset related to the insurance business need not be restated in accordance with IFRS 9 if:

– the entity chooses not to restate prior periods; or
– the entity restates prior periods but the financial asset was derecognised in the
previous financial years.

An entity that applies the classification overlay must present comparative information as if the classification and measurement requirements of IFRS 9 had always been applied and use reasonable and supportable information available at the date of transition to determine how financial assets were classified and measured at the date of initial application of IFRS 9. In applying this transition option to a financial asset, the entity is not required to apply the impairment provisions in Section 5.5 of IFRS 9, and therefore continues to present the amounts recognised for impairment in the prior period in accordance with IAS 39.
Any difference that exists between the carrying amount of a financial asset before and after the transition date as a result of the classification overlay must be recognised at the transition date as an adjustment to the opening balance of retained earnings (or, depending on the specific circumstances, some other component of equity).
Entities applying the Amendments to IFRS 17 must provide qualitative information in the notes to the financial statements that enables users of the financial statements to understand:
– The extent to which the classification overlay was applied (e.g. whether it was applied to all financial assets derecognised in the comparative year).
– The possible application of the impairment provisions of Section 5.5 of IFRS 9 and its effects.

The Group does not expect any significant economic and financial impacts from the provisions resulting from the entry into force of the aforementioned principles.

In any case, the Group has not adopted in advance any accounting standards or amendments with a later effective date.

Accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2024

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2024	Amendments to IAS 1: - Classification of liabilities as current or non-current - Classification of liabilities as current non-current - Deferment of the date of entry into force - Non-current liabilities with covenants	20 Dec 2023 (EU) 2023/2822
1 January 2024	Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579

1) With Regulation (EU) No. 2023/2579 of 20 November 2023, the European Commission endorsed the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)", published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB Board clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- The lessee-seller applies the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback.
- In applying the above paragraphs of IFRS 16, the seller-lessee shall determine the "lease payments payable" or the "revised lease payments payable" in a manner that does not recognise any amount of gain or loss that relates to the right-of-use asset retained thereby. The lease liability is then reduced by the amount of the initially estimated lease payments payable, with any difference between the estimated and actual payments recognised in profit/(loss) for the year.
- The application of the above provisions does not preclude the lessee-seller from recognising in profit or loss the gain or loss arising from the partial or total termination of the contract as required by paragraph IFRS 16.46(a).

The lessee-seller must establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

The Amendments to IFRS 16 become effective with financial statements for financial years beginning on or after 1 January 2024. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

2) With Regulation (EU) No. 2023/2822 of 19 December 2023, the European Commission endorsed the following documents published by the IASB Board:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020.
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

Amendments to IAS 1

Right to defer settlement of a liability for at least 12 months after the end of the financial year

The IASB Board's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

Specifically, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an "unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period" and IAS 1.73 referred instead to "an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement". It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have a right to defer settlement of a liability for at least 12 months at the end of the financial year, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB Board clarified that:

- The right to defer the settlement of a liability for a period of at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be "substantive and...must exist at the end of the reporting period".
- The classification of a liability as current or non-current must not be affected by an entity's intentions to exercise or not to exercise the right to defer payment beyond 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the end of the reporting period and the date of its publication (e.g. a decision to repay a loan early).

Methods for settling a liability

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, the term settled (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of:

a) cash or other economic resources, e.g. goods or services; or

b) the entity's own equity instruments, unless paragraph 76B applies.

Contractual provisions in a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect the classification of the liability as current or non-current if, by applying IAS 32 Financial Instruments: presentation in the financial statements, the entity classifies the option as an equity instrument, recognising it separately from the financial liability as a component of equity of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

Financial reporting

An entity must disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 Events after the Reporting Period:

a) Long-term refinancing of a liability classified as current.

b) Rectification of the breach of a long-term financing contract classified as current.

c) Granting by the lender of a grace period to rectify a breach of a long-term financing contract classified as current.

d) Settlement of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose the timing of such settlement in the notes.

Liabilities from loan contracts with covenants

The IASB Board has clarified that where the right to defer the settlement of a liability arising from a loan contract for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the contract have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting period is not relevant to the classification of the liability in the statement of financial position.

Disclosure of liabilities arising from loan contracts with covenants

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan contracts, which are classified as non-current liabilities in the statement of financial position, and whose right to defer their settlement for at least 12 months after the end of the reporting period is subject to covenant compliance:

a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities.

b) Information about any facts and circumstances that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the end of the reporting period would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for financial years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

2. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances.

Applying these estimates and assumptions affects the amounts presented in the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income and the Statement of Cash Flows, and in other information provided. The amounts of the financial statement items for which the aforementioned estimates and assumptions have been used may differ, even significantly, from those reported in the financial statements that highlight the effects of the occurrence of the event being estimated, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The following areas require the directors to be most subjective when producing the estimates and would significantly affect the Group's results if there were a change in the conditions underlying the assumptions used:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to testing in order to ascertain whether impairment has occurred when indicators exist that predict difficulties in recovering the corresponding net book value through use. Checking for the existence of the aforementioned indicators requires directors to make subjective valuations based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that impairment may have occurred, the Group calculates said impairment using what are deemed to be suitable valuation techniques. Correctly identifying impairment indicators, as well as the estimates for their calculation, depends on subjective valuations and factors that can vary over time, influencing the valuations and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is verified annually in order to check for any impairment that should be recognised in the income statement. In particular, the test in question involves allocating goodwill to cash generating units and then calculating the relative recoverable value, understood as the greater of fair value and value in use. If the recoverable value is less than the book value of the cash generating units, the goodwill allocated to them is written down. Goodwill is verified at least once a year, and in the event of trigger events verification is repeated during the year.

c) Impairment of intangible assets with an indefinite useful life (trademarks): the value of trademarks with an indefinite useful life is subject to an impairment test each year and whenever there are indicators of impairment. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit forecast period of 4 years in accordance with the plans approved by the Group. After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future legal developments and possible developments in the market the Group competes in. Therefore, write-downs may be necessary in subsequent years.

d) Provision for bad debts: the determination of this provision reflects management estimates related to the historical and expected solvency of the bad debts in question.

e) Provisions for risks and charges: it is sometimes hard to determine whether or not a current obligation (legal or implied) exists. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors believe it to be merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting any allocation being made.

f) Useful life of property, plant and equipment and intangible assets: useful life is determined when the asset is recorded in the financial statements. Useful life is measured based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. As a result, the effective useful life may differ from the estimated useful life.

g) Prepaid tax assets: prepaid tax assets are recognised to the extent that it is probable that there will be sufficient future tax gains against which temporary differences or any tax losses may be used.

h) Inventories: Closing inventories of obsolete or slow-to-move products are periodically subjected to valuation tests and are written down where their recoverable value is less than their book value. The write-downs carried out are based on assumptions and estimates of the directors based on their experience and the historical results achieved.

i) *Lease* liabilities: the amount of *the lease* liability and consequently of the related right-of-use assets depends on the determination of *the lease term*. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease agreements. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that has an impact on management's reasonable certainty of exercising an option not previously considered in determining the lease term or not exercising an option previously considered in determining the lease term.

j) Derivative instruments: The amount of assets and liabilities for derivative instruments is subject to management's assessment based on their fair value. It depends on the development of underlying market variables and sometimes on assumptions about non-market parameters.

3. MANAGEMENT OF FINANCIAL RISKS

The main business risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Group operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.
- Climate risk, arising both from potential climate damage (physical risk) and the potential transition risk associated with moving to a lower emissions economy.

The Group's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Group to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Group's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

3.1 Market risk

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Group is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.
- GBP/AUD, in relation to transactions carried out by the subsidiary Symington’s.

The Group does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Group's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Group operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and consolidated shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities excluding fixed-rate liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period, while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2023	(508)	508	(508)	508
Year ended 31 December 2022	(251)	251	(251)	255

3.2 Credit risk

The Group is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Group's commercial activity, where its counterparties are mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The Group manages the credit risk of both types of customers through a consolidated practice, which provides for targeted and prudent management with a credit limit granted on the basis of commercial, financial and perceived market risk information.

The Group operates in business areas with low levels of credit risk, given the nature of its activities and the fact that its credit exposure is spread over a large number of customers. Assets are recognised net of any write-downs determined on the basis of counterparties' default risk, taking into account available solvency information and historical and prospective data.

Positions are regularly monitored for compliance with payment terms and overdue reminder actions are conducted in coordination with the sales force. If, on the other hand, a spot analysis of the individual case reveals an objective condition of partial or total bad debt, the amount of the write-down takes into account an estimate of recoverable flows. The credit management methodology means it is not deemed important to divide customer exposure into different risk classes.

Moreover, the Group has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

The credit risk deriving from receivables that the Group has with banks is, on the other hand, moderate and derives substantially from temporary surplus liquidity stocks usually invested in bank deposits and current accounts.

The following table provides a breakdown of trade receivables at 31 December 2023 and 2022 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2023	43,476	36,641	4,303	20,419	**104,839**
Provision for bad debts	-	(166)	(1,405)	(18,634)	**(20,205)**
Net trade receivables at 31 December 2023	**21,476**	**36,475**	**2,898**	**1,785**	**84,634**
Gross trade receivables at 31 December 2022	54,712	32,757	3,844	20,407	**111,720**
Provision for bad debts	-	(166)	(1,405)	(18,166)	**(19,737)**
Net trade receivables at 31 December 2022	**54,712**	**32,591**	**2,439**	**2,241**	**91,982**

3.3 Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Group may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Group's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Group's liquidity is the resources absorbed by operating activities: the sector in which the Group operates has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

The need for liquidity related to inventory dynamics is also subject to analysis, as it too is subject to seasonality. The planning of raw material purchases for the warehouse is managed according to established practices, which include the involvement of the chair in decisions that could affect the Group's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Group's financing activity involves negotiating credit lines with the banking system and continually monitoring the Group's cash flows.

The following table shows, by contractual maturity bands, the Group's financial requirements at 31 December 2023 and 2022, expressed according to the following assumptions:

(vi) cash flows are not discounted;

(vii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(viii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(ix) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(x) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

(In thousands of euros)	At 31 December 2023					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	64,653	58,179	53,406	202,564	378,802	355,119
Lease liabilities	7,694	7,499	20,420	9,840	45,454	44,854
Trade payables	172,198	-	-	-	172,198	172,198
Other current liabilities	31,630	-	-	-	31,630	31,630

(In thousands of euros)	At 31 December 2022					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	65,780	47,653	49,352	221,850	**384,635**	**370,503**
Lease liabilities	7,567	9,514	15,486	14,825	**47,391**	**46,740**
Trade payables	193,776	-	-	-	**193,776**	**193,776**
Other current liabilities	21,654	-	-	-	**21,654**	**21,654**

As also emphasised in the section on business continuity, the group's cash and cash equivalents, cash-generating capacity and available credit lines are deemed to be amply sufficient to guarantee liquidity requirements.

3.4 Environmental and climate risks

Climate change is a major disruptive force with the potential to bring about substantial changes in the Group's operations in the short, medium and long term. Many of the potential impacts of climate change can be defined as risks: physical risks to our environment or risks related to the transition to a low-carbon economy in pursuit of the goals of the Paris Agreement. Climate risk can affect companies, financial institutions, households, countries and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy. The impact of climate change assessment and the target of zero net carbon emissions for the activities of the Group by 2025 have been taken into account in the evaluation of estimates and judgements in the preparation of the Group's financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business, and the current assessment was sufficient to identify physical climate risks as well as transition risks that are material to the Group's operations or financial position. The climate change analysis performed in 2023, which mainly related to emissions and water consumption, did not reveal any issues that could not be attributed to or addressed in the ordinary course of business, and did not reveal any significant material economic issues that had an impact on the preparation of these consolidated financial statements.

The following considerations were made:

- The impact of climate change is not expected to be significant while the business remains a going concern.
- The impact of climate change is more evident on organic goods as all agricultural ingredients are at risk mainly due to water scarcity and high temperatures. To mitigate and keep the risk low, the Group has put in place contingency procurement plans.
- The impact of climate change on the cash flow projections used in impairment assessments of the value in use of non-current assets including goodwill.

- The impact of climate change on factors (such as residual values, useful lives and depreciation methods, provisions and onerous contracts) that determine the carrying value of non-current assets: no risk factors were identified in 2023.

3.5 Cyber risks

One type of risk that has now become central to risk assessment is cyber risk, which has increasingly involved and involves public and private companies and organisations with significant impacts on their operations. The Group has taken note of the threat from cyber crime and is trying to protect itself by activating and implementing all possible procedures (aimed at people) and hardware and software tools to protect its data and systems from undue intrusions, preserving their operability.

4. CAPITAL MANAGEMENT POLICY

The Group's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in compliance with contractual commitments made with lenders.

The Group provides itself with the capital necessary to finance the needs of business development and operations; the sources of financing are divided into a mix of risk capital and debt capital, to ensure a balanced financial structure and the minimisation of the total cost of capital, thereby benefiting all stakeholders.

The remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations have been fulfilled, including debt servicing; therefore, in order to ensure an adequate return on capital, the safeguarding of business continuity and business development, the Group continually monitors the level of debt in relation to equity, business performance and expected cash flow forecasts, in the short and medium/long term.

5. FINANCIAL ASSET AND LIABILITY CATEGORIES AND INFORMATION ON FAIR VALUE

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category at 31 December 2023 and 2022:

(In thousands of euros)	Book value at 31 December	
	2023	**2022**
FINANCIAL ASSETS:		
Financial assets at amortised cost:		
Financial assets measured at amortised cost	800	801
Trade receivables	84,634	91,982
Other receivables and current assets (*)	10,031	8,740
Cash and cash equivalents	312,459	287,820
	407,924	**389,343**
Financial assets valued at fair value through profit or loss:		
Non-current financial assets measured at fair value through profit or loss	777	1,213
Current financial assets measured at fair value through profit or loss	69	6,525
Financial receivables measured at amortised cost	13,099	13,099
	13,945	**20,837**
TOTAL FINANCIAL ASSETS	**421,869**	**410,180**

(In thousands of euros)	Book value at 31 December	
	2023	**2022**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost:		
Non-current financial liabilities	290,466	304,723
Non-current lease liabilities	37,160	39,173
Trade payables	172,198	193,776
Current financial liabilities	64,653	65,780
Current lease liabilities	7,694	7,567
Other current liabilities (**)	8,539	3,259
TOTAL FINANCIAL LIABILITIES	**580,710**	**614,278**

(*) Limited to the items "Accrued income and prepaid expenses", "Advances" and "Other receivables".
(**) Limited to the items "Accrued expenses and deferred income" and "Miscellaneous payables".

The tables above show that most of the outstanding financial assets and liabilities are short-term items. In view of their nature, for most items, the book value is considered a reasonable approximation of the fair value.

Non-current financial assets and liabilities are settled or valued at market rates and it is therefore considered that their fair value is substantially in line with current book values.

Note also that the bond loan included in non-current liabilities and having a carrying amount of Euro 199,450 thousand had a quotation value on the Irish market of Euro 193,520 thousand at the same date.

Information on fair value

In relation to assets and liabilities recognised in the statement of financial position and measured at fair value, IFRS 13 requires that these values be classified on the basis of a hierarchy of levels, reflecting the significance of the inputs used in determining fair value. The following table shows the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using unadjusted prices listed on active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the entity's ability to transact the asset or liability at the price of that market on the valuation date.
- **Level 2**: fair value determined with valuation techniques using variables observable on active markets. The inputs for this level include: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in non-active markets; (c) data other than observable listed prices for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implicit volatility, credit spreads, input corroborated by the market.
- **Level 3**: fair value determined with valuation techniques using non-observable market variables.

The following tables summarise the financial assets and liabilities measured at fair value, broken down by hierarchy, at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	43	-	734
Current financial assets measured at fair value through profit or loss	-	69	-
Total financial assets measured at fair value	**43**	**69**	**734**

(In thousands of euros)	**At 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Other current liabilities	-	2,603	-
Total other current liabilities at fair value	**-**	**2,603**	**-**

(In thousands of euros)	**At 31 December 2022**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	477	-	736
Current financial assets measured at fair value through profit or loss	6,209	316	
Total financial assets measured at fair value	**6,686**	**316**	**736**

There were no transfers between the different levels of the fair value hierarchy in the periods considered. Level 3 includes minority interests in unlisted companies whose change in value is solely related to the change in fair value.

6. OPERATING SEGMENTS

IFRS 8 - *Operating Segments* defines an operating segment as a component:

- That engages in business activities from which it may earn revenues and incur expenses.
- Whose operating results are reviewed regularly by the entity's chief operating decision maker.
- For which discrete financial information is available.

For the purposes of IFRS 8, the Group's activity is identifiable in the following business segments: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products, Instant Noodles and Other Activities.

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Group's performance at and for the year ended 31 December 2023, and the reconciliation of these items with respect to the corresponding amount included in the Consolidated Financial Statements:

(In thousands of euros)	At 31 December 2023							
	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles & bakery mixes	Other Products	Consolidated Financial Statements total
Revenue from contracts with customers (third parties)	212,934	259,272	50,327	57,189	33,947	165,414	14,256	**793,339**
EBITDA (*)	19,923	20,675	8,090	4,023	4,751	10,933	(244)	**68,151**
EBITDA margin	9.36%	7.97%	16.07%	7.03%	14.00%	6.61%	-1.71%	**8.59%**
Amortisation, depreciation and write-downs	6,592	14,462	2,637	460	3,241	12,567	329	**40,288**
Net write-downs of financial assets							1,378	**1,378**
Income from business combinations							4,793	**4,793**
Operating profit/(loss)	**13,331**	**6,213**	**5,453**	**3,563**	**1,510**	**(1,634)**	**2,843**	**31,280**
Financial income	**-**	**-**	**-**	**-**	**-**		**9,777**	**9,777**
Financial expenses	**-**	**-**	**-**	**-**	**-**		**(21,341)**	**(21,341)**
Profit/(loss) before taxes	**13,331**	**6,213**	**5,453**	**3,563**	**1,510**	**(1,634)**	**(8,721)**	**19,715**
Income taxes	**-**	**-**	**-**	**-**	**-**		**(4,203)**	**(4,203)**
Net profit/(loss)	**13,331**	**6,213**	**5,453**	**3,563**	**1,510**	**(1,634)**	**(12,925)**	**15,513**
Total assets	**125,278**	**145,706**	**22,487**	**8,073**	**30,767**	**67,212**	**418,081**	**817,604**
Total liabilities	**76,025**	**90,842**	**17,721**	**14,374**	**16,818**	**69,308**	**357,858**	**642,946**
Investments	**10,750**	**2,234**	**740**	**268**	**3,102**	**6,611**	**1,519**	**25,224**
Employees (number)	**596**	**532**	**188**	**66**	**143**	**717**	**61**	**2,303**

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

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Group's performance at and for the year ended 31 December 2022, and the reconciliation of these items with respect to the corresponding amount included in the Consolidated Financial Statements:

	At 31 December 2022							
(In thousands of euros)	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles	Other Products	**Consolidated Financial Statements total**
Revenue from contracts with customers (third parties)	211,464	243,019	44,519	50,033	42,440	135,939	13,681	**741,094**
EBITDA (*)	12,604	16,462	7,714	3,599	5,165	10,415	443	**56,403**
EBITDA margin	5.96%	6.77%	17.33%	7.19%	12.17%	7.66%	3.24%	**7.61%**
Amortisation, depreciation and write-downs	4,497	15,794	1,650	316	1,912	10,710	157	**35,036**
Net write-downs of financial assets	-	-	-	-	-	-	1,247	**1,247**
Operating profit/(loss)	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(961)**	**20,121**
Financial income	-	-	-	-	-	-	2,058	**2,058**
Financial expenses	-	-	-	-	-	-	(12,278)	**(12,278)**
Profit/(loss) before taxes	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(11,181)**	**9,901**
Income taxes	-	-	-	-	-	-	(3,304)	**(3,304)**
Net profit/(loss)	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(14,485)**	**6,597**
Total assets	**88,107**	**197,184**	**21,322**	**8,911**	**34,048**	**55,954**	**403,567**	**809,094**
Total liabilities	**72,482**	**104,715**	**20,004**	**8,458**	**20,500**	**62,424**	**381,208**	**669,790**
Investments	3,762	1,752	1,167	1,306	1,973	5,208	305	**15,473**
Employees (number)	501	524	194	63	155	643	73	**2,153**

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

Revenue from contracts with customers in the "Pasta" and "Milk Products" segments totalled Euro 472,206 thousand and Euro 454,483 thousand for the years ended 31 December 2023 and 2022, equal to 59.5% and 61.3% respectively of all revenue from contracts with customers.

EBITDA in the "Pasta" and "Milk Products" segments totalled Euro 40,598 thousand and Euro 29,066 thousand respectively for the years ended 31 December 2023 and 2023, equal to 59.6% and 51.5% respectively.

The biggest EBITDA margins in 2023 were delivered by the "Bakery Products" and "Special Products" segments as in 2022.

Revenues from the "Pasta" sector were in line with the previous year, going from Euro 211,464 thousand to Euro 212,934 thousand in the year ended 31 December 2023. The EBITDA of the "Pasta" sector increased sharply from Euro 12,604 to Euro 19,923. The related EBITDA margin increased from 5.96% at 31 December 2022 to 9.36% at 31 December 2023, mainly due to an improvement in sales conditions.

Revenues from the "Milk Products" sector increased by Euro 16,253 thousand from Euro 243,019 thousand in the year ended 31 December 2022 to Euro 259,272 thousand in the year ended 31 December 2023. This increase is mainly attributable to an increase in sales volumes and a higher average sales price than in the previous year. EBITDA from the "Milk Products" segment increased both in absolute values and as a percentage of sales due to an improvement in purchasing conditions in the raw materials segment.

Revenues in the special products segment diminished due to a decrease in the average sales price and lower margin volumes, as well as due to some plant investments that slowed production levels, particularly in the fourth quarter.

Revenues from the "Instant Noodles" sector increased by Euro 29,476 thousand from Euro 135,939 thousand in the year ended 31 December 2022 to Euro 165,415 thousand in the year ended 31 December 2023. This increase is mainly attributable to the inclusion of Em Foods Sas in the scope of consolidation as from 1 January 2023.

In addition to the sectoral information, the statement of financial position and income statement data by geographical area, as required by IFRS 8, is provided below.

The following table displays revenue from contracts with customers by geographical area for the years ended 31 December 2023 and 2023:

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Italy	397,384	385,421
Germany	140,534	132,844
United Kingdom	155,571	142,781
Other countries	99,850	80,047
Total revenue from contracts with customers	**793,339**	**741,094**

Finally, in accordance with IFRS 8, paragraph 34, for the years ended 31 December 2023 and 2022, the Group did not have any customers generating more than 10% of its revenues.

8. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8.1 Property, plant and equipment

The table below shows a breakdown of and changes in the item "Property, plant and equipment" for the years 31 December 2023 and 2022:

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2021	**106,393**	**307,293**	**26,335**	**7,054**	**2,630**	**449,705**
Investments	613	11,332	1,295	49	1,205	14,494
Disposals	-	(275)	(80)	-	-	(355)
Net exchange rate effect	(98)	(340)	(21)	-	-	(459)
Reclassifications	-	921	-	-	(921)	-
Change to the consolidation scope	-	212	27	-	-	239
Historical cost at 31 December 2022	**106,908**	**319,143**	**27,557**	**7,103**	**2,914**	**463,625**
Accumulated amortisation/depreciation as at 31 December 2021	**(37,866)**	**(224,869)**	**(24,329)**	**(5,226)**	**-**	**(292,290)**
Depreciation/Amortisation	(2,728)	(13,373)	(1,167)	(121)	-	(17,389)
Disposals	-	258	80	-	-	338
Change to the consolidation scope	-	(158)	(21)	-	-	(179)
Accumulated amortisation/depreciation as at 31 December 2022	**(40,594)**	**(238,142)**	**(25,437)**	**(5,347)**	**-**	**(309,520)**
Net carrying amount at 31 December 2021	**68,527**	**82,424**	**2,006**	**1,828**	**2,630**	**157,417**
Net carrying amount at 31 December 2022	**66,314**	**81,001**	**2,119**	**1,756**	**2,914**	**154,106**

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2022	**106,908**	**319,143**	**27,557**	**7,103**	**2,914**	**463,625**
Investments	5,633	10,265	2,125	243	4,827	23,092
Disposals	(631)	(384)	(3,689)	-	-	(4,704)
Net exchange rate effect	33	161	21	-	-	215
Reclassifications	6	768	-	-	(774)	-
Change to the consolidation scope	12,488	28,997	-	1,614	-	43,099
Historical cost at 31 December 2023	**124,437**	**358,950**	**26,014**	**8,960**	**6,967**	**525,327**
Accumulated amortisation/depreciation as at 31 December 2022	**(40,594)**	**(238,142)**	**(25,437)**	**(5,347)**	**-**	**(309,520)**
Depreciation/Amortisation	(3,094)	(18,817)	(1,274)	(67)	-	(23,251)
Disposals	631	102	3,686	-	-	4,419
Change to the consolidation scope	(6,807)	(23,824)	-	(1,614)	-	(32,245)
Accumulated amortisation/depreciation as at 31 December 2023	**(49,863)**	**(280,680)**	**(23,025)**	**(7,028)**	**-**	**(360,597)**
Net carrying amount at 31 December 2022	**66,314**	**81,001**	**2,119**	**1,756**	**2,914**	**154,106**
Net carrying amount at 31 December 2023	**74,574**	**78,270**	**2,989**	**1,932**	**6,967**	**164,732**

Investments in property, plant, and equipment for the year ended 31 December 2023 amounted to Euro 23,092 thousand and mainly refer to the new Biscuit line at the Ozzano Taro factory, the new warehouse in Manneheim, and the streamlining of packaging lines in the Pasta and Milk & Dairy worlds. For more information on investments, please refer to the specific chapter "Investments".

The net value of tangible assets disposed of in the year ended 31 December 2023 is Euro 285 thousand.

At 31 December 2023 there were no capital contributions to the reduction of core plant and equipment.

At 31 December 2023 the Group did not record any write-downs of tangible assets.

8.2 Right-of-use assets and lease liabilities

The table below shows a breakdown of the item "Right-of-use assets" for the years ended 31 December 2023 and 2022:

(In thousands of euros)	**Right-of-use assets**
Historical cost at 31 December 2021	**71,601**
Increases and re-measurements	22,488
Decreases	(2,420)
Exchange rate effect	(1,334)
Historical cost at 31 December 2022	**90,335**
Accumulated amortisation/depreciation as at 31 December 2021	**(33,029)**
Depreciation/Amortisation	(13,115)
Disposals	2,317
Accumulated amortisation/depreciation as at 31 December 2022	**(43,827)**
Net carrying amount at 31 December 2021	**38,572**
Net carrying amount at 31 December 2022	**46,509**

(In thousands of euros)	**Right-of-use assets**
Historical cost at 31 December 2022	**90,335**
Increases	9,813
Decreases	(3,762)
Change in consolidation scope	366
Exchange rate effect	
Historical cost at 31 December 2023	**96,752**
Accumulated amortisation/depreciation as at 31 December 2022	**(43,827)**
Depreciation/Amortisation	(11,751)
Disposals	2,599
Change in consolidation scope	
Accumulated amortisation/depreciation as at 31 December 2023	**(52,979)**
Net carrying amount at 31 December 2022	**46,509**
Net carrying amount at 31 December 2023	**43,773**

At 31 December 2023, the Group found no indicators of long-term impairment for right-of-use assets.

The following table displays the non-discounted contractual values of the Group's lease liabilities at 31 December 2023, following the application of IFRS 16 as of 1 January 2018:

(In thousands of euros)	At 31 December 2023					
	less than 1 year	between 1 and 2 years	between 3 and 5 years	over 5 years	Contract value	Book value
Lease liabilities	7,694	7,499	20,420	9,840	**45,454**	**44,854**

(In thousands of euros)	At 31 December 2022					
	less than 1 year	between 1 and 2 years	between 3 and 5 years	over 5 years	Contract value	Book value
Lease liabilities	7,567	9,514	15,486	14,825	**47,392**	**46,740**

The discount rate was determined on the basis of the marginal borrowing rate of the Group, i.e. the rate that the Group would have to pay for a loan, with a similar maturity and collateral, needed to obtain an asset of similar value to the right-of-use asset in a similar economic climate. The Group has decided to apply a single discount rate to a lease portfolio with reasonably similar characteristics, such as leases with a similar residual maturity for a similar underlying asset class, in a similar economic climate.

The main information relating to the lease agreements held by the Group, which acts mainly as a lessee, is shown in the following table:

(In thousands of euros)	**At 31 December 2023**
Net book value of right-of-use assets (real estate)	38,673
Net book value of right-of-use assets (machinery)	2,530
Net book value of right-of-use assets (motor vehicles)	2,570
Total net book value of right-of-use assets	**43,773**
Current lease liabilities	7,694
Non-current lease liabilities	37,160
Total lease liabilities	**44,854**
Depreciation of right-of-use assets (real estate)	(7,633)
Depreciation of right-of-use assets (machinery)	(3,206)
Depreciation of right-of-use assets (motor vehicles)	(912)
Total depreciation of right-of-use assets	**(11,751)**
Interest expense on leases	**1,442**

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), Bologna and Corte de' Frati (CR), leased to Newlat and Centrale del Latte d'Italia under the agreements entered into with the related party New Property S.p.A. The term of the lease of the aforementioned properties has been set at six years, based on the withdrawal options provided for in the contracts themselves and on managerial assessments taking into account the changing market context and the Group's acquisition objectives. The rental contracts stipulated between the parties have the same structure, namely: (i) a term of six years automatically extendable for a further six years, with any subsequent tacit renewals every six years, and (ii) the early termination options exercisable by the lessor upon renewal and by the lessee, which may withdraw at any time and without cause, with six months' notice.

These leases fall within the scope of related party transactions; please see the specific section of these consolidated financial statements.

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

8.3 Intangible assets

The table below shows a breakdown of and changes in the item "Intangible assets" for the years 31 December 2023 and 2022:

(In thousands of euros)	**Goodwill**	**Patents and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other assets**	**Assets under development**	**Total**
Historical cost at 31 December 2021	**13,701**	**5,125**	**132,499**	**36,061**	**26**	**187,412**
Investments		112	63	705	99	**979**
Net exchange rate effect	(631)	-	(749)	(1,054)	-	**(2,434)**
Change to the consolidation scope	220	-	10	10	-	**240**
Historical cost at 31 December 2022	**13,290**	**5,237**	**131,823**	**35,721**	**125**	**186,196**
Accumulated amortisation/depreciation as at 31 December 2021	**-**	**(4,226)**	**(73,157)**	**(12,203)**	**-**	**(89,586)**
Change to the consolidation scope	**(220)**	-	-	-	-	**(220)**
Depreciation/Amortisation	-	(190)	(2,481)	(1,372)		**(4,044)**
Accumulated amortisation/depreciation as at 31 December 2022	**(220)**	**(4,416)**	**(75,638)**	**(13,575)**	**-**	**(93,850)**
Net carrying amount at 31 December 2021	**13,701**	**899**	**59,342**	**23,858**	**26**	**97,824**
Net carrying amount at 31 December 2022	**13,070**	**821**	**56,185**	**22,146**	**125**	**92,345**

(In thousands of euros)	**Goodwill**	**Patents and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other assets**	**Assets under development**	**Total**
Historical cost at 31 December 2022	**13,070**	**5,237**	**131,823**	**35,721**	**125**	**185,976**
Investments		662	673	770	26	**2,131**
Net exchange rate effects			595	146		**741**
Reclassifications		125			(125)	**-**
Historical cost at 31 December 2023	**13,290**	**6,024**	**133,091**	**36,637**	**26**	**189,068**
Accumulated amortisation/depreciation as at 31 December 2022		**(4,416)**	**(75,638)**	**(13,575)**	**-**	**(93,629)**
Depreciation/Amortisation		(324)	(2,158)	(1,189)		**(3,671)**
Accumulated amortisation/depreciation as at 31 December 2023		**(4,740)**	**(77,796)**	**(14,764)**	**-**	**(97,520)**
Net carrying amount as at 31 December 2022	**13,070**	**821**	**56,185**	**22,146**	**125**	**92,345**
Net carrying amount at 31 December 2023	**13,070**	**1,284**	**55,295**	**21,873**	**26**	**91,548**

Investments in intangible assets for the year ended 31 December 2023 amounted to Euro 2,131 thousand and were mainly attributable to investments in the customers of the subsidiary Symington's and the new management system in Em Foods Sas. For more information on investments, please refer to the specific chapter "Investments" included in the Management report.

There were no indicators of long-term impairment for intangible assets with a finite useful life for the year ended 31 December 2023.

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

Goodwill

The goodwill refers

- To the acquisition of Centrale del Latte di Salerno S.p.A. merged by incorporation into Newlat Food S.p.A. from 2019, which represents a cash generating unit (CGU). This amount of Euro 3,863 thousand reflects the difference between the purchase price and the equity of Centrale del Latte di Salerno on the acquisition date in December 2014.

- The acquisition of Symington's for a total amount of Euro 9,207 following the definition of the purchase price allocation process completed in 2022.

The value of this goodwill was subjected to impairment testing, with the help of an independent third-party professional.

The 2024-2026 economic and financial was used for the impairment test as at 31 December 2023. The Board of Directors approved this *impairment test*, as well as the flows represented therein, on 18 March 2024.

For the purposes of estimating the value in use of the CGUs to which goodwill was allocated:

(i) the following sources of information have been used:

a) internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the goodwill impairment test a three-year 2024-2026 plan was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 18 March 2024.

b) external sources: for the goodwill impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

- the CAPM to estimate the cost of equity;

- the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

The recoverable amount is the value in use, determined by discounting the CGUs' forecast data represented by the Centrale del Latte di Salerno division ("DCF Method") and the company Symington's Limited for the three years after the reporting date (2024-2026). The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

Furthermore, a linear marginality was assumed over the plan periods on the basis of what occurred in the previous two financial years.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

	Goodwill former CLS		**Goodwill SYM**	
(Percentage)	**Growth rate**	**WACC**	**Growth rate**	**WACC**
At 31 December 2023	1%	8.81%	1%	8.47%
At 31 December 2022	0.5%	8.8%	0.5%	8.51%

The cost of capital was calculated considering the Group's financial structure corresponding to 78.5% equity and 21.5% cost of debt, the same considered as aligned with that of a market participant. The post-tax WACCs determined correspond to pre-tax discount rates of 10.63% for Symington and 12.11% for CLS.

From the results of the impairment tests performed, it appears that the estimated recoverable amount exceeds the carrying amount by more than 23% for Symington and more than 195% of the value of CLS.

Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value. For the Symington CGU, an additional sensitivity analysis of the plan's marginality was also considered, condensing the effects on the other key parameters of the test. Considering a 10% decrease in margins for this CGU, the excess of recoverable value over book value would decrease from 23% to 14%.

Industrial patents and rights to use intellectual property

This item consists almost exclusively of software costs.

Concessions, licences, trademarks and similar rights and other intangible assets

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Trademarks with an indefinite useful life *(a)*	44,799	44,799
Trademarks with a finite useful life *(b)*	535	600
Symington's assets with a definite useful life *(c)*	31,157	33,404
Total net book value	**76,491**	**78,803**

The impairment test on brands with an indefinite useful life is carried out at least annually and whenever there are indicators of impairment.

a) Trademarks with an indefinite useful life

This item refers to:

- the Drei Glocken and Birkel brands registered by Newlat Deutschland for a total of Euro 18.8 million.
- The Centrale Latte Rapallo-Latte Tigullio, Mukki and Centrale del Latte di Vicenza brands recorded in the separate financial statements of the subsidiary for a total of Euro 19,132 thousand and revalued during purchase price allocation for a total of Euro 6,823 thousand.

The value of these brands has been subjected to impairment testing, with the help of an independent third-party professional.

The 2024-2026 economic and financial was used for the impairment test as at 31 December 2023. The Board of Directors approved this *impairment test*, as well as the flows represented therein, on 18 March 2024.

Starting from the financial year ending 31 December 2023, the management standardised the impairment test methodology for German brands by aligning it with what is already done for the Italian brands of the CGU Centrale del Latte d'Italia and for the goodwill described above. Therefore, also for all brands, the recoverable amount is the value in use determined by updating the CGU's forecast data represented by Newlat Gmbh and Centrale del Latte d'Italia respectively ("*DCF Method*") for the three years after the reporting date. With regard to the CGU Centrale del Latte d'Italia, the cash flows used by the Directors for impairment testing purposes do not include the economic and financial components arising from the lease of the "Milk & Diary" business operations stipulated with the controlling company Newlat Food S.p.A. on 21 December 2020, expiring on 31 December 2023 and renewed for a further three years.

The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

Moreover, a linear marginality was assumed over the plan periods based on what had occurred in the previous two years for the Centrale del Latte d'Italia CGU and slightly higher than in 2023 for the Newlat Gmbh CGU.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

	Newlat Gmbh Brands		**CLI Brands**	
(Percentage)	**Growth rate**	**WACC**	**Growth rate**	**WACC**
At 31 December 2023	1%	7.02%	1%	8.81%
At 31 December 2022	0.5%	7.54%	0.5%	8.8%

- The cost of capital was calculated considering the Group's financial structure corresponding to 78.5% equity and 21.5% cost of debt, the same considered as aligned with that of a market participant. The post-tax WACCs determined correspond to pre-tax discount rates of 9.84% for Newlat GmbH and 12.11% for CLI.
- The results of the impairment tests carried out show that the estimated recoverable value exceeds its book value by more than 129% for the German CGU and more than 27% for CLI.

- Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value. For the CLI CGU, an additional sensitivity analysis of the plan's marginality was also considered, condensing the effects on the other key parameters of the test. Considering a 10% decrease in margins for this CGU, the excess of recoverable value over book value would decrease from 27% to 19%.

Lastly, it should be noted that for comparative purposes only for the year 2023 and in view of the alignment of methodology outlined above, management nevertheless calculated the valuation of the recoverability of the German brands with an indefinite useful life using the previous year's methodology, i.e. Relief From Royalty. Even using this methodology, the value of the brands with an indefinite useful life is largely recoverable.

b) 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.

c) Symington's Limited assets with a finite useful life

This item includes allocations to trademarks with a finite useful life, know how and customer lists, defined in the purchase price allocation following the acquisition of Symington's and amortised over their estimated remaining useful life based on the period of time they are expected to generate cash flows.

8.4 Equity investments in associates

At 31 December 2023 the investments of associate companies amounting to Euro 1,401 thousand refer mainly to the investment held by Centrale del Latte d'Italia S.p.A. in Mercafir Scpa.

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

At 31 December 2023 and 2022, non-current financial assets valued at fair value through profit or loss amounted to Euro 777 thousand and Euro 1,213 thousand respectively. These balances, which are not material, relate to smaller corporate capital instruments. The decrease is due to the fair value measurement of securities held at 31 December 2023.

8.6 Financial assets measured at amortised cost

At 31 December 2023 and 2022, financial assets at amortised cost amounted to Euro 801 thousand. These balances refer to security deposits paid against existing lease agreements.

8.7 Prepaid tax assets and deferred tax liabilities

Prepaid tax assets are recognised on the financial statements where it is probable that future taxable income will be realised against which they can be used.

The following table shows a breakdown of "Prepaid tax assets" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Provisions	2,936	3,003
Tax losses carried forward	-	32
Leases	613	64
Depreciation/Amortisation	59	526
Other	246	(9)
Symington Tax losses	1,129	1,365
PPA effects	1,379	1,276
Gross prepaid tax assets	**6,362**	**6,257**
Reclassification of deferred tax liabilities		891
Total prepaid tax assets	**6,362**	**7,148**

Deferred tax liabilities arising from intangible assets at 31 December 2023 are mainly attributable to the Drei Glocken and Birkel brands belonging to Newlat Deutschland and the brands included in the financial statements of Centrale del Latte d'Italia SpA and the tax effect of the purchase price allocation of Symington's Limited:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Intangible assets	11,745	11,566
Property, plant and equipment	1,927	1,911
Other	82	24
PPA effects	7,074	6,490
Change in consolidation scope	2,040	
Gross deferred tax liabilities	**22,868**	**19,991**
Offsetting with prepaid tax assets	-	-
Total deferred tax liabilities	**22,868**	**19,991**

The increase over the previous year is mainly due to the change in the scope of consolidation and the inclusion of balances pertaining to Em Foods arising from the temporary difference between IFRS and tax depreciation.

The following table displays a breakdown of and changes in the gross value of prepaid tax assets and deferred tax liabilities for the years ending 31 December 2023 and 2022:

(In thousands of euros)	**Provisions**	**Tax losses carried forward**	**Leases**	**Depreciation/Amortisation**	**Reclassifications**	**Other**	**Total prepaid tax assets**
Balance at 31 December 2022	**3,003**	**1,397**	**64**	**527**	891	**1,266**	**7,148**
Provisions (releases) to income statement	(67)	(268)	(342)	(468)	-	315	(830)
Other changes	-	-	891	-	(891)	14	14
Provisions (releases) to statement of other comprehensive income	-	-	-	-	-	30	30
Balance at 31 December 2023	**2,936**	**1,129**	**613**	**59**	**-**	**1,625**	**6,362**

(In thousands of euros)	**Trademarks**	**Land**	**Others**	**PPA effects**	**Total deferred tax liabilities**
Balance at 31 December 2022	**11,086**	**464**	**1,951**	**6,490**	**19,991**
Provisions (releases) to income statement	-	-	253	(335)	(82)
Changes in consolidation scope	-	-	-	2,959	2,959
Balance at 31 December 2023	**11,086**	**464**	**2,204**	**9,114**	**22,868**

Prepaid tax assets and deferred tax liabilities arise from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to that asset or liability for tax purposes.

8.8 Inventories

The following table shows a breakdown of "Inventories" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Raw materials, supplies, consumables and spare parts	40,948	49,479
Finished products and goods	35,757	34,795
Semi-finished products	2,391	2,862
Advance payments	502	26
Total gross inventories	**79,598**	**87,162**
Inventory write-down reserve	(5,499)	(1,949)
Total inventories	**74,099**	**85,213**

Inventories are recorded net of the obsolescence reserve, which amounted to Euro 5,499 thousand at 31 December 2023 and related mainly to spare parts for slow-moving equipment. Changes in the inventories write-down reserve during 2023 are shown below:

(In thousands of euros)	Inventory write-down reserve
Balance at 31 December 2021	**2,883**
Provisions	96
Uses/Releases	(1,112)
Exchange rate effect	82
Balance at 31 December 2022	**1,949**
Provisions	1,783
Uses/Releases	(144)
Change in consolidation scope	1,892
Exchange rate effect	19
Balance at 31 December 2023	**5,499**

8.9 Trade receivables

The following table shows a breakdown of "Trade receivables" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Trade receivables from customers	102,347	111,038
Trade receivables from related parties	2,493	681
Trade receivables (gross)	104,840	111,719
Provision for doubtful trade receivables	**(20,205)**	**(19,737)**
Total trade receivables	**84,635**	**91,982**

The following table displays the changes in the provision for doubtful trade receivable for the year ended 31 December 2023:

(In thousands of euros)	Provision for doubtful trade receivables
Balance at 31 December 2021	**19,624**
Provisions	1,027
Uses	(914)
Balance at 31 December 2022	**19,737**
Provisions	1,378
Uses	(909)
Balance at 31 December 2023	**20,205**

The net value of overdue trade receivables at 31 December 2023 amounted to Euro 61,363 thousand, an increase compared with the previous year.

Analysis of the credit risk, including details of the provisioning for doubtful receivables for the individual bands of overdueness, can be found in the section "Management of Financial Risks" above.

Analysis of trade receivables from related parties can be found in the section "Transactions with Related Parties" below.

The book value of trade receivables is deemed to approximate their fair value.

8.10 Current tax assets and liabilities

Current tax assets amounted to Euro 1,323 thousand and Euro 1,899 thousand at 31 December 2023 and 2022, respectively.

Current tax liabilities totalled Euro 2,988 thousand at 31 December 2023 and Euro 3,688 thousand at 31 December 2022.

The changes in the net balances of the assets and liabilities under review for the year ended 31 December 2023 mainly concern the setting aside of current income taxes, amounting to Euro 3,288 thousand, and payments amounting to Euro 2,135 thousand.

8.11 Other receivables and current assets

The following table shows a breakdown of "Other receivables and current assets" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Tax assets	11,154	9,615
Receivables from social security institutions	1,344	691
Accrued income and prepaid expenses	1,809	834
Advance payments	1,440	2,322
Other receivables	6,782	5,584
Total other receivables and current assets	**22,529**	**19,045**

Receivables from social security institutions at 31 December 2023 and 2022 mainly refer to receivables from INAIL, amounting to Euro 1,344 thousand and Euro 691 thousand respectively.

Advance payments at 31 December 2023 and 2022 refer mainly to sums paid for future supplies in the respective amounts of Euro 1,440 thousand and Euro 2,322 thousand.

Tax assets as at 31 December 2023 mainly include VAT credits.

8.12 Current financial assets measured at fair value through profit or loss

The following table provides a breakdown of "Current financial assets measured at fair value through profit or loss" at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Derivative financial instruments	69	316
Listed bonds	-	6,209
Total current financial assets measured at fair value through profit or loss	**69**	**6,525**

This residual item mainly includes foreign currency hedging instruments entered into by the subsidiary Symington's limited. The bonds in the comparative period were liquidated during the year.

8.13 Financial receivables measured at amortised cost

Financial receivables measured at amortised cost refer to financial receivables from the related party Newlat Property S.p.A. for a total amount of Euro 13,099 thousand.

8.14 Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Bank and postal deposits and equivalents	311,952	287,386
Cash in hand	507	434
Total cash and cash equivalents	**312,459**	**287,820**

Bank and postal deposits refer to cash and cash equivalents deposited mainly in current accounts held with leading banking and financial institutions.

At 31 December 2023, cash and cash equivalents were not subject to restrictions or constraints.

Part of the aforementioned cash and cash equivalents, amounting to Euro 97,099 thousand and Euro 93,586 thousand respectively at 31 December 2022 and 2023, is attributable to the cash pooling of Newlat Food and Newlat GmbH with the parent company Newlat Group S.A. Moreover, they also include very short term deposit accounts for Euro 115,000 thousand held with primary credit institutions.

Please see the statement of cash flows for changes in the "Cash and cash equivalents" item during the periods under review, a change that includes an offsetting of reciprocal credit and debit items with the parent company in the comparative period.

8.15 Shareholders' equity

At 31 December 2023 the item Shareholders' Equity totalled Euro 174,658 thousand.

As reported in the statement of changes in consolidated equity, such changes in the year ended 31 December 2023 related to:

- The group net profit for the year in the amount of Euro 14,325 thousand.
- Net sales of treasury shares for Euro 18,853 thousand.
- Actuarial losses net of the related tax effect for Euro 78 thousand related to the discounting of the employee severance indemnity provision.
- Positive translation reserve of Euro 1,315 thousand.
- Recognition of negative components in the amount of Euro 251 thousand net of the related tax effect, related to hedge accounting transactions:
- Recognition of minority interests for a total amount of Euro 16,022 thousand.

Share capital

As at 31 December 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.

8.16 Provisions for employee benefits

The table below shows a breakdown of and changes in the item "Provisions for employee benefits" for the years 31 December 2023 and 2022:

(In thousands of euros)	Employee severance indemnity (Italian companies)	Symington's Limited Pension Plan	Newlat Deutschland Pension Plan	Employee benefits
Balance at 31 December 2022	**10,906**	**94**	**399**	**11,399**
Service Cost	-	-	-	-
Financial expenses	384	105	39	528
Actuarial losses/(gains)	78	-	(13)	65
Benefits paid	(1,041)	-	-	(1,041)
Balance at 31 December 2023	**10,327**	**199**	**425**	**10,951**

Provisions for employee benefits represent the estimated obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees when their employment with the company ends.

Employee severance indemnity (TFR)

The liability for the Italian companies' employee severance indemnity, which falls within the IAS 19 definition of defined benefit plans, was determined according to actuarial logic. The following are the main actuarial, financial and demographic assumptions used to determine the value of the liability at 31 December 2023 and 2022, in accordance with the provisions of IAS 19:

	At 31 December	
	2023	**2022**
Financial assumptions		
Discount rate	3.15%	3.70%
Inflation rate	2.25%	2.70%
Annual rate of salary increase	2.25%	2.70%
Demographic assumptions		
Death	SIM/SIF2002 ISTAT table	SIM/SIF2002 ISTAT table
Retirement	Achievement of the first pensionable requirement according to current legislation	Achievement of the first pensionable requirement according to current legislation

The following table summarises the main assumptions relating to the annual turnover rate and requests for specific severance pay advances adopted for the calculation of Newlat's provisions for employee benefits in accordance with the provisions of IAS 19:

	At 31 December	
	2023	**2022**
Annual turnover rate and TFR Advances	**Italy**	**Italy**
Frequency of advances	1.10%	1.90%
Frequency of turnover	2.50%	2.82%

The following table summarises the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute terms) that would have occurred as a result of changes to the reasonably possible actuarial assumptions on 31 December 2023 and 2022:

(In thousands of euros)	**Discount rate**		**Inflation rate**		**Change in retirement age**	
	+0.50%	**-0.50%**	**+0.50%**	**0.50%**	**+ 1 year**	**- 1 year**
Employee benefits (severance indemnities) at 31 December 2023	(518)	518	314	(-314)	29	(29)
Employee benefits (severance indemnities) at 31 December 2022	(488)	524	327	(327)	20	(20)

Newlat Deutschland Pension Plan

The following table summarises the main actuarial and financial assumptions made, in accordance with IAS 19, to determine the value of the liability relating to the Newlat Deutschland staff pension plan at 31 December 2023 and 2022:

	At 31 December	
	2023	**2022**
Discount rate	1.75%	2.02%
Rate of pension increase	1.50%	1.70%

8.17 Provisions for risks and charges

The table below shows a breakdown of and changes in the item "Provisions for risks and charges" for the years 31 December 2023 and 2022:

(In thousands of euros)	**Provision for agents' indemnities**	**Provision for legal risks**	**Other provisions for risks and charges**	**Total provisions for risks and charges**
Balance at 31 December 2022	**1,220**	**690**	**127**	**2,038**
Provisions	144			144
Uses	(1)	(466)	(78)	(545)
Change to the consolidation scope	-	-	700	700
Balance at 31 December 2023	**1,363**	**224**	**749**	**2,337**

The provision for agents' indemnities, amounting to Euro 1,363 thousand at 31 December 2023, represents a reasonable forecast of the charges that would be borne by the Group in the event of future interruption of agency relationships.

The provision for legal risks decreased as a result of the settlement of the litigation following an audit by the Guardia di Finanza for the years 2016 and 2017.

8.18 Current and non-current financial liabilities

The following table shows a breakdown of "Current and non-current financial liabilities" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December 2023**		**At 31 December 2022**	
	Current portion	**Non-current portion**	**Current portion**	**Non-current portion**
Total financial liabilities	**64,653**	**290,466**	**65,780**	**304,723**

The main component of financial debt relates to the bond maturing in 2027 (interest rate 2.625%) in the amount of Euro 199,013 thousand, entirely classified as long-term. The residual component includes a number of medium- and long-term unsecured loans. The current portion includes, in addition to the portions payable in the financial year 2024 of medium- and long-term debt, advance accounts and other working capital financing.

Some loan contracts require compliance with financial parameters. At 31 December 2023 the parameters indicated above were met.

The following table shows the net financial position, in the format as per the Consob Communication:

(In thousands of euros)	At 31 December	
Net financial debt	**2023**	**2022**
A. Cash and cash equivalents	103,873	149,911
B. Cash equivalents	208,586	137,909
C. Other current financial assets	13,168	19,625
D Cash and cash equivalents (A)+(B)+(C)	**325,627**	**307,445**
E. Current financial payables	(29,727)	(32,282)
F. Current portion of non-current financial debt	(42,622)	(41,067)
G. Current financial indebtedness (E)+(F)	**(72,349)**	**(73,349)**
H. Net current financial indebtedness (G)+(D)	**253,278**	**234,097**
I. Non-current financial payables	(128,613)	(144,447)
J. Debt instruments	(199,013)	(199,450)
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	**(327,626)**	**(343,896)**
M. Net financial debt (H)+(L) determined in accordance with CONSOB and ESMA communications	**(74,347)**	**(109,799)**
Purchase of treasury shares	9,465	28,413
N. Proforma net financial debt	**(64,882)**	**(81,386)**

Without considering the effects of IFRS 16, the net financial position would be determined as follows:

(In thousands of euros)	At 31 December	
	2023	**2022**
Net financial debt	**(74,347)**	**(109,799)**
Current lease liabilities	7,694	7,567
Non-current lease liabilities	37,160	39,173
Net Financial Position	**(29,493)**	**(63,059)**

The above items exclude the value of the derivative on own shares and the value still to be paid for the purchase of EM Foods, both of which are included in other payables within other current liabilities.

The following table shows, in accordance with IAS 7, changes in financial liabilities arising from cash flows generated and/or absorbed by financing activities, as well as from non-monetary items:

(In thousands of euros)	**At 31 December 2022**	**Change in consolidation scope**	**New loans**	**Repayments**	**Reclassifications**	**At 31 December 2023**
Non-current financial liabilities	304,723	-	34,882		(49,139)	290,466
Current financial liabilities	65,780	-		(50,266)	49,139	60,653
Total financial liabilities	**370,503**	**-**	**34,882**	**(50,266)**	**-**	**355,119**

(In thousands of euros)	**At 31 December 2022**	**Change in consolidation scope**	**New loans**	**Repayments**	**Reclassifications**	**At 31 December 2023**
Non-current lease liabilities	39,173		8,117	(10,368)	238	37,160
Current lease liabilities	7,566	366			(238)	7,694
Total lease liabilities	**46,739**	**366**	**8,117**	**-10,368**	**0**	**44,854**

8.19 Trade payables

The following table shows a breakdown of "Trade payables" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Trade payables to suppliers	171,375	193,776
Trade payables to related parties	823	-
Total trade payables	**172,198**	**193,776**

This item mainly includes payables relating to the Group's normal production activities.
Analysis of trade payables to related parties can be found in the section "Transactions with Related Parties" of the Consolidated Financial Statements.

The book value of trade payables is deemed to approximate their fair value.

8.20 Other current liabilities

The following table shows a breakdown of "Other current liabilities" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Payables to employees	14,449	11,131
Payables to social security institutions	4,216	3,481
Tax liabilities	4,425	3,783
Accrued expenses and deferred income	4,478	3,021
Miscellaneous payables	4,062	238
Total other current liabilities	**31,630**	**21,654**

Payables to employees relate mainly to salaries to be settled and deferred charges such as holidays, leave and additional monthly payments. The increase is mainly due to the inclusion of EM Foods from 1 January 2023.

Payables to social security institutions mainly refer to liabilities with the INPS and other social security institutions for the payment of contributions.

Tax payables at 31 December 2023 mainly include payables to the Treasury for withholding taxes, amounting to Euro 4,425 thousand.

The item “other payables” also includes the price adjustment for the acquisition of EM Foods Sas amounting to approximately Euro 1 million, and for the balance the fair value related to call options on treasury shares granted to institutional investors in the first half of 2023. This fair value is a level 2 fair value, determined with observable market information.

9. NOTES TO THE CONSOLIDATED INCOME STATEMENT

9.1 Revenue from contracts with customers

The following table displays a breakdown of "Revenue from Contracts with Customers" by operating segment:

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Pasta	212,934	211,464
Milk products	259,272	243,019
Bakery Products	50,327	44,519
Dairy products	57,189	50,033
Special Products	33,947	42,440
Instant Noodles	165,414	135,939
Other products	14,256	13,681
Total revenue from contracts with customers	**793,339**	**741,094**

The following table displays a breakdown of "Revenue from Contracts with Customers" by distribution channel:

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Mass Distribution	465,266	451,195
B2B partners	97,655	79,920
Normal trade	88,532	79,933
Private labels	121,959	110,910
Food services	19,928	19,136
Total revenue from contracts with customers	**793,339**	**741,094**

The following table displays "Revenue from Contracts with Customers" by geographical area:

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Italy	397,384	385,421
Germany	140,534	132,844
United Kingdom	155,571	142,781
Other countries	99,850	80,047
Total revenue from contracts with customers	**793,339**	**741,094**

Revenue from contracts with customers for the year ended 31 December 2023 is almost exclusively related to the sale of goods. Revenues associated with such sales of goods are recognised when control of the asset is transferred to the customer. In the year just ended, the Group had consolidated revenues of Euro 793,339 thousand, up 7% compared with Euro 741,094 thousand recorded in the same period of the previous year. This result is mainly attributable to the performance of the business previously analysed in the management report and to the change in the scope of consolidation that saw the inclusion of the subsidiary EM Foods Sas as of 1 January 2023.

9.2 Operating costs

The following table provides details of operating costs broken down by purpose for the years ending 31 December 2023 and 2022:

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Cost of sales	(656,186)	(607,693)
Sales and distribution costs	(89,912)	(89,509)
Administrative costs	(23,801)	(21,746)
Total operating costs	**(769,899)**	**(718,948)**

The table below shows details of the same operating costs broken down according to their nature:

(In thousands of euros)	**Year ended 31 December**			
	2023	**%**	**2022**	**%**
Raw materials and finished products	425,746	54%	403,230	54%
Personnel costs	103,367	13%	93,445	13%
Packaging	50,907	6%	55,107	7%
Transport	48,974	6%	49,646	7%
Utilities	38,936	5%	26,482	4%
Depreciation/Amortisation	38,672	5%	34,548	5%
Sales commissions	8,652	1%	8,834	1%
Porterage and logistics	7,158	1%	6,436	1%
Surveillance and cleaning	5,431	1%	4,911	1%
Maintenance and repair	12,348	2%	11,871	2%
Royalties payable	2,081	0%	1,880	0%
Cost for use of third-party assets	3,184	0%	3,655	0%
Advertising and promotions	8,912	1%	7,444	1%
Consultancy and professional services	4,928	1%	1,380	0%
Insurance	2,225	0%	2,032	0%
Laboratory analysis and testing	1,179	0%	989	0%
Production plant services	739	0%	403	0%
Remuneration of the chair and directors	973	0%	638	0%
External auditor's fees	873	0%	397	0%
Statutory auditors' fees	59	0%	59	0%
Other minor costs	4,516	1%	5,561	1%
Total operating costs	**769,899**		**718,948**	

Operating costs for the year ended 31 December 2023 increased as a result of the inclusion of EM Foods Sas in the scope of consolidation as of 1 January and the increase in volumes recorded during 2023. For more a more detailed analysis see the report on operations.

9.3 Net write-downs of financial assets

The item "Net write-downs of financial assets", amounting to Euro 1,378 thousand for the year ended 31 December 2023, refers to the write-down of overdue trade receivables and other late receivables. A breakdown of changes to the provision for bad debts for the years ended 31 December 2023 and 2022 can be found in Note 8.9 above, "Trade receivables" of the Consolidated Financial Statements.

9.4 Other revenues and income

The following table provides a breakdown of "Other revenues and income":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Repayments and compensation	2,202	2,975
Leases receivable	30	30
Other revenues from the Ozzano plant	1,824	555
Operating grant	336	334
Other	6,528	1,344
Total other revenue and income	**10,920**	**5,238**

9.5 Income from business combinations

This refers to the process of measuring the fair value of the assets and liabilities of EM Foods Sas acquired on 1 January 2023. See the section Acquisition of EM Foods Sas for more details.

9.6 Other operating costs

The following table shows a breakdown of "Other operating costs":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Stamps, duties and local taxes	1,006	968
Corporate canteen	148	152
Benefits and membership fees	20	21
Other	5,322	4,874
Total other operating costs	**6,496**	**6,015**

9.7 Financial income and expenses

The following table provides a breakdown of "Financial income":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Interest income from cash pooling	1,811	595
Net foreign exchange gains	230	-
Other financial income	7,736	1,463
Total financial income	**9,777**	**2,058**

Other financial income mainly includes interest income from Group cash management.

The following table provides a breakdown of "Financial expenses":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Interest on loans	8,263	1,800
Interest expense on lease liabilities	615	807
Fees and commissions	705	1,035
Net foreign exchange losses	242	730
Net interest expense on provisions for employee benefits	165	34
Other financial expenses	5,826	2,346
Bond interest	5,525	5,525
Total financial expenses	**21,341**	**12,278**

9.8 Income taxes

The following table provides a breakdown of "Income taxes":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Current taxes	3,288	2,893
Prior-year taxes	4	134
Total current taxes	**3,292**	**3,027**
Decrease (increase) in prepaid taxes	830	783
Increase (decrease) in deferred taxes	81	(504)
Total deferred taxes	**911**	**277**
Total income taxes	**4,203**	**3,304**

The following table displays a reconciliation of the theoretical tax rate with the effective impact on the pre-tax result:

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Profit/(loss) before taxes	**19,715**	**9,901**
Theoretical rate	27.9%	27.9%
Theoretical tax charge	**5,501**	**2,762**
Adjustments		
Prior-year taxes	134	134
Provision for disputed taxes		
Permanent differences and rate differences on subsidiaries	(1,302)	408
Income taxes	**4,203**	**3,304**

9.9 Net profit/(loss) per share

The table below shows the net profit/loss per share, calculated as the ratio of net income to the weighted average number of ordinary shares in circulation during the period.

	At 31 December	
	2023	**2022**
Profit for the year attributable to the Group in thousands of euros	14,325	6,223
Weighted average number of shares in circulation	42,580,714	39,337,949
Earnings per share (in Euro)	**0.34**	**0.16**

Since potential options on outstanding treasury shares have an anti-dilutive effect, diluted earnings per share have been shown equal to earnings per share.

TRANSACTIONS WITH RELATED PARTIES

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 were 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, a direct parent company; and
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates (**"Companies controlled by the parent companies"**).

The following table provides a detailed breakdown of the statement of financial position items relating to the Group's transactions with related parties at 31 December 2023 and 2022:

(In thousands of euros)	**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 December 2023		14,105		14,875	43,773	32.2%
At 31 December 2022		16,722		16,722	46,509	36.0%
Non-current financial assets at amortised cost						
At 31 December 2023		735		735	800	91.9%
At 31 December 2022		735		735	801	91.8%
Trade receivables						
At 31 December 2023	2493			2,493	84,634	2.9%
At 31 December 2022	681			681	91,982	0.7%
Financial receivables measured at amortised cost						
At 31 December 2023		13,099		13,099	13,099	100.0%
At 31 December 2022		13,099		13,099	13,099	100.0%
Cash and cash equivalents						
At 31 December 2023	93,586			93,586	312,459	30.0%
At 31 December 2022	97,909			97,909	287,820	34.0%
Non-current lease liabilities						
At 31 December 2023		14,092		14,092	37,160	37.9%
At 31 December 2022		14,703		14,703	39,173	37.5%
Trade payables						
At 31 December 2023	71	533	219	823	172,198	0.5%
At 31 December 2022	25	(194)	169	-	193,776	0.0%
Current financial liabilities						
At 31 December 2023	3,916			3,916	64,653	6.1%
At 31 December 2022	8,929			8,929	65,780	13.6%
Current lease liabilities						
At 31 December 2023		2,457		2,457	7,694	31.9%
At 31 December 2022		2,356		2,356	7,567	31.1%

The following table provides a breakdown of the income statement items relating to the Group's transactions with related parties for the years ended 31 December 2023 and 2022:

(In thousands of euros)	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 December 2023		2,740	303	3,043	656,186	0.5%
At 31 December 2022	-	2,235	-	2,235	607,693	0.4%
Administrative costs						
At 31 December 2023	168			168	23,801	0.7%
At 31 December 2022	215	-	-	215	21,746	1.0%
Financial income						
At 31 December 2023	1,811			1,811	9,777	18.5%
At 31 December 2022	595			595	2,058	
Financial expenses						
At 31 December 2023	8	639		647	21,341	3.0%
At 31 December 2022	99	697	-	796	12,278	6.5%

Transactions with parent company Newlat Group

Cash and cash equivalents, amounting to Euro 93,586 thousand and Euro 97,909 thousand respectively at 31 December 2023 and 2022, as well as financial liabilities for Euro 3,916 thousand and Euro 8,929 thousand are attributable to the cash pooling relationships with the parent company. The administrative expenses as at 31 December 2023 are attributable to operating expenses incurred by Newlat Food S.p.A. for Euro 168 thousand for service contracts and fees for the cost sharing agreements.

Transactions with companies controlled by the parent companies

The following are the companies controlled by the parent companies with which the Group has conducted transactions during the periods under review:

- New Property S.p.A., a real estate company to which lease royalties are paid;
- Other companies controlled by the parent companies such as Newservice S.r.l.

New Property S.p.A.

At 31 December 2023, Euro 14,875 thousand of right-of-use assets and Euro 2,457 thousand and Euro 14,092 thousand respectively of current and non-current lease liabilities relate to the real estate spun off to New Property S.p.A. of 2017 and subsequently leased to Newlat. The recognition of these contracts according to IFRS 16 led to the recognition of depreciation, recorded in the cost of sales, of Euro 2,961 thousand, and financial charges of Euro 672 thousand for the year ended 31 December 2023.

10. OTHER INFORMATION

10.1 Remuneration of Directors and Statutory Auditors

The fees payable to Directors and Statutory Auditors amounted to Euro 973 thousand and Euro 59 thousand respectively in the year ended 31 December 2023.

Remuneration for executives with strategic responsibilities amounted to Euro 430 thousand

10.2 External Auditor's fees

Fees payable to the independent auditors for services provided to the Company and the Group for the year ended 31 December 2023 amounted to a total of Euro 873 thousand and are broken down as follows:

a) Fees for the provision of audit services by PricewaterhouseCoopers S.p.A. amounting to Euro 387 thousand

b) Fees for Assurance services other than auditing and aimed at issuing a certificate by PricewaterhouseCoopers S.p.A. in the amount of Euro 79 thousand.

c) Fees for audit services provided by companies other than PricewaterhouseCoopers S.p.A. and its network in the amount of Euro 127 thousand.

d) Other miscellaneous services provided by the PricewaterhouseCoopers S.p.A. network for Euro 280 thousand mainly related to due diligence on potential acquisitions.

10.3 Research and Development

R&D within the Group is focused on the ability to develop innovative products, occasionally evocative of local traditions in the relevant markets. In this regard, the Company received a contribution of Euro 935 thousand from the Ministry of Economic Development related to innovation agreements for activities carried out in the two-year period 2021-2022.

Research and development costs incurred during the period under review have been instrumental in pursuing the Group's production and commercial strategies, aimed at making product ranges more innovative and strengthening its position in the market.

It should be noted that, for 2023, the Company intends to avail itself of the research and development tax credit provided for in article 1, paragraph 35, of Law no. 190 of 23 December 2014, and to use it in the manner specified in the said legislation.

Outlook

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 forecasts for the next year, which in any case seems to be very positive. The company 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 growth externally and to the remuneration of Shareholders. At the date of approval of this annual financial report, conflicts in Europe involving Russia and Ukraine and in the Middle East between Israel and

Palestine art still ongoing. The ongoing conflicts and tensions in the Suez Canal cause a lot of uncertainty about the development of the world economy.
These events have conditioned and continue to condition the Group's commercial choices and policies, which is faced with a highly dynamic context in which it is difficult to predict the extent to which these events might affect the outlook for 2024, but, based on the data available when this 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 it status as a going concern in view of its ability to generate cash flows from operating activities 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 December 2023.
- the presence of authorised and unused lines of credit at 31 December 2023 from the Newlat Group to the majority shareholder Newlat Group S.A.;
- The continual support given by the leading banks to the Newlat Group, partly because of its market-leading status.

Note that the Group's economic and financial performance in 2023 was higher than budgeted. It should also be noted that the cash and cash equivalents at 31 December 2023, amounting to Euro 312 million, the credit lines currently available 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.

Inflation

The sector the Group competes in has been exposed to the challenges of incremental inflationary pressures. Although there are some favourable factors for the global economy stemming from the further easing of global supply chain pressures due to improving supply and weakening demand, downside risks to global growth persist. The risks arising from the relative weakening of industry sector performance together with changes in consumer behaviour, as well as the overall evolution of the macroeconomic landscape, are constantly monitored by the Group to mitigate any impacts. Once again in 2023 the intensification of inflationary pressures was mitigated by the favourable sales mix and price increases applied throughout the year.

Events after the reporting date
There are no significant events subsequent to the closing date of this annual report.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-*bis* OF LEGISLATIVE DECREE 58/98

Taking into consideration article 154-*bis* (3) and (4) of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Angelo Mastrolia, as Chair of the Board of Directors, and Rocco Sergi, as Financial Reporting Officer, of Newlat Food Group, certify:

- The financial statements are adequate, in relation to the characteristics of the company, and
- The effective application of the administrative and accounting procedures for preparing the consolidated financial statements during the 2023 financial year.

It is furthermore declared that the consolidated financial statements at 31 December 2023:

a) were prepared in compliance with the applicable international accounting standards adopted by the European Community, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

b) correspond with the accounting books and records;

c) provide a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the key risks and uncertainties they are exposed to.

Reggio Emilia, 18 March 2024

Chair of the Board of Directors	Financial Reporting Officer
Angelo Mastrolia	Rocco Sergi

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Newlat Food SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Newlat Food Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Newlat Food SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers SpA

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Key Audit Matters

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

Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Indefinite-lived intangible assets and impairment testing process *(See notes 1.3 – "Accounting standards and measurement criteria" and 8.3 - "Intangible assets" to the consolidated financial statements as of 31 December 2023)* Indefinite-lived intangible assets recognized in the consolidated financial statements of Newlat Food as of 31 December 2023 are related to: - Goodwill from the acquisition of Centrale del Latte di Salerno (for an amount of some Euro 3.8 million); - Goodwill from the acquisition of Symington's Ltd (for an amount of some Euro 9.2 million); - Brands "Drei Glocken" and "Birkel" related to the German subsidiary Newlat GmbH (for an amount of some Euro 18.9 million); - Brands "Mukki", "Centrale del Latte di Rapallo – Latte Tigullio" and "Tappo Rosso" related to the subsidiary Centrale del Latte d'Italia SpA (for an amount of some Euro 25.9 million). These indefinite-lived intangible assets are subject to impairment test on an annual basis, in accordance with the international accounting standard IAS 36 "Impairment of Assets", to identify any impairment losses. Estimating the recoverable amounts of assets being tested for impairment, determined using the value-in-use method, requires the Directors of	The process of identification and measurement of the recoverable amounts of indefinite-lived intangible assets, preliminary to the identification of possible impairment losses, requires in-depth knowledge of the relevant markets and specialist skills. In performing our audit procedures, we also used the support of business valuation experts from the PwC network. We obtained an understanding of the evaluations and criteria used by the Directors to identify the CGUs to which the indefinite-lived intangible assets have been allocated. We verified the correct identification of the CGUs in accordance with the international accounting standard IAS 36. We verified, on a sample basis, the accuracy and reasonableness of the projections used to determine the future cash flows of the CGUs identified. We assessed the reasonableness of the assumptions underlying the calculation of the recoverable amounts of indefinite-lived

Newlat Group to develop estimates that by nature contain significant elements of judgement in relation to the following: - the identification of the cash generating units ("CGUs") to which an asset is to be allocated; - the definition of the assumptions underlying the estimation of future cash flows from the CGUs identified, discounted to 31 December 2023, for the purpose of determining the recoverable amount of those assets. We considered this a key audit matter in consideration of the significance and complexity of the estimated components on the evaluations connected with the recoverability of the carrying amounts in relation to the consolidated statement of financial position of Newlat Food Group as of 31 December 2023. In particular, we considered that the evaluation process involves a high level of professional judgement for the Directors when they estimate the recoverable amount of the indefinite-lived intangible assets, and in particular the assumptions adopted in the calculation models used to determine: (i) the economic performance and future cash flows of the CGUs identified; (ii) the perpetual growth rate; and (iii) the discount rate.	intangible assets recognized in the consolidated financial statements, also through specific sensitivity analyses performed independently on the key parameters used in the impairment test, namely the discount rate applied to the estimated future cash flows and the perpetual growth rate "g". Finally, we verified the disclosures provided by the Company on those assets in the explanatory notes to the consolidated financial statements.

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

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Newlat Food SpA or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

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

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 8th July 2019, the shareholders of Newlat Food SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Newlat Food SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2023, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2023 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Newlat Food SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Newlat Food Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Newlat Food Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Newlat Food Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Newlat Food SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Davide Abramo Busnach
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

SEPARATE STATEMENT OF FINANCIAL POSITION

(In euros)	Notes	At 31 December	
		2023	2022
Non-current assets			
Property, plant and equipment	8.1	22,292,645	23,412,571
Right-of-use assets	8.2	14,428,585	16,807,267
of which from related parties		*10,576,706*	*12,542,047*
Intangible assets	8.3	5,242,131	4,931,097
Equity investments in subsidiaries	8.4	162,025,904	157,860,987
Non-current financial assets measured at fair value through profit or loss	8.5	74,192	509,210
Financial assets measured at amortised cost	8.6	616,593	622,055
of which from related parties		*552,000*	*552,000*
Deferred tax assets	8.7	1,721,764	2,510,854
Total non-current assets		**206,401,814**	**206,654,041**
Current assets			
Inventories	8.8	24,728,392	31,384,683
Trade receivables	8.9	82,460,465	74,401,083
of which from related parties		*49,568,352*	*28,728,329*
Current tax assets	8.10	1,138,236	1,569,541
Other receivables and current assets	8.11	10,094,825	7,494,040
of which from related parties		*1,185,131*	*235,963*
Current financial assets measured at fair value through profit or loss	8.12	4,240	6,212,532
Financial assets measured at amortised cost	8.13	12,574,790	*10,074,790*
of which from related parties		*12,574,790*	*10,074,790*
Cash and cash equivalents	8.14	270,674,069	252,588,939
of which from related parties		*63,108,000*	*81,133,033*
Total current assets		**401,675,017**	**383,725,608**
TOTAL ASSETS		**608,076,831**	**590,379,650**
Shareholders' equity			
Share capital		43,935,050	43,935,050
Reserves		108,009,797	85,915,983
Net profit/(loss)		5,752,301	3,301,855
Total shareholders' equity attributable	8.15	**157,697,149**	**133,152,888**
Non-current liabilities			
Provisions for employee benefits	8.16	4,540,513	4,627,591
Provisions for risks and charges	8.17	268,059	801,658
Non-current financial liabilities	8.18	246,812,083	252,632,617
Non-current lease liabilities	8.2	11,154,094	13,672,481
of which from related parties		*11,024,205*	*11,024,204*
Total non-current liabilities		**262,774,749**	**271,734,347**
Current liabilities			
Trade payables	8.19	67,781,265	84,410,985
of which from related parties		*7,679,596*	*2,982,958*
Current financial liabilities	8.18	92,986,665	79,970,272
of which from related parties		*47,050,580*	*41,051,575*
Current lease liabilities	8.2	2,513,069	2,427,374
of which from related parties		*1,845,469*	*1,774,887*
Current tax liabilities	8.10	1,817,485	2,293,085
Other current liabilities	8.20	22,506,451	16,390,700
of which from related parties		*5,544,844*	*5,390,107*
Total current liabilities		**187,604,934**	**185,492,415**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**608,076,831**	**590,379,650**

SEPARATE INCOME STATEMENT

(In euros)	Notes	At 31 December	
		2023	**2022**
Revenue from contracts with customers	9.1	232,652,425	231,457,149
of which from related parties		*61,801,550*	*52,522,854*
Cost of sales	9.2	(197,496,834)	(200,604,877)
of which from related parties		*(4,533,536)*	*(4,854,324)*
Gross operating profit/(loss)		**35,155,590**	**30,852,272**
Sales and distribution costs	9.2	(17,160,398)	(17,145,295)
Administrative costs	9.2	(10,591,234)	(8,129,277)
of which from related parties		*(1,477,810)*	*(120,000)*
Net write-downs of financial assets	9.3	(446,259)	(616,404)
Other revenues and income	9.4	8,858,451	8,906,711
of which from related parties		*4,050,224*	*7,185,691*
Other operating costs	9.5	(1,862,407)	(2,632,331)
Operating profit/(loss)		**13,953,743**	**11,235,675**
Financial income	9.6	8,232,599	1,728,042
of which from related parties		*2,530,263*	*755,367*
Financial expenses	9.6	(14,807,211)	(8,564,818)
of which from related parties		*(939,716)*	*(520,583)*
Profit/(loss) before taxes		**7,379,131**	**4,398,900**
Income taxes	9.7	(1,626,829)	(1,097,045)
Net profit/(loss)		**5,752,301**	**3,301,855**
Basic net profit/(loss) per share	9.8	0.14	0.08
Diluted net profit/(loss) per share	9.8	0.14	0.08

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

(In euros)	Notes	At 31 December	
		2023	**2022**
Net profit/(loss) (A)		**5,752,301**	**3,301,855**
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:			
Actuarial gains/(losses) net of tax effects	8.15	(84,229)	1,337,904
Tax effect on actuarial gains/(losses)	8.15	23,500	(373,275)
Currency translation		-	
Total other components of comprehensive income that will not be subsequently reclassified to the income statement		**(60,729)**	**964,629**
Total other components of comprehensive income, net of tax effect (B)		**(60,729)**	**964,629**
Total comprehensive net profit/(loss) (A)+(B)		**5,691,572**	**4,266,484**

SEPARATE STATEMENT OF CHANGES IN EQUITY

(In euros)	Notes	Share capital	Reserves	Net profit/(loss)	Total net equity
At 31 December 2021	**8.15**	**43,935,050**	**95,822,605**	**860,155**	**140,617,810**
Allocation of net profit/(loss) for the previous year			860,155	(860,155)	-
					-
Treasury shares			(11,731,406)		(11,731,406)
Total treasury shares	**8.15**		**(11,731,406)**		**(11,731,406)**
Net profit/(loss)				3,301,855	3,301,855
Actuarial gains/(losses) net of the related tax effect			964,629		964,629
At 31 December 2022	**8.15**	**43,935,050**	**85,915,982**	**3,301,855**	**133,152,888**
Allocation of net profit/(loss) for the previous year			3,301,855	(3,301,855)	-
					-
Treasury shares			18,852,688		18,852,688
Total treasury shares	**8.15**		**18,852,688**		**18,852,688**
Net profit/(loss)				5,752,301	5,752,301
Actuarial gains/(losses) net of the related tax effect			(60,729)		(60,729)
At 31 December 2023	**8.15**	**43,935,050**	**108,009,797**	**5,752,301**	**157,697,149**

SEPARATE STATEMENT OF CASH FLOWS

(In thousands of euros)	Notes	At 31 December	
		2023	2022
Profit/(loss) before taxes		7,379,131	4,398,900
- Adjustments for:			
Amortisation, depreciation and write-downs	8.1-8.2-8.3	11,587,413	8,504,076
Capital losses/(gains) on disposal		-	-
Financial expense/(income)	9.6	6,574,613	6,836,775
of which from related parties		*(939,716)*	*(234,784)*
Other non-monetary changes from business combinations		-	-
Other non-monetary changes	8.7-8.8-8.15-8.16	-	-
Cash flow generated /(absorbed) by operating activities before changes in net working capital		**25,541,157**	**19,739,751**
Change in inventory	8.8	6,656,292	(10,647,178)
Change in trade receivables	8.9	(8,505,641)	(17,793,816)
Change in trade payables	8.19	(16,629,720)	12,786,715
Change in other assets and liabilities	8.5-8.10-8.18-8.20	2,349,966	(1,630,063)
Use of provisions for risks and charges and for employee benefits	8.16-8.17	(704,906)	(172,201)
Taxes paid	8.10	(858,534)	82,852
Net cash flow generated /(absorbed) by operating activities		**7,848,613**	**2,366,060**
Investments in property, plant and equipment	8.1-8.2	(7,318,245)	(4,565,021)
Investments in intangible assets	8.3	(635,416)	(257,319)
Investments in financial assets	8.4-8.5-8.6	2,148,856	(6,358,670)
Acquisition of companies net of cash acquired		(1,000,000)	
Net cash flow generated /(absorbed) by investment activities		**(6,804,805)**	**(11,181,010)**
New financial payables	8.18	29,500,000	72,241,775
Repaid financial payables	8.18	(22,304,141)	(98,259,005)
Changes in financial payables	8.18	-	
Repayments of lease liabilities	8.2	(2,432,612)	(2,790,290)
of which from related parties		*(2,420,000)*	*(2,240,195)*
Net interest expense	9.6	(6,574,613)	(6,836,775)
Treasury shares		18,852,688	(11,731,406)
Net cash flow generated/(absorbed) by financing activities		**17,041,323**	**(47,375,701)**
Total changes in cash and cash equivalents		**18,085,131**	**(56,190,651)**
Cash and cash equivalents at start of year		**252,588,939**	**318,854,380**
of which from related parties		*81,133,033*	*116,018,042*
Offsetting of cash and cash equivalents		*-*	*-10,074,790*
Total changes in cash and cash equivalents		18,085,131	(56,190,651)
Cash and cash equivalents at end of year		**270,674,069**	**252,588,939**
of which from related parties		*63,108,000*	*81,133,033*

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information and significant transactions carried out in 2023

Newlat Food S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at Via J. F. Kennedy 16, 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 Activities.

The Company is subject to the direction and coordination of its parent company Newlat Group S.A. (hereinafter "**Newlat Group**"), which directly holds 61.66% of its share capital, 36.36% is held by institutional investors and the remainder (1.98%) is held by Newlat Food itself through the purchase of treasury shares.

1. ADOPTED ACCOUNTING STANDARDS

The accounting standards and measurement criteria adopted in the preparation and drafting of the annual report at 31 December 2023 are set out below.

The annual financial report at 31 December 2023 was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the International Financial Interpretations Committee, which was formerly named the International Financial Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions that have an effect on the assets, liabilities, costs and revenues. The final results may be different to those obtained through these estimates. 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 and the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the payables for the purchase of equity investments contained in the other liabilities.

In particular, discretionary measurements and significant accounting estimates relate to the determination of the recoverable amount of non-financial assets calculated as the greater of fair value less costs to sell and value in use. Value in use is calculated based on a discounted cash flow model. The recoverable value depends significantly on the discount rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used. The key assumptions used to determine the recoverable value for the two cash-generating units, including a sensitivity analysis, are described in note 8.3 of the Consolidated Financial Statements at 31 December 2023.

The use of significant accounting estimates and assumptions also relates to the determination of the fair value of assets and liabilities acquired as part of business combinations. In fact, at the date of acquisition, the Group must separately recognise, at their fair value, assets, liabilities and contingent liabilities identifiable and acquired or assumed as part of the business combination, and determine the present value of the strike price of any call options on minority shares. This process requires the preparation of estimates, based on valuation techniques, which require judgement in the forecasting of future cash flows as well as the development of other assumptions such as long-term growth rates and discount rates for valuation models developed also with the use of experts outside the management team. The accounting impacts of the determination of the fair value of the assets acquired and liabilities assumed, as well as of the call options of minority interests for the business combinations that occurred during the year, are provided in the previous paragraph of this Note.

1.1 Basis of preparation

The Separate Financial Statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes.

The layout adopted for the statement of financial position provides for the separation of assets and liabilities between current and non-current.

An asset is classified as current when:

- it is assumed that this activity is carried out, or is owned for sale or consumption, in the normal course of the operating cycle;
- it is held primarily for the purpose of trading;
- it is assumed that it will be realised within twelve months of the reporting date;
- it consists of cash and cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets as non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it will be extinguished within twelve months of the reporting date;
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Covenants of a liability that could, at the discretion of the counterparty, result in its extinction through the issue of equity instruments do not affect its classification.

The chosen income statement layout provides for the classification of costs by destination.

The statement of other comprehensive income includes the result for the year and, with the same categories, income and expenses that, according to IFRSs, are directly recognised under equity.

The statement of changes in equity includes, in addition to the total gains / losses for the period, the amounts of transactions with shareholders and movements in reserves during the year.

In the statement of cash flows, the financial flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted by the effects of non-monetary operations, by any deferral or provision of previous or future operating inflows or outflows, and by elements of revenue or costs related to financial flows deriving from investment activities or financing activities.

The Separate Financial Statements were drafted in euros, the functional currency of the Company. The statement of financial position, income statement, statement of cash flows, explanatory notes and tables are in thousands of euro, unless otherwise indicated.

The separate financial statements were prepared:

- on the basis of the best knowledge of IFRSs and taking into account the best doctrine on the subject;
- under the going-concern principle, in accordance with the principle of accrual accounting, in compliance with the principle of materiality of information and substance over form, and with a view to encouraging consistency with future presentations. The assets and liabilities and costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards;

- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where application of the fair value criterion is mandatory.

Conversion of items in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than the euro are then adjusted at the exchange rate in place on the reporting date. Any forex differences are reflected in the income statement under "Foreign exchange gains and losses".

1.2 Accounting standards and measurement criteria

Adopted accounting standards

The Separate Financial Statements were prepared based on the IFRSs in force issued by the International Accounting Standards Board ("**IASB**") and endorsed by the European Union at the closing date of each year in question.

Below are the criteria used with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the criteria used to recognise the income components.

Property, plant and equipment

Property, plant and equipment is recognised as such only if the following conditions are met simultaneously:

- it is probable that the future economic benefits related to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Property, plant and equipment are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations made to acquire an asset, at the time of purchase or replacement. Subsequent to initial recognition, property, plant and equipment are valued using the cost method, net of recorded depreciation and any accumulated impairment losses.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the return of the asset to its original condition.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalisation of the costs inherent in the extension, modernisation or improvement of structural elements owned or used by third parties shall be carried out to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful life estimated by the Company for the various categories of property, plant and equipment is shown below:

Category of assets	Useful Life
Land and buildings	10-33 years
Plant and machinery	4-20 years

Industrial and commercial equipment	2-9 years
Other assets	5-20 years

At the end of each financial year, the company checks whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalised assets and, if so, modifies the depreciation criterion, which is considered a change in accounting estimate in accordance with IAS 8.

The value of the asset is completely reversed at the time of its disposal or when the company expects that it will not be able to derive any economic benefit from its disposal.

Capital grants shall be accounted for when it is reasonably certain that they will be received and all conditions relating to them are met. Contributions are then deducted from the value of assets or suspended among liabilities and credited pro rata to the income statement in relation to the useful life of the related assets.

Intangible assets

An intangible asset is an asset that simultaneously fulfils the following conditions:

- it is identifiable;
- it is non-monetary;
- it has no physical consistency;
- it is under the control of the company preparing the accounts;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to acquire it or generate it internally is recognised as a cost when incurred.

Intangible assets are initially stated at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognised as an asset, neither are intangible assets arising from research (or the research phase of an internal project).

An intangible asset arising from development or the development phase of an internal project is recognised if compliance with the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so as to be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and the use or sale of the asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method in accordance with one of the two different criteria set out in IAS 38 (cost model and revaluation model). The cost model requires an intangible asset to be recognised at cost after initial recognition, net of accumulated amortisation and any accumulated impairment losses.

The useful life estimated by the Group for the various categories of intangible assets is shown below:

Category of assets	Useful Life
Goodwill	unlimited
Other brands	18 years
Software licences	5 years
Other assets	5 years

The following main intangible assets can be identified within the Company:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, as described earlier, and then subjected to (at least) annual testing to determine whether it has impaired (for more details, see the below paragraph "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets"). Reversals are not permitted in the case of a previous write-down due to impairment.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as previously described, net of accumulated amortisation and any impairment losses.

Depreciation begins when the asset becomes available for use and is apportioned systematically based on the asset's estimated useful life; the criteria mentioned in the paragraphs "Property, plant and equipment" and "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets", respectively, contain the criteria for the value to be depreciated and the recoverability of the book value.

Lease contracts

a) *Right-of-use assets and lease liabilities (IFRS 16)*

The Company chose early adoption, from 1 January 2018, of the new accounting standard IFRS 16 - "Leases", which replaces IAS 17 - "Leases" and its related interpretations.

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it conveys the right to control the use of a specified asset for a period of time. The contract is re-evaluated to verify whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Company applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each class of underlying asset, not to separate the non-lease components from the lease components and to recognise each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which must be added both the following periods:

- periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option; and
- periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option.

In assessing whether the lessee is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option shall be considered. The lessee must redefine the lease term in the event of a change in the non-cancellable lease period.

At the effective date of the contract, the Group recognises the right-of use-asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

- the initial value of the lease liability;
- payments due for the lease made on or before the effective date, net of the lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of the costs to be incurred by the lessee for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset under the terms and conditions of the lease, unless such costs are incurred for the production of inventories.

On the lease start date, the lessee shall measure the lease liability at the current value of the payments due for the lease but not yet paid. Payments due for the lease include the following amounts:

- fixed payments, net of any outstanding lease incentives;
- variable payments due for the lease that depend on an index or rate, initially measured using an index or rate on the effective date;
- the amounts expected to be paid by the lessee as guarantees of the residual value;
- the exercise price of the purchase option, if the lessee is reasonably certain to exercise the option; and
- lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its marginal lending rate, i.e. the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease agreement.

Subsequent to initial recognition, right-of-use assets are measured at cost:

- net of accumulated depreciation/amortisation and impairment; and

- adjusted to take into account any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- by increasing the book value to take account of interest;
- by decreasing the book value to take account of lease payments that have been made; and
- by restating the book value to take account of any new valuations or changes in the lease or revision of payments due for fixed leases.

In the case of lease changes that do not constitute a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated according to the new terms of the lease agreement, using the discount rate at the date of the change.

It should be noted that the Company makes use of two exemptions under IFRS 16, with reference to: (i) short-term leases (i.e. leases with a duration of 12 months or less from the effective date), in relation to certain categories of fixed assets, and (ii) leases of low-value assets (i.e. when the value of the underlying asset, if new, is less than USD 5,000, for example). In such cases, the right-of-use asset and the related lease liability are not recognised, and the payments due for the lease are recognised in the income statement.

Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets

On each reporting date, a test is carried out to ascertain whether there are any indicators of impairment of property, plant and equipment and intangible assets that are not fully depreciated/amortised or of indefinite useful life.

Where these indicators are present, the recoverable value of the above-mentioned assets is estimated, and any write-down is recognised in the Income Statement. The recoverable value of an asset is the higher of the fair value, less costs to sell, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if they are significant and can be reasonably determined, those arising from the sale at the end of its useful life, net of any costs of disposal. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of the money, in proportion to the period of the investment and the specific risks of the asset.

For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which said asset belongs.

Impairment is recognised in the income statement if the book value of the asset, or of the CGU to which it is allocated, is higher than its recoverable value. The impairment of a CGU is initially recognised as a reduction in the book value of any goodwill attributed to it and, therefore, as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previous write-down no longer exist, the book value of the asset is restored via the income statement, up to the limit of the net book value that the asset in question would have had without write-down and amortisation/depreciation. Reversals of goodwill impairment are not permitted in the case of a previous write-down due to impairment.

Financial assets

At the time of initial recognition, financial assets must be classified as "Financial assets at amortised cost", "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" on the basis of the following elements:

- the entity’s business model for the management of the financial assets; and
- the characteristics of the financial asset’s contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets measured at amortised cost

a) *Financial assets at amortised cost (IFRS 9)*

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets valued at historical cost whose short duration makes the effect of discounting negligible, those without a defined maturity or for revocable credit lines.

This category mainly includes trade receivables arising from the transfer of goods and the provision of services, recognised in accordance with the terms of the contract with the customer in accordance with IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already rendered).

Moreover, since trade receivables are generally short-term and do not provide for the payment of interest, the amortised cost is not calculated, and they are recognised on the basis of the nominal value reported in invoices issued or contracts concluded with customers: this provision is also adopted for trade receivables with a contractual maturity of more than 12 months, unless the effect is particularly significant. The choice stems from the fact that the amount of short-term receivables is very similar whether you apply the historical cost method or the amortised cost method, and the impact of discounting would therefore be wholly negligible.

Trade receivables are subject to impairment testing in accordance with IFRS 9. For the purposes of the measurement process, trade receivables are divided into maturity time bands. For performing loans, a collective assessment is made by grouping the individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics based on historical experience and takes into account expected losses.

b) *Financial assets at fair value through other comprehensive income (IFRS 9)*

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Following initial recognition, equity investments that do not qualify as subsidiaries, associates or joint control investees are measured at fair value, and amounts recognised as a counter-entry in equity should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category and not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

a) Financial assets at fair value through profit or loss (IFRS 9)

This category contains financial assets other than those classed as "Financial assets at fair value through other comprehensive income" or as "Financial assets at amortised cost". This item, in particular, includes only equity instruments held for purposes other than trading for which the Company has not opted for measurement at fair value through other comprehensive income, and bonds.

Financial assets at fair value through profit or loss are initially recognised at fair value, usually represented by the transaction price.

After initial recognition, these financial assets are measured at fair value. Any gains or losses resulting from the change in fair value are attributed to the separate income statement.

Inventories

Inventories are assets:

- held for sale in the normal course of business;
- used in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognised and measured at the lesser of cost and the net realisable value.

The cost of inventories includes all purchase costs, transformation costs and other costs incurred to bring inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is less than cost, the surplus is immediately written down in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recorded, depending on their nature, at nominal value or amortised cost. Other cash equivalents represent short-term and highly liquid financial commitments that are readily convertible into known cash values and subject to a negligible risk of change in value, with an original maturity or a maturity at the time of purchase of not more than 3 months.

Payables

Payables relating to the year ended 31 December 2023.

Trade and other payables are recognised initially at fair value and are subsequently measured using the amortised cost method.

Payables to banks and other lenders are initially stated at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost, applying the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal effective rate initially determined. Payables to banks and other lenders are classified as current liabilities, unless the Company has an unconditional right to defer payment for at least twelve months after the reference date.

Payables are derecognised when they are settled and when the Group has transferred all risks and charges relating to the instrument.

Employee benefits

These include benefits granted to employees or their dependants and can be liquidated by means of payments (or with the supply of goods and services) made directly to employees, spouses, children or other dependants or to third parties such as insurance companies, and are divided into short-term benefits, benefits due to employees for termination of employment and post-employment benefits.

Short-term benefits, which also include incentive programmes in the form of annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (cost provision) after deducting any amount already paid, and as a cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example, the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for termination of employment includes departure incentive plans arising in the event of voluntary resignation involving the participation of the employee or a group of employees in trade union agreements for the activation of so-called solidarity funds, and redundancy plans, which take place when the company unilaterally terminates the contract. The company recognises the cost of these benefits as a financial liability at the earliest of the time when the company is unable to withdraw the offer of these benefits and the time when the company recognises the costs of a restructuring that falls within the scope of IAS 37. Provisions for departures shall be reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds involving a defined contribution by the company;

- the severance indemnity fund, limited to the shares accruing from 1 January 2007 for undertakings with more than 50 employees, irrespective of the destination chosen by the employee;
- employee severance indemnities accruing from 1 January 2007 and earmarked for supplementary pensions, in the case of undertakings with fewer than 50 employees;
- supplementary healthcare funds.

Defined benefit plans, on the other hand, include:

- the severance indemnity, limited to the amount accrued up to 31 December 2006 for all undertakings, as well as the amounts accrued since 1 January 2007 and not intended for supplementary pensions for undertakings with fewer than 50 employees;
- supplementary pension funds that provide for the payment of a defined benefit to members;
- long-service bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of working seniority.

In defined contribution plans, the obligation of the reporting company is determined on the basis of the contributions due for that year and therefore the measurement of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting for defined benefit plans is characterised by the use of actuarial assumptions to determine the value of the obligation. This valuation is entrusted to an external actuary and is carried out annually. For discounting purposes, the company uses the projected unit credit method, which projects future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. Actuarial gains and losses are recognised as a counter-entry in equity as required by IAS 19.

Provisions for risks and charges, and contingent assets and liabilities

Contingent assets and liabilities can be divided into several categories depending on their nature and their accounting impact. Specifically:

- the provisions are actual obligations of an uncertain amount and occurrence/maturity which arise from past events and for which it is probable that there will be a financial outlay that can be reliably estimated in terms of amount;
- contingent liabilities are possible obligations with a distinct probability of having to make a financial outlay;
- remote liabilities are those for which a financial outlay is unlikely;
- potential assets are assets which are uncertain and cannot therefore be recognised in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract;

- restructuring is a programme planned and controlled by the company's management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognising the charge, provisions are recorded in cases where there is uncertainty about the maturity or the amount of the flow of resources necessary to fulfil the obligation or other liabilities and in particular trade payables or provisions for presumed payables.

Provisions differ from other liabilities in that there is no certainty as to their maturity or the amount of future expenditure required. Due to their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

Liabilities or allocations to a provision are recognised when:

- there is a current legal or implied obligation resulting from past events;
- it is probable that resources designed to produce economic benefits will have to be used to settle the obligation;
- the obligation can be reliably estimated.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, the liability is classed as a contingent liability.

The allocation to the provision for risks and charges is an amount that represents the best possible estimate of the expenditure needed to liquidate the relevant obligation outstanding on the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. The amount of the allocation reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that they will occur.

Once the best possible estimate of the expense necessary to settle the related obligation outstanding on the reporting date has been determined, the current value of the provision is determined, in the event that the effect of the present value of money is a relevant aspect.

Revenue from contracts with customers

a) Revenue from contracts with related customers (IFRS 15)

The Company applies IFRS 15 as of 1 January 2018. In accordance with this standard, revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Company recognises revenue from contracts with customers when (or as) it fulfils the performance obligation, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Company transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the entity's service as it is provided;
- the service of the Company creates or improves the asset (e.g. work in progress) that the customer controls as the asset is created or improved;
- the service of the Company does not create an asset which has an alternative use and the Company has the enforceable right to payment for the service completed until the date considered.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Company recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions, incentives, penalties or other similar elements), the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group Company the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Company expects them to be recovered. Incremental costs for obtaining the contract are costs that the Company incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Recognition of costs

Costs are recognised in the income statement according to the accruals principle.

Dividends

Dividends received are recognised in the income statement according to the accruals principle, i.e. in the year in which the related right to receive them emerges, following the shareholders' resolution to distribute dividends from the investee company.

Distributed dividends are shown as changes in equity in the year in which they are approved by the Shareholders' Meeting.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the tax rates in force at the date of the financial statements. Current taxes for the year and for prior years, where unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current year and for prior years, must be determined at the value expected to be recovered from or paid to, respectively, the tax authorities, applying the tax rates and legislation that is in force or imminent at the reporting date.

Deferred taxes can be divided into:

- deferred tax liabilities, which are the amounts of income taxes payable in future years relating to taxable temporary differences;
- deferred tax assets, which are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry-over of unused tax losses, carry-over of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the temporary taxable or deductible differences identified, or to unused tax losses and unused tax credits.

At each reporting date, recognised and unrecognised deferred tax assets are revalued to check whether they are likely to be recovered.

Net profit/(loss) per share

Basic earnings per share are calculated by dividing the net profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average number of shares in circulation is modified assuming that all assignees exercise rights with a potentially dilutive effect, while the profit (loss) pertaining to the Company is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

Operating segments

The operating segment is a part of the group that undertakes business activities that generate revenue and costs, whose operating results are periodically reviewed by the Chair of the Board of Directors, in his role as Chief Operating Decision Maker (CODM), for the purpose of taking decisions on the resources to be allocated to the sector and evaluating results, and for which financial information is available.

1.3 Recently issued accounting policies

Below is a list of the New Accounting Policies, Amendments and Interpretations endorsed by the European Union and effective from 1 January 2023 and their descriptions:

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2023	Disclosure on accounting policies (Amendments to IAS 1)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Definition of accounting estimates (amendments to IAS 8)	3 Mar 2022 L68/1 (EU) 2022/357
1 January 2023	Deferred tax on assets and liabilities arising from a single transaction (Amendments to IAS 12)	12 Aug 2022 L211/78 (EU) 2022/1392
1 January 2023	International tax reform - Standard rules (second pillar) (Amendments to IAS 12)	9 Nov 2023 (EU) 2023/2468
1 January 2023	Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendment to IFRS 17)	10 Sep 2022 L234/10 (EU) 2022/1491

3) With Regulation (EU) No. 2022/357 of 2 March 2022, published in the Official Journal of the European Union on 3 March 2022, the following documents were adopted ("endorsed") and published by the IASB® Board on 12 February 2021:

— *Disclosure on accounting policies (Amendments to IAS 1* Presentation of the financial statements*)*

— *Definition of accounting estimates (Amendments to IAS 8* Accounting policies, changes in accounting estimates and errors*).*

Amendments to IAS 1 Presentation of the financial statements

With the Amendments to IAS 1, the IASB Board set out some guidelines for selecting accounting policies to be described in the notes to the financial statements.
Prior to the amendments, IAS 1 required entities to disclose information on the significant accounting policies adopted, leading to difficulties and confusion among preparers and primary users of financial statements as IFRS Standards lacked a definition of “significant”.
However, IAS 1 provides the definition of “material”, and therefore the IASB Board amended IAS 1 by requiring disclosure of the accounting policies adopted that are deemed to be material rather than significant.

In particular, IAS 1.117 clarifies that "*accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements*".

In order to identify material disclosures of accounting standards, an entity should consider the following guidelines:
– Disclosures about accounting standards are considered immaterial, and therefore not to be included in the notes to the financial statements, if they relate to immaterial transactions, other events or conditions. If an entity nevertheless decides to disclose immaterial information about accounting policies, these should not obscure material information about accounting standards.

– Accounting standard information may sometimes be material due to the nature of transactions, other events or conditions related thereto, even if the amounts are immaterial. However, not all accounting standard information concerning material transactions, other events or conditions is material per se.

– Information describing how the accounting standards apply to the entity's specific transactions ("entity-specific information") is much more useful than generic information on accounting standards ("boilerplate") or that is merely duplicative of the provisions of IFRS Standards.

– Disclosure of accounting policies deemed immaterial does not negate the disclosure requirements of individual IFRS standards.

The Amendments to IAS 1 describe certain circumstances in which an entity might normally conclude that information about an accounting policy is material to its financial statements. For example, an entity is likely to consider information about accounting policies material to its financial statements if that information relates to transactions, other material events or conditions and:

a) The entity changed an accounting policy during the period and that change resulted in a material change to the information in the financial statements.

b) The entity has chosen an accounting policy from among one or more options permitted by IFRS Standards (e.g. investment property measured at cost rather than at fair value in accordance with IAS 40).

c) The accounting policy was defined by applying the provisions of IAS 8 in the absence of a specific provision in the IFRS Standards.

d) The application of the accounting policy requires significant judgements and assumptions that have been described in the notes to the financial statements in accordance with IAS 1.122 and 125. Or

e) The accounting treatment is complex and users of the financial statements without adequate disclosure would not be able to understand the material transactions, events and conditions.

Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors.*

The purpose of the Amendments to IAS 8 is to resolve the interpretative difficulties encountered in practice in distinguishing a change in accounting estimates from a change in accounting policies for which different accounting treatments are provided:

– The effects of a change in accounting estimates are generally recognised prospectively in the financial statements.4

– The effects of a change in accounting policies are generally recognised retrospectively.

New definition of "accounting estimates"

The IASB Board replaced the definition of "change in accounting estimates" with the new concept of "accounting estimates", and in particular "***accounting estimates** are monetary amounts in the financial statements that are subject to measurement uncertainty*".

The term "monetary amount" refers to any amount to be recognised in the financial statements, and is therefore different from the concept of "monetary item" defined in IAS 21 *Effects of Changes in Foreign Exchange Rates*.

The term "measurement uncertainty", which is consistent with the definition given in the Appendix to the Conceptual Framework in IFRS Standards published in March 2018, instead refers to the uncertainty that arises when a monetary amount, which is to be included in the financial statements, cannot be directly observed and must instead be estimated.
The IASB Board did not deem it necessary to include the definition of "non-monetary item" in IAS 8 as this terminology usually refers to the inputs used to estimate monetary amounts, and changes to these inputs are in turn changes to accounting estimates.

The definition of "accounting estimates" does not include estimates made in the application of accounting policies for matters other than the valuation of items in the financial statements, such as estimates needed to decide whether to recognise an asset or liability in the financial statements.

Relationship between "accounting estimates" and "accounting policies"

The Amendments to IAS 8 clarify that in order to achieve the objective of an accounting policy, an entity must make an accounting estimate.
Accounting estimates represent the result of "measurement techniques" that, in addition to the inputs, include "estimation techniques" and "valuation techniques".
Since accounting estimates represent the output of measurement techniques, changes in the inputs used or in measurement techniques (as a result of the availability of new information, increased experience or new developments) represent changes in accounting estimates, unless they result from corrections of prior periods, and do not represent changes in accounting policies.

4) <u>Below are the Regulations (EU) published in the Official Journal of the European Union by which two documents previously published by the International Accounting Standards Board were endorsed by the European Union:</u>

– Regulation (EU) No 2022/1392 of 11 August 2022, which endorsed "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)", published by the IASB Board on 7 May 2021.

– Regulation (EU) No 2022/1491 of 8 September 2022 endorsing "Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17 *Insurance Contracts*)", published by the IASB Board on 9 December 2021.

Deferred tax on assets and liabilities arising from a single transaction (Amendments to IAS 12 *Income Taxes*)

With the Amendments to IAS 12, the IASB Board clarified the following:

– The exceptions to the initial recognition of deferred tax assets and liabilities do not apply where a single transaction results in a taxable and deductible temporary difference of equal amount.

– Deductible and taxable temporary differences must be calculated by considering separately the asset and liability recognised in the balance sheet as a result of a single transaction and not on their net value.

Deferred tax assets related to deductible temporary differences determined as indicated above are recognised in the financial statements only if deemed recoverable.

The IASB Board clarified that when taxable and deductible temporary differences relating to the initial recognition of an asset and liability in the financial statements as a result of a single transaction have a different value, an entity should not recognise the assets and liabilities for deferred taxes, as their initial recognition would result in an initial adjustment to the carrying amount of the asset or liability they relate to, making the financial statements less transparent.

Initial recognition of IFRS 17 and IFRS 9 – Comparative information (Amendments to IFRS 17 - *Insurance Contracts*)

The Amendments to IFRS 17 are intended to eliminate accounting mismatches that may arise in comparative financial statement data as a result of the initial application of IFRS 17 and IFRS 9.
Specifically, with the Amendments to IFRS 17 the IASB Board included a new option in the transitional provisions of IFRS 17, called "classification overlay", which allows insurance entities that apply IFRS 17 and IFRS 9 at the same time to classify and measure insurance-related financial assets in the comparative financial statements according to the provisions of IFRS 9.

As an option, comparative information for a financial asset related to the insurance business need not be restated in accordance with IFRS 9 if:

– the entity chooses not to restate prior periods; or
– the entity restates prior periods but the financial asset was derecognised in the
previous financial years.

An entity that applies the classification overlay must present comparative information as if the classification and measurement requirements of IFRS 9 had always been applied and use reasonable and supportable information available at the date of transition to determine how financial assets were classified and measured

at the date of initial application of IFRS 9. In applying this transition option to a financial asset, the entity is not required to apply the impairment provisions in Section 5.5 of IFRS 9, and therefore continues to present the amounts recognised for impairment in the prior period in accordance with IAS 39.
Any difference that exists between the carrying amount of a financial asset before and after the transition date as a result of the classification overlay must be recognised at the transition date as an adjustment to the opening balance of retained earnings (or, depending on the specific circumstances, some other component of equity).
Entities applying the Amendments to IFRS 17 must provide qualitative information in the notes to the financial statements that enables users of the financial statements to understand:
– The extent to which the classification overlay was applied (e.g. whether it was applied to all financial assets derecognised in the comparative year).
– The possible application of the impairment provisions of Section 5.5 of IFRS 9 and its effects.

The Group does not expect any significant economic and financial impacts from the provisions resulting from the entry into force of the aforementioned principles.

In any case, the Group has not adopted in advance any accounting standards or amendments with a later effective date.

Accounting standards, amendments and interpretations endorsed by the European Union and effective from 1 January 2024

Effective date	**New accounting standard/amendment**	**Date of EU approval (OJEU publication date)**
1 January 2024	Amendments to IAS 1: - Classification of liabilities as current or non-current - Classification of liabilities as current non-current - Deferment of the date of entry into force - Non-current liabilities with covenants	20 Dec 2023 (EU) 2023/2822
1 January 2024	Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579

3) With Regulation (EU) No. 2023/2579 of 20 November 2023, the European Commission endorsed the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)", published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB Board clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- The lessee-seller applies the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback.
- In applying the above paragraphs of IFRS 16, the seller-lessee shall determine the "lease payments payable" or the "revised lease payments payable" in a manner that does not recognise any amount of gain or loss that relates to the right-of-use asset retained thereby. The lease liability is then reduced by the amount of the initially estimated lease payments payable, with any difference between the estimated and actual payments recognised in profit/(loss) for the year.
- The application of the above provisions does not preclude the lessee-seller from recognising in profit or loss the gain or loss arising from the partial or total termination of the contract as required by paragraph IFRS 16.46(a).

The lessee-seller must establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

The Amendments to IFRS 16 become effective with financial statements for financial years beginning on or after 1 January 2024. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

4) With Regulation (EU) No. 2023/2822 of 19 December 2023, the European Commission endorsed the following documents published by the IASB Board:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020.
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

Amendments to IAS 1

Right to defer settlement of a liability for at least 12 months after the end of the financial year

The IASB Board's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

Specifically, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an "unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period" and IAS 1.73 referred instead to "an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement". It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have a right to defer settlement of a liability for at least 12 months at the end of the financial year, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB Board clarified that:

- The right to defer the settlement of a liability for a period of at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be "substantive and...must exist at the end of the reporting period".
- The classification of a liability as current or non-current must not be affected by an entity's intentions to exercise or not to exercise the right to defer payment beyond 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the end of the reporting period and the date of its publication (e.g. a decision to repay a loan early).

Methods for settling a liability

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, the term settled (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of:

a) cash or other economic resources, e.g. goods or services; or

b) the entity's own equity instruments, unless paragraph 76B applies.

Contractual provisions in a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect the classification of the liability as current or non-current if, by applying IAS 32 Financial Instruments: presentation in the financial statements, the entity classifies the option as an equity instrument, recognising it separately from the financial liability as a component of equity of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

Financial reporting

An entity must disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 Events after the Reporting Period:

a) Long-term refinancing of a liability classified as current.

b) Rectification of the breach of a long-term financing contract classified as current.

c) Granting by the lender of a grace period to rectify a breach of a long-term financing contract classified as current.

d) Settlement of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose the timing of such settlement in the notes.

Liabilities from loan contracts with covenants

The IASB Board has clarified that where the right to defer the settlement of a liability arising from a loan contract for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the contract have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting period is not relevant to the classification of the liability in the statement of financial position.

Disclosure of liabilities arising from loan contracts with covenants

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan contracts, which are classified as non-current liabilities in the statement of financial position, and whose right to defer their settlement for at least 12 months after the end of the reporting period is subject to covenant compliance:

a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities.

b) Information about any facts and circumstances that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the end of the reporting period would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for financial years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

2. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances.

Applying these estimates and assumptions affects the amounts presented in the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income and the Statement of Cash Flows, and in other information provided. The amounts of the financial statement items for which the aforementioned estimates and assumptions have been used may differ, even significantly, from those reported in the financial statements that highlight the effects of the occurrence of the event being estimated, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The following areas require the directors to be most subjective when producing the estimates and would significantly affect the Group's results if there were a change in the conditions underlying the assumptions used:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to testing in order to ascertain whether impairment has occurred when indicators exist that predict difficulties in recovering the corresponding net book value through use. Checking for the existence of the aforementioned indicators requires directors to make subjective valuations based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that impairment may have occurred, the Group calculates said impairment using what are deemed to be suitable valuation techniques. Correctly identifying impairment indicators, as well as the estimates for their calculation, depends on subjective valuations and factors that can vary over time, influencing the valuations and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is verified annually in order to check for any impairment that should be recognised in the income statement. In particular, the test in question involves allocating goodwill to cash generating units and then calculating the relative recoverable value, understood as the greater of fair value and value in use. If the recoverable value is less than the book value of the cash generating units, the goodwill allocated to them is written down.

c) Impairment of intangible assets with an indefinite useful life (trademarks): the value of trademarks with an indefinite useful life is subject to an annual impairment test. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit forecast period of 3 years in accordance with the budgets approved by the Group. After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future legal developments and possible developments in the pasta market; therefore, write-downs may be necessary in subsequent years.

d) Provision for bad debts: the determination of this provision reflects management estimates related to the historical and expected solvency of the bad debts in question.

e) Provisions for risks and charges: it is sometimes hard to determine whether or not a current obligation (legal or implied) exists. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors believe it to be merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting any allocation being made.

f) Useful life of property, plant and equipment and intangible assets: useful life is determined when the asset is recorded in the financial statements. Useful life is measured based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. As a result, the effective useful life may differ from the estimated useful life.

g) Prepaid tax assets: prepaid tax assets are recognised to the extent that it is probable that there will be sufficient future tax gains against which temporary differences or any tax losses may be used.

h) Inventories: Closing inventories of obsolete or slow-to-move products are periodically subjected to valuation tests and are written down where their recoverable value is less than their book value. The write-downs carried out are based on assumptions and estimates of the directors based on their experience and the historical results achieved.

i) *Lease* liabilities: the amount of *the lease* liability and consequently of the related right-of-use assets depends on the determination of *the lease term*. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease agreements. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that has an impact on management's reasonable certainty of exercising an option not previously considered in determining the lease term or not exercising an option previously considered in determining the lease term.

j) Derivative instruments: The amount of assets and liabilities for derivative instruments is subject to management's assessment based on their fair value. It depends on the development of underlying market variables and sometimes on assumptions about non-market parameters.

3. MANAGEMENT OF FINANCIAL RISKS

The main business risks identified, monitored and, as specified below, actively managed by the Company are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Company operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Company's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Company to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Company's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

3.1 Market risk

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Company is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.

The Company does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Company's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Company operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Company uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the Separate income statement and Separate shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period, while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2023	(260)	260	(260)	260
Year ended 31 December 2022	(43)	43	(43)	43

Credit risk

The Company is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Company's commercial activity, where its counterparties are mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The Company manages the credit risk of both types of customers through a consolidated practice, which provides for targeted and prudent management with a credit limit granted on the basis of commercial, financial and perceived market risk information.

The Company operates in business areas with low levels of credit risk, given the nature of its activities and the fact that its credit exposure is spread over a large number of customers. Assets are recognised net of any write-downs determined on the basis of counterparties' default risk, taking into account available solvency information and historical and prospective data.

Positions are regularly monitored for compliance with payment terms and overdue reminder actions are conducted in coordination with the sales force. If, on the other hand, a spot analysis of the individual case reveals an objective condition of partial or total bad debt, the amount of the write-down takes into account an estimate of recoverable flows. The credit management methodology means it is not deemed important to divide customer exposure into different risk classes.

Moreover, the Company has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

The credit risk deriving from receivables that the Company has with banks is, on the other hand, moderate and derives substantially from temporary surplus liquidity stocks usually invested in bank deposits and current accounts.

The following table provides a breakdown of trade receivables at 31 December 2023 and 2022 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2023	40,797	19,302	1,762	37,636	**99,497**
Provision for bad debts	-	(166)	(1,405)	(15,466)	**(17,037)**
Net trade receivables at 31 December 2023	**40,797**	**19,136**	**358**	**22,170**	**82,460**
Gross trade receivables at 31 December 2022	44,482	28,056	2,686	15,769	**90,993**
Provision for bad debts	-	(166)	(1,405)	(15,021)	**(16,592)**
Net trade receivables at 31 December 2022	**44,482**	**27,890**	**1,281**	**749**	**74,401**

Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Company will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Company may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Company's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Company’s liquidity is the resources absorbed by operating activities: the sector in which the Company has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group’s commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chair involved in decisions that could have an impact on the Company's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Company's financing activity involves negotiating credit lines with the banking system and continually monitoring the Company's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2023 and 2022, expressed according to the following assumptions:

(xi) cash flows are not discounted;

(xii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(xiii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(xiv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(xv) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2023					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	92,987	29,473	39,325	199,014	**360,799**	**339,799**
Lease liabilities	2,513	2,611	8,064	1,095	**14,283**	**13,667**
Trade payables	67,781	-	-	-	**67,781**	**67,781**
Other current liabilities	22,506	-	-	-	**22,506**	**22,506**

	At 31 December 2022					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	79,970	20,197	28,146	220,040	**348,353**	**332,603**
Lease liabilities	2,427	5,209	6,079	3,257	**16,972**	**16,100**
Trade payables	84,411	-	-	-	**84,411**	**84,411**
Other current liabilities	16,391	-	-	-	**16,391**	**16,391**

Environmental and climate risks

Climate change is a major disruptive force with the potential to bring about substantial changes in the Group's operations in the short, medium and long term. Many of the potential impacts of climate change can be defined as risks: physical risks to our environment or risks related to the transition to a low-carbon economy in pursuit of the goals of the Paris Agreement. Climate risk can affect companies, financial institutions, households, countries and the financial system in general. However, opportunities may arise for those companies that enable the transition to a low-carbon economy. The impact of climate change assessment and the target of zero net carbon emissions for the activities of the Group by 2025 have been taken into account in the evaluation of estimates and judgements in the preparation of the Group's financial statements. The details of the climate risk assessment were deemed proportionate to the nature of the business, and the current assessment was sufficient to identify physical climate risks as well as transition risks that are material to the Group's operations or financial position. The climate change analysis performed in 2023, which mainly related to emissions and water consumption, did not reveal any issues that could not be attributed to or addressed in the ordinary course of business, and did not reveal any significant material economic issues that had an impact on the preparation of these consolidated financial statements.

The following considerations were made:

- The impact of climate change is not expected to be significant while the business remains a going concern.
- The impact of climate change is more evident on organic goods as all agricultural ingredients are at risk mainly due to water scarcity and high temperatures. To mitigate and keep the risk low, the Group has put in place contingency procurement plans.
- The impact of climate change on the cash flow projections used in impairment assessments of the value in use of non-current assets including goodwill.
- The impact of climate change on factors (such as residual values, useful lives and depreciation methods, provisions and onerous contracts) that determine the carrying value of non-current assets: no risk factors were identified in 2023.

4. CAPITAL MANAGEMENT POLICY

The Company's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in compliance with contractual commitments made with lenders.

The Company provides itself with the capital necessary to finance the needs of business development and operations; the sources of financing are divided into a mix of risk capital and debt capital, to ensure a balanced financial structure and the minimisation of the total cost of capital, thereby benefiting all stakeholders.

The remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations have been fulfilled, including debt servicing; therefore, in order to ensure an adequate return on capital, the safeguarding of business continuity and business development, the Company continually monitors the level of debt in relation to equity, business performance and expected cash flow forecasts, in the short and medium/long term.

FINANCIAL ASSET AND LIABILITY CATEGORIES AND INFORMATION ON FAIR VALUE

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category at 31 December 2023 and 2022:

(In thousands of euros)	**Book value at 31 December**	
	2023	**2022**
FINANCIAL ASSETS:		
Financial assets at amortised cost:		
Financial assets measured at amortised cost	617	622
Trade receivables	82,460	74,401
Other receivables and current assets (*)	4,885	4,886
Cash and cash equivalents	270,674	252,589
Financial assets measured at amortised cost	12,575	10,075
	371,211	**342,573**
Financial assets valued at fair value through profit or loss:		
Non-current financial assets measured at fair value through profit or loss	74	509
Current financial assets measured at fair value through profit or loss	4	6,213
	78	**6,722**
TOTAL FINANCIAL ASSETS	**371,289**	**349,295**

(In thousands of euros)	**Book value at 31 December**	
	2023	**2022**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost:		
Non-current financial liabilities	246,812	252,633
Non-current lease liabilities	11,154	13,672
Trade payables	67,781	84,411
Current financial liabilities	92,987	79,970
Current lease liabilities	2,513	2,427
Other current liabilities (**)	11,938	6,965
TOTAL FINANCIAL LIABILITIES	**433,185**	**440,079**

(*) Limited to the items "Accrued income and prepaid expenses", "Advances" and "Other receivables".
(**) Limited to the items "Accrued expenses and deferred income" and "Miscellaneous payables".

The tables above show that most of the outstanding financial assets and liabilities are short-term items. In view of their nature, for most items, the book value is considered a reasonable approximation of the fair value. Non-current financial assets and liabilities are settled or valued at market rates and it is therefore considered that their fair value is substantially in line with current book values.

Note also that the bond loan included in non-current liabilities and having a carrying amount of Euro 199,450 thousand had a quotation value on the Irish market of Euro 193,520 thousand at the same date.

Information on fair value

In relation to assets and liabilities recognised in the statement of financial position and measured at fair value, IFRS 13 requires that these values be classified on the basis of a hierarchy of levels, reflecting the significance of the inputs used in determining fair value. The following table shows the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using unadjusted prices listed on active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the entity's ability to transact the asset or liability at the price of that market on the valuation date.
- **Level 2**: fair value determined with valuation techniques using variables observable on active markets. The inputs for this level include: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in non-active markets; (c) data other than observable listed prices for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implicit volatility, credit spreads, input corroborated by the market.
- **Level 3**: fair value determined with valuation techniques using non-observable market variables.

The following tables summarise the financial assets and liabilities measured at fair value, broken down by hierarchy, at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	43	-	31
Current financial assets measured at fair value through profit or loss	-	-	4
Total financial assets measured at fair value	**43**	**-**	**35**

(In thousands of euros)	**At 31 December 2022**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	477	-	32
Current financial assets measured at fair value through profit or loss	6,209	-	4
Total financial assets measured at fair value	**6,686**	**-**	**36**

(In thousands of euros)	**At 31 December 2023**		
	Level 1	**Level 2**	**Level 3**
Other current liabilities	-	2,603	-
Total financial assets measured at fair value	**-**	**2,603**	**-**

There were no transfers between the different levels of the fair value hierarchy in the periods considered. Level 3 includes minority interests in unlisted companies.

5. OPERATING SEGMENTS

IFRS 8 - *Operating Segments* defines an operating segment as a component:

- That engages in business activities from which it may earn revenues and incur expenses.
- Whose operating results are reviewed regularly by the entity's chief operating decision maker.
- For which discrete financial information is available.

For the purposes of IFRS 8, the Group's activity is identifiable in the following business segments: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products and Other activities.

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Company's performance for the year ended 31 December 2023, and the reconciliation of these items with respect to the corresponding amount included in the Separate Financial Statements:

	At 31 December 2023				
(In thousands of euros)	Pasta	Bakery Products	Special Products	Other Activities	**Separate Financial Statements total**
Revenue from contracts with customers (third parties)	148,380	50,327	33,947	-	**232,653**
EBITDA (*)	13,300	8,090	4,751	(600)	**25,541**
EBITDA margin	8.96%	16.08%	14.00%	-	**10.98%**
Amortisation, depreciation and write-downs	5,069	2,637	3,241	195	**11,142**
Net write-downs of financial assets				446	**446**
Operating profit/(loss)	**8,231**	**5,453**	**1,510**	**(1,241)**	**13,954**
Financial income	-	-	-	8,233	**8,233**
Financial expenses	-	-	-	(14,807)	**(14,807)**
Profit/(loss) before taxes	**8,231**	**5,453**	**1,510**	**(7,816)**	**7,379**
Income taxes	-	-	-	(1,627)	**(1,627)**
Net profit/(loss)	**8,231**	**5,453**	**1,510**	**(9,443)**	**5,752**
Total assets	**154,780**	**22,487**	**30,767**	**400,043**	**608,077**
Total liabilities	**59,470**	**17,721**	**16,818**	**356,371**	**450,380**
Investments	2,772	740	3,102	1,340	**7,954**
Employees (number)	452	188	143	47	**830**

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

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Company's performance at and for the year ended 31 December 2022, and the reconciliation of these items with respect to the corresponding amount included in the Separate Financial Statements

(In thousands of euros)	At 31 December 2022				
	Pasta	Bakery Products	Special Products	Other Activities	**Separate Financial Statements total**
Revenue from contracts with customers (third parties)	144,500	44,519	42,440	-	**231,458**
EBITDA (*)	6,858	7,715	5,166	-	**19,739**
EBITDA margin	4.75%	17.33%	12.17%	-	**8.53%**
Amortisation, depreciation and write-downs	3,798	1,908	1,728	456	**7,890**
Net write-downs of financial assets				616	**616**
Operating profit/(loss)	**3,060**	**5,808**	**3,438**	**(1,072)**	**11,234**
Financial income	-	-	-	1,728	**1,728**
Financial expenses	-	-	-	(8,565)	**(8,565)**
Profit/(loss) before taxes	**3,060**	**5,808**	**3,438**	**(7,909)**	**4,398**
Income taxes	-	-	-	(1,097)	**(1,097)**
Net profit/(loss)	**3,060**	**5,808**	**3,438**	**(9,006)**	**3,301**
Total assets	**156,632**	**21,322**	**34,171**	**378,255**	**590,380**
Total liabilities	**72,644**	**20,309**	**21,162**	**343,113**	**457,227**
Investments	1,401	1,167	1,973	281	**4,822**
Employees (number)	359	194	155	51	**759**

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

Revenue from contracts with customers in the "Pasta" sector totalled Euro 144,500 thousand and Euro 148,380 thousand for the years ended 31 December 2022 and 2023, equal to 62.4% and 63.8% respectively of all revenue from contracts with customers. EBITDA in the "Pasta" segment totalled Euro 6,858 thousand and Euro 13,300 thousand respectively for the years ended 31 December 2022 and 2023, equal to 34.7% and 52.1% respectively.
The biggest EBITDA margins over the two years under review were delivered by the "Bakery Products" and "Special Products" segments.
In addition to the sectoral information, the statement of financial position and income statement data by geographical area, as required by IFRS 8, is provided below.

The following table displays revenue from contracts with customers by geographical area for the years ended 31 December 2023 and 2022.

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Italy	93,310	111,823
Germany	62,824	51,415
United Kingdom	12,962	11,720
Other countries	63,556	56,499
Total revenue from contracts with customers	**232,652**	**231,458**

Finally, in accordance with IFRS 8, paragraph 34, for the years ended 31 December 2023 and 2022 the Company has one customer generating more than 10% of its revenues.

8. NOTES TO THE SEPARATE STATEMENT OF FINANCIAL POSITION

8.1 Property, plant and equipment

The table below shows a breakdown of and changes in the item "Property, plant and equipment" for the years 31 December 2023 and 2022:

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2021	**14,609**	**125,764**	**4,622**	**5,202**	**165**	**150,362**
Investments	58	3,474	78	31	924	**4,565**
Disposals		(207)				**(207)**
Reclassifications		91			(91)	-
Historical cost at 31 December 2022	**14,667**	**129,122**	**4,700**	**5,233**	**998**	**154,720**
Accumulated amortisation/depreciation as at 30 December 2021	**(9,957)**	**(107,182)**	**(4,499)**	**(4,719)**	**-**	**(126,357)**
Depreciation/Amortisation	(471)	(4,482)	(103)	(101)		**(5,157)**
Disposals		206				**206**
Accumulated amortisation/depreciation as at 30 December 2022	**(10,428)**	**(111,458)**	**(4,602)**	**(4,820)**	**-**	**(131,308)**
Net carrying amount at 31 December 2021	**4,652**	**18,582**	**123**	**483**	**165**	**24,005**
Net carrying amount at 31 December 2022	**4,239**	**17,664**	**98**	**413**	**998**	**23,412**

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2022	**14,667**	**129,122**	**4,700**	**5,233**	**998**	**154,720**
Investments	-	4,527	44	243	2,504	7,318
Reclassifications	-	528	-	-	(528)	-
Historical cost at 31 December 2023	**14,667**	**134,178**	**4,744**	**5,476**	**2,974**	**162,039**
Accumulated amortisation/depreciation as at 30 December 2022	**(10,428)**	**(111,458)**	**(4,602)**	**(4,820)**	**-**	**(131,308)**
Depreciation/Amortisation	(609)	(7,624)	(142)	(64)		(8,438)
Accumulated amortisation/depreciation as at 30 December 2023	**(11,037)**	**(119,082)**	**(4,744)**	**(4,884)**	**-**	**(139,746)**
Net carrying amount at 31 December 2022	**4,239**	**17,664**	**98**	**413**	**998**	**23,412**
Net carrying amount at 31 December 2023	**3,630**	**15,096**	**0**	**592**	**2,974**	**22,292**

Investments in property, plant and equipment for the year ended 31 December 2023 totalled Euro 7,318 thousand and were attributable mainly to the renovation of production lines and the new biscuit line at the Ozzano Taro factory. For more information on investments, please refer to the specific chapter "Investments".

The net value of property, plant and equipment disposed of in the years ending 31 December 2023 and 2022 is not significant.

At 31 December 2023 there were no capital contributions classified as a reduction in core plant and equipment.

During the year, the Company did not record write-downs of property, plant and equipment.

As at 31 December 2023, there are no real estate assets or proprietary capital goods subject to any kind of guarantee given to third parties.

8.2 Right-of-use assets and lease liabilities

The table below shows a breakdown of the item "Right-of-use assets" for the years ended 31 December 2023 and 2022:

(In euros)	**Right-of-use assets**
Historical cost at 30 December 2021	**19,588**
Increases	11,504
Decreases	
Historical cost at 30 December 2022	**31,092**
Accumulated amortisation/depreciation as at 30 December 2021	**(11,874)**
Depreciation/Amortisation	(2,411)
Disposals	
Accumulated amortisation/depreciation as at 30 December 2022	**(14,285)**
Net carrying amount at 31 December 2021	**7,714**
Net carrying amount at 31 December 2022	**16,807**

(In thousands of euros)	**Right-of-use assets**
Historical cost at 30 December 2022	**31,092**
Increases	
Decreases	
Historical cost at 30 December 2023	**31,092**
Accumulated amortisation/depreciation as at 30 December 2022	**(14,285)**
Depreciation/Amortisation	(2,378)
Disposals	
Accumulated amortisation/depreciation as at 30 December 2023	**(16,663)**
Net carrying amount at 31 December 2022	**16,807**
Net carrying amount at 31 December 2023	**14,429**

At 31 December 2023, the Company found no indicators of long-term impairment for right-of-use assets.

The following table shows the undiscounted contractual values of the Company's lease liabilities as at 31 December 2023:

(In thousands of euros)	At 31 December 2023					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Lease liabilities	2,513	2,611	8,064	1,095	14,283	13,667

(In thousands of euros)	At 31 December 2022					
	less than 1 year	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Lease liabilities	2,427	5,209	6,079	3,257	16,972	16,100

The discount rate was determined on the basis of the marginal borrowing rate of the Company, i.e. the rate that the Company would have to pay for a loan, with a similar maturity and collateral, needed to obtain an asset of similar value to the right-of-use asset in a similar economic climate. The Company has decided to apply a single discount rate to a lease portfolio with reasonably similar characteristics, such as leases with a similar residual maturity for a similar underlying asset class, in a similar economic climate.

The main information relating to the lease agreements held by the Company, which acts mainly as a lessee, is shown in the following table:

(In thousands of euros)	**At 31 December 2023**
Net book value of right-of-use assets (real estate)	14,044
Net book value of right-of-use assets (machinery)	371
Net book value of right-of-use assets (motor vehicles)	14
Total net book value of right-of-use assets	**14,429**
Current lease liabilities	2,513
Non-current lease liabilities	11,154
Total lease liabilities	**13,668**
Depreciation of right-of-use assets (real estate)	(2,166)
Depreciation of right-of-use assets (machinery)	(185)
Depreciation of right-of-use assets (motor vehicles)	(28)
Total depreciation of right-of-use assets	**(2,379)**
Interest expense on leases	**615**

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR) and Eboli (SA), as well as the plants of Bologna and Corte de' Frati (CR), leased to Newlat under the agreements entered into with the related party New Property. The term of the lease of the aforementioned properties has been set at six years, based on the withdrawal options provided for in the contracts themselves and on managerial assessments. The rental contracts stipulated between the parties have the same structure, namely: (i) a term of six years automatically extendable for a further six years, with any subsequent tacit renewals every six years, and (ii) the early termination options exercisable by the lessor upon renewal and by the lessee, which may withdraw at any time and without cause, with six months' notice. Based on the assessments made and in accordance with IFRS 16 and after evaluating possible alternative options, during the year Management determined that it was reasonably certain to extend the contracts for plants with contracts expiring in mid-2023 for a further six years. The lease terms were therefore extended by remeasuring the relevant contracts. The remeasurement effect included in the increases for the year. These leases fall within the scope of related party transactions; please see the Section 10 of the Separate Financial Statements below.

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

8.3 Intangible assets

The table below shows a breakdown of and changes in the item "Intangible assets" for the years ended 31 December 2023 and 2022:

(In thousands of euros)	Goodwill	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other assets	Assets under development	Total
Historical cost at 31 December 2021	**9,376**	**20,254**	**43,845**	**2,666**	**26**	**76,167**
Investments		112	46		99	**257**
Disposals						**-**
Reclassifications						**-**
Historical cost at 31 December 2022	**9,376**	**20,366**	**43,891**	**2,666**	**125**	**76,424**
Accumulated amortisation/depreciation as at 31 December 2021	**(5,512)**	**(19,151)**	**(43,845)**	**(2,666)**	**-**	**(71,174)**
Depreciation/Amortisation		(273)	(46)			**(319)**
Disposals						**-**
Accumulated amortisation/depreciation as at 31 December 2022	**(5,512)**	**(19,341)**	**(43,974)**	**(2,666)**	**-**	**(71,493)**
Net carrying amount at 31 December 2021	**3,864**	**1,103**	**-**	**-**	**26**	**4,993**
Net carrying amount at 31 December 2022	**3,864**	**942**	**-**	**-**	**125**	**4,931**

(In thousands of euros)	Goodwill	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other assets	Assets under development	Total
Historical cost at 31 December 2022	**9,376**	**20,366**	**43,891**	**2,666**	**125**	**76,424**
Investments		622			13	**635**
Disposals		(10,000)				**(10,000)**
Reclassifications		125			(125)	**-**
Historical cost at 31 December 2023	**9,376**	**11,113**	**43,891**	**2,666**	**13**	**67,059**
Accumulated amortisation/depreciation as at 31 December 2022	**(5,512)**	**(19,424)**	**(43,891)**	**(2,666)**	**-**	**(71,493)**
Depreciation/Amortisation		(324)				**(324)**
Disposals		10,000				**10,000**
Accumulated amortisation/depreciation as at 31 December 2023	**(5,512)**	**(9,748)**	**(43,891)**	**(2,666)**	**-**	**(61,817)**
Net carrying amount at 31 December 2022	**3,864**	**942**	**-**	**-**	**125**	**4,931**
Net carrying amount at 31 December 2023	**3,864**	**1,365**	**-**	**-**	**13**	**5,242**

Investments in intangible assets for the year ended 31 December 2023 amounted to Euro 635 thousand and were mainly attributable to the purchase of software. For more information on investments, please refer to the specific chapter "Investments".

There were no indicators of long-term impairment for intangible assets for the year ended 31 December 2023.

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

Goodwill

The goodwill refers to the acquisition of Centrale del Latte di Salerno S.p.A. merged by incorporation into Newlat Food S.p.A. from 2019, which represents a cash generating unit (CGU). This amount of Euro 3,863 thousand reflects the difference between the purchase price and the equity of Centrale del Latte di Salerno on the acquisition date in December 2014.

The value of goodwill was subjected to impairment testing, with the help of an independent third-party professional.

The 2024-2026 economic and financial was used for the impairment test as at 31 December 2023. The Board of Directors approved this *impairment test*, as well as the flows represented therein, on 18 March 2024.

For the purposes of estimating the value in use of the CGUs to which goodwill was allocated:

(ii) the following sources of information have been used:

a) internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the goodwill impairment test a three-year 2024-2026 plan was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 18 March 2024.

b) external sources: for the goodwill impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

- the CAPM to estimate the cost of equity;

- the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

The recoverable amount is the value in use determined by discounting the CGUs' forecast data represented by the Centrale del Latte di Salerno division ("DCF Method"). The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

Furthermore, a linear marginality was assumed over the plan periods on the basis of what occurred in the previous two financial years.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

	Goodwill former CLS	
(Percentage)	**Growth rate**	**WACC**
At 31 December 2023	1%	8.81%
At 31 December 2022	0.5%	8.8%

The cost of capital was calculated considering the Group's financial structure corresponding to 78.5% equity and 21.5% cost of debt, the same considered as aligned with that of a market participant. The post-tax WACCs determined correspond to pre-tax discount rates of 12.11%.

From the results of the impairment tests performed, it appears that the estimated recoverable amount exceeds the carrying amount by more than 195% of the value of CLS.

Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

Industrial patents and rights to use intellectual property

This item consists almost exclusively of software costs.

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 December 2023:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Trademarks with a finite useful life	535	600
Total net book value	**535**	**600**

Trademarks with a finite useful life

This item includes brands owned by Newlat, 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.

8.4 Equity investments in subsidiaries

This item consists of:

- The purchase value of all shares in Newlat GmbH on 29 October 2019 from the parent company Newlat Group S.A. The final fee paid to Newlat Group amounted to Euro 68,525 thousand.
- The purchase value of Centrale del Latte d'Italia for Euro 25,405 thousand.
- The purchase value of Symington's for Euro 63,914 thousand.
- The purchase value of Em Foods Sas for Euro 4,165 thousand. The original purchase cost of Euro 1,000 thousand was increased by the partial waiver of loans granted during the year in the amount of Euro 2,000 thousand and the price adjustment in the amount of Euro 2,165 thousand.

The book value of the equity investment is significantly higher than the shareholders' equity of Newlat GmbH.

In line with the requirements of international accounting standards, an impairment test was carried out to ascertain whether the carrying value of the investment had been impaired. The impairment test, approved by the Board of Directors on 18 March 2024, was prepared with the support of an independent professional, comparing the book value of the equity investment with the recoverable value of the related cash generating unit (CGU).

The recoverable amount is the value in use, determined by discounting the CGU's forecast data ("DCF Method") in the unlevered version for the three years after the reporting date. The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and deemed to be equal to that recorded in 2023.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate (WACC, which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2023**	**At 31 December 2022**
Growth rate	**1.00%**	**0.50%**
WACC	**7.02%**	**7.54%**

For the purposes of estimating the value in use of the CGU, the following sources of information were used:

- internal sources the estimate of value in use is based on senior management's most up-to-date results flows forecasts. For the equity investment impairment test as at 31 December 2023 the 2024-2026 economic and financial plan approved by the Board of Directors on 18 March 2024 was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2028. For the purpose of the impairment test of the equity investment as at 31 December 2023, a slightly higher margin was considered.

- external sources: for the impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

  - the CAPM to estimate *the cost of equity*;

  - the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

  The cost of capital was calculated considering the Group's current financial structure corresponding to 78.5% equity and 21.5% cost of debt.

- the following main basic assumptions were also used:

  a) Average annual revenue decrease of 5% per annum from 2024 to 2026.

  b) Average EBITDA margin in the forecast years of 6.6%.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its book value by more than Euro 40 million. The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 7.01% and a terminal cash flow growth rate (g) of 1.0%. Sensitivity analyses were also carried out to verify the effects on the *impairment test* results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

No impairment test was performed on the investment held in Centrale del Latte d'Italia in view of the excellent results of the investee company. Furthermore, the impairment test on the brands of the Centrale del Latte prepared at consolidated level is based on the calculation of the value in use of the CGU of Centrale del Latte d'Italia before the milk&dairy transaction and compared with the relative CIN of the CGU subject to verification. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit 3-year forecast period based on the Plan approved by the Board of Directors of Centrale del Latte d'Italia SpA on 18 March 2024. The value of the CGU thus determined is higher than the carrying value of the investment recorded in the separate financial statements of Newlat Food S.p.A.

No impairment test was performed on the investment held in Symington's Limited in view of the excellent results of the Company. Furthermore, the impairment test on the goodwill arising from the acquisition of the Company prepared at the consolidated level is based on the calculation of the value in use of the CGU of Symington's Limited and compared to the relative CIN of the CGU being tested. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit 3-year forecast period based on the Plan approved by the Board of Directors of Newlat on 18 March 2024. The value of the CGU thus determined is higher than the carrying value of the investment recorded in the separate financial statements of Newlat Food S.p.A.

No impairment test was performed on the shareholding held in EM Foods Sas in view of the fact that the equity value of the subsidiary is higher than the carrying value of the shareholding.

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

At 31 December 2023 and 2022, non-current financial assets valued at fair value through profit or loss amounted to Euro 74 thousand and Euro 509 thousand respectively. These balances, which are not material, relate to smaller corporate capital instruments.

8.6 Financial assets measured at amortised cost

At 31 December 2023 and 2022, financial assets at amortised cost amounted to Euro 617 thousand and Euro 622 thousand respectively. These balances refer to security deposits paid against existing lease agreements.

8.7 Prepaid tax assets and deferred tax liabilities

The following table shows a breakdown of "Prepaid tax assets" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Provisions	1,847	2,000
Tax losses carried forward	-	32
Leases	(278)	(91)
Depreciation/Amortisation	-	465
Other	153	105
Gross prepaid tax assets	**1,722**	**2,511**
Offsetting with deferred tax liabilities	-	-
Total prepaid tax assets	**1,722**	**2,511**

Prepaid tax assets are recognised where it is probable that future taxable income will be realised against which they can be used.

The following table displays a breakdown of and changes in the gross value of prepaid tax assets for the years ending 31 December 2023 and 2022:

Prepaid tax assets arise from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to that asset or liability for tax purposes.

(In thousands of euros)	**Provisions**	**Tax losses carried forward**	**Leases**	**Depreciation/Amortisation**	**Other**	**Total prepaid tax assets**
Balance at 31 December 2022	**2,000**	**32**	**(91)**	**465**	**105**	**2,511**
Provisions (releases) to income statement	(153)	(32)	(187)	(465)	23	(814)
Provisions (releases) to statement of other comprehensive income					(23)	(23)
Balance at 31 December 2023	**1,847**	**-**	**(278)**	**-**	**105**	**1,674**

8.8 Inventories

The following table shows a breakdown of "Inventories" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Raw materials, supplies, consumables and spare parts	14,673	20,527
Finished products and goods	11,000	11,803
Total gross inventories	**25,673**	**32,330**
Inventory write-down reserve	(946)	(946)
Total inventories	**24,728**	**31,385**

Inventories are recorded net of the obsolescence reserve, which amounted to Euro 946 thousand at 31 December 2023 and related mainly to spare parts for slow-moving machinery.

8.9 Trade receivables

The following table shows a breakdown of "Trade receivables" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Trade receivables from customers	49,929	62,265
Trade receivables from related parties	40,568	28,728
Trade receivables (gross)	99,497	90,993
Provision for doubtful trade receivables	**(17,037)**	**(16,592)**
Total trade receivables	**82,461**	**74,401**

The following table displays the changes in the provision for doubtful trade receivable for the year ended 31 December 2023:

(In euros)	**Provision for doubtful trade receivables**
Balance at 31 December 2022	**(16,592)**
Provisions	(446)
Balance at 31 December 2023	**(17,039)**

The net value of overdue trade receivables at 31 December 2023 amounted to Euro 58,701 thousand.

Analysis of the credit risk, including details of the provisioning for doubtful receivables for the individual bands of overdueness, can be found in the section "Management of Financial Risks" above.

Analysis of trade receivables from related parties can be found in the section "Transactions with Related Parties" below.

The book value of trade receivables is deemed to approximate their fair value.

8.10 Current tax assets and liabilities

Current tax assets amounted to Euro 1,138 thousand and Euro 1,569 thousand at 31 December 2023 and 2022, respectively.

Current tax liabilities totalled Euro 1,817 thousand at 31 December 2023 and Euro 2,293 thousand at 31 December 2022.

The changes in the net balances of the assets and liabilities under review for the year ended 31 December 2023 mainly concern the setting aside of current income taxes amounting to Euro 814 thousand and payments amounting to Euro 579 thousand.

8.11 Other receivables and current assets

The following table shows a breakdown of "Other receivables and current assets" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Tax assets	3,870	1,922
Receivables from social security institutions	1,340	686
Accrued income and prepaid expenses	330	355
Advance payments	589	433
Other receivables	3,966	4,098
Total other receivables and current assets	**10,095**	**7,494**

Receivables from social security institutions at 31 December 2023 and 2022 mainly refer to receivables from INAIL, amounting to Euro 1,340 thousand and Euro 686 thousand respectively.

Payments on account at 31 December 2023 and 2022 mainly refer to down payments for supplies.

Tax credits as of 31 December 2023 mainly include tax receivables for Euro 1,217 thousand, VAT credits amounting to Euro 2,232 thousand and for tax consolidation amounting to Euro 1,185 thousand.

8.12 Current financial assets measured at fair value through profit or loss

The following table provides a breakdown of "Current financial assets measured at fair value through profit or loss" at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Listed bonds	4	6,213
Total current financial assets measured at fair value through profit or loss	**4**	**6,213**

This item includes securities held for sale.

8.13 Financial receivables measured at amortised cost

Financial receivables measured at amortised cost amounting to Euro 10,075 thousand refer to financial receivables from the related party New Property.

8.14 Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Bank and postal deposits	270,669	252,584
Cash in hand	5	5
Total cash and cash equivalents	**270,674**	**252,589**

Bank and postal deposits refer mainly to cash and cash equivalents deposited in current accounts held with leading banking and financial institutions.

At 31 December 2023, cash and cash equivalents were not subject to restrictions or constraints.

Part of the aforementioned cash and cash equivalents, amounting to Euro 63,108 thousand and Euro 81,134 thousand respectively at 31 December 2023 and 2022, is attributable to the cash pooling of Newlat Food with the parent company Newlat Group S.A. and with the subsidiaries Centrale del Latte d'Italia S.p.A. and Newlat GmbH.

Please see the statement of cash flows for changes in the "Cash and cash equivalents" item during the periods under review.

8.15 Shareholders' equity

At 31 December 2023 the item Shareholders' Equity totalled Euro 157,697 thousand. The statement of changes in equity is shown in the relevant section.

The changes that affected shareholders' equity for the year ended 31 December 2023 related to the following:

- The recognition of the net profit for the year, in the amount of Euro 5,752 thousand.
- Actuarial losses of Euro 61 thousand relating to the discounting of the employee severance indemnity provision.
- Net sales of treasury shares for Euro 18,853 thousand.

Share capital

As at 31 December 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.

Legal reserve

At 31 December 2022, the legal reserve totalled Euro 3,068 thousand.

Reserves

Please refer to the statement of changes in equity for a breakdown of and changes in reserves in 2023, of which the possibility of use is shown in this statement, with reference to 31 December 2023.

Nature/ description	Amount	Possible use	Quota available
Share capital	43,935,050	B	
Capital reserves:			
Reserve L.413/91	1,314,285	A, B	1,314,285
FTA reserve	6,937,413	B	6,937,413
IAS reserve	189,166		189,166
Costs to Shareholders' Equity	(4,224,615)		(4,224,615)
Share premium reserve	78,865,110	A,B,C	78,865,110
Other non-distributable reserves	123,110	A, B	123,110
Treasury shares	(28,412,962)		(28,412,962)
Profit reserves:			
Legal reserve	2,903,300	B	2,903,300
Extraordinary reserve	28,095,712	A,B,C	28,095,712
Other reserves	125,463	A,B,C	125,463
Total			85,915,982
Non-distributable portion			11,344,164
Residual distributable portion			74,571,818

Notes
A Available for capital increases
B Available to cover any losses
C Distributable to shareholders

8.16 Provisions for employee benefits

The table below shows a breakdown of and changes in the item "Provisions for employee benefits" for the years 31 December 2023 2022:

(In thousands of euros)	**Employee benefits**
Balance at 31 December 2021	**6,092**
Current service cost	
Financial expenses	34
Actuarial losses/(gains)	(1,338)
Benefits paid	(161)
Balance at 31 December 2022	**4,627**
Current service cost	
Financial expenses	165
Actuarial losses/(gains)	84
Benefits paid	(337)
Balance at 31 December 2023	**4,539**

Provisions for employee benefits represent the estimated obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees when their employment with the company ends.

Employee severance indemnity (TFR)

The debt for Newlat's employee severance indemnity, which falls within the IAS 19 definition of defined benefit plans, was determined according to actuarial logic. The following are the main actuarial, financial and demographic assumptions used to determine the value of the liability at 31 December 2023 and 2022, in accordance with the provisions of IAS 19:

	At 31 December	
	2023	**2022**
Financial assumptions		
Discount rate	3.15%	3.70%
Inflation rate	2.25%	2.70%
Annual rate of salary increase	2.25%	2.70%
Demographic assumptions		
Death	SIM/SIF2002 ISTAT table	SIM/SIF2002 ISTAT table
Retirement	Achievement of the first pensionable requirement according to current legislation	Achievement of the first pensionable requirement according to current legislation

The following table summarises the main assumptions relating to the annual turnover rate and requests for severance pay advances adopted for the calculation of Newlat's provisions for employee benefits , in accordance with the provisions of IAS 19:

	At 31 December	
	2023	**2022**
Annual turnover rate and TFR Advances	**Newlat Food**	**Newlat Food**
Frequency of advances	1.10%	1.00%
Turnover rate	2.50%	1.90%

The following table summarises the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute terms) that would have occurred as a result of changes to the reasonably possible actuarial assumptions on 31 December 2023 and 2022:

(In thousands of euros)	**Discount rate**		**Inflation rate**		**Change in retirement age**	
	+0.50 %	**- 0.50%**	**+0.50%**	**-0.50%**	**+ 1 year**	**- 1 year**
Employee benefits (severance indemnities) at 31 December 2023	(255)	254	154	(154)	12	(12)
Employee benefits (severance indemnities) at 31 December 2022	(251)	271	164	(164)	-	-

8.17 Provisions for risks and charges

The table below shows a breakdown of and changes in the item "Provisions for risks and charges" for the year ended 31 December 2023:

(In thousands of euros)	**Provision for agents' indemnities**	**Provision for legal risks**	**Other provisions for risks and charges**	**Total provisions for risks and charges**
Balance at 31 December 2022	**112**	**535**	**156**	**802**
Provisions	10			10
Releases		(466)	(78)	(544)
Balance at 31 December 2023	**122**	**69**	**78**	**268**

The provision for agents' indemnities represents a reasonable forecast of the charges that would be borne by the Company in the event of future interruption of agency relationships.

The release of the provision for legal risks relates to the settlement of the dispute following an audit by the Guardia di Finanza for the years 2016 and 2017.

8.18 Current and non-current financial liabilities

The following table shows a breakdown of "Current and non-current financial liabilities" as at 31 December 2023 and 2022:

	At 31 December 2023		At 31 December 2022	
(In thousands of euros)	Current portion	Non-current portion	Current portion	Non-current portion
Total financial liabilities	**92,987**	**246,812**	**79,970**	**252,633**

Bond: the Issuer will make sure that none of its Subsidiaries will incur any additional Indebtedness (other than Permitted Indebtedness) provided however that commencing with the Relevant Period ending 30 June 2021 each of the Issuer and any of its Subsidiaries may incur Additional Indebtedness if, as at the date of such event, the following requirements (each an "Indebtedness Requirement") are satisfied:

- (i) The Consolidated Leverage Ratio is equal to or less than 3:1, and (2) the Equity Ratio is equal to or less than 1.5:1, in each case as set out in the previous reporting period Certificate.
- (ii) To the extent that the Issuer or one of its Subsidiaries has completed in a Relevant Period the acquisition of a company or business with an Enterprise Value of at least Euro 100,000,000 (the "Relevant Acquisition"), (1) the Consolidated Net Leverage Ratio is equal to or less than 4:1 and (2) the Equity Ratio is equal to or less than 2:1, in each case as set out in the Certificate of Compliance relating to the immediately preceding Relevant Period, such ratio to apply until the end of the second Relevant Period following the Relevant Acquisition.

Notwithstanding the foregoing, after an Activated Indebtedness has occurred, as resulting from the Compliance Certificate delivered on a Reporting Date, the Issuer may give notice that such Activated Indebtedness is resolved by delivering on an Interim Reporting Date an Interim Compliance Certificate pursuant to Condition 4(b) (Compliance Certificate) below. Upon delivery of such Interim Compliance Certificate, the Leverage Requirement shall be deemed to be satisfied for the purposes of this Condition 4(a).

The following table shows the Net Financial Position, according to the classification scheme indicated in the Consob Communication:

(In thousands of euros)	At 31 December	
Net financial debt	**2023**	**2022**
A. Cash and cash equivalents	92,566	131,457
B. Cash equivalents	178,108	121,132
C. Other current financial assets	12,579	16,287
D Cash and cash equivalents (A)+(B)+(C)	**283,253**	**268,876**
E. Current financial payables	(66,496)	(57,598)
F. Current portion of non-current financial debt	(29,004)	(24,800)
G. Current financial indebtedness (E)+(F)	**(95,500)**	**(82,398)**
H. Net current financial indebtedness (G)+(D)	**187,753**	**186,479**
I. Non-current financial payables	(58,953)	(53,183)
J. Debt instruments	(199,013)	(198,450)
K. Trade and other non-current payables		(13,672)
L. Non-current financial indebtedness (I)+(J)+(K)	**(257,966)**	**(266,305)**
M. Net financial indebtedness (H)+(L)	**(70,212)**	**(79,826)**

Without considering the effects of IFRS 16, the net financial position would be determined as follows:

(In thousands of euros)	At 31 December	
	2023	**2022**
Net financial debt	**(70,212)**	**(79,826)**
Current lease liabilities	2,513	2,427
Non-current lease liabilities	11,154	13,672
Net Financial Position	**(56,545)**	**(63,727)**

8.19 Trade payables

The following table shows a breakdown of "Trade payables" as at 31 December 2023 and 2022:

(In thousands of euros)	At 31 December	
	2023	**2022**
Trade payables to suppliers	60,102	81,428
Trade payables to related parties	7,680	2,983
Total trade payables	**67,782**	**84,411**

This item mainly includes payables relating to the Company's normal production activities.

Analysis of trade payables to related parties can be found in the section "Transactions with Related Parties" below of the Separate Financial Statements.

The book value of trade payables is deemed to approximate their fair value.

8.20 Other current liabilities

The following table shows a breakdown of "Other current liabilities" as at 31 December 2023 and 2022:

(In thousands of euros)	**At 31 December**	
	2023	**2022**
Payables to employees	6,384	5,886
Payables to social security institutions	2,480	1,955
Tax liabilities	1,513	1,905
Accrued expenses and deferred income	1,860	631
Miscellaneous payables	10,078	5,822
Total other current liabilities	**22,506**	**16,391**

Payables to employees relate to salaries to be settled and deferred charges such as holidays, leave and additional monthly payments.

Payables to social security institutions mainly refer to liabilities with the INPS and other social security institutions for the payment of contributions.

Tax payables at 31 December 2023 mainly include payables to the Treasury for withholding taxes, amounting to Euro 1,419 thousand.

The item "other payables" also includes the price adjustment for the acquisition of EM Foods Sas and the fair value related to call options on treasury shares granted to institutional investors in the first half of 2023. This fair value is a level 2 fair value, determined with observable market information.

9. NOTES TO THE SEPARATE INCOME STATEMENT

9.1 Revenue from contracts with customers

The following table displays a breakdown of "Revenue from Contracts with Customers" by operating segment:

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Pasta	148,380	144,500
Bakery Products	50,327	44,519
Special Products	33,947	42,440
Total revenue from contracts with customers	**232,653**	**231,457**

The following table displays a breakdown of "Revenue from Contracts with Customers" by distribution channel:

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Mass Distribution	130,475	124,262
B2B partners	53,773	61,588
Normal trade	7,142	6,210
Private labels	40-238	38,322
Food services	1,025	1,076
Total revenue from contracts with customers	**232,653**	**231,457**

The following table displays "Revenue from Contracts with Customers" by geographical area:

(In thousands of euros)	Year ended 31 December	
	2023	2022
Italy	93,310	111,823
Germany	62,824	51,415
United Kingdom	12,962	11,720
Other countries	63,556	56,499
Total revenue from contracts with customers	**232,653**	**231,457**

Sectoral information is given in Section 7 of the Separate Financial Statements above.

Revenue from contracts with customers for the year ended 31 December 2023 is almost exclusively related to the sale of goods. Revenues associated with such sales of goods are recognised when control of the asset is transferred to the customer.

9.2 Operating costs

The table below shows details of the operating costs broken down according to their use:

(In thousands of euros)	Year ended 31 December	
	2023	2022
Cost of sales	(197,497)	(200,605)
Sales and distribution costs	(17,160)	(17,145)
Administrative costs	(10,591)	(8,129)
Total operating costs	**(225,248)**	**(225,879)**

The table below shows details of the same operating costs broken down according to their nature:

(In thousands of euros)	Year ended 31 December	
	2023	2022
Raw materials and finished products	105,366	121,415
Personnel costs	40,492	37,162
Packaging	21,351	23,017
Transport	12,197	12,801
Utilities	13,631	7,691
Depreciation/Amortisation	11,141	7,888
Sales commissions	472	574
Porterage and logistics	3,375	2,703
Surveillance and cleaning	1,688	1,568
Maintenance and repair	2,810	2,579
Royalties payable	-	-
Cost for use of third-party assets	3,317	2,984
Advertising and promotions	1,153	928
Consultancy and professional services	2,706	467
Insurance	635	580
Laboratory analysis and testing	852	629
Production plant services	434	247
Remuneration of the chair and directors	353	353
External auditor's fees	369	248
Statutory auditors' fees	16	16
Other minor costs	2,890	2,032
Total operating costs	**225,248**	**225,880**

9.3 Net write-downs of financial assets

The item "Net write-downs of financial assets", amounting to Euro 446 thousand for the year ended 31 December 2023, refers to the write-down of trade receivables. A breakdown of changes to the provision for bad debts for the year ended 31 December 2023 can be found in Note 8.9 "Trade receivables" above of the Separate Financial Statements.

9.4 Other revenues and income

The following table provides a breakdown of "Other revenues and income":

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Repayments and compensation	870	3,683
Leases receivable	3,971	3,823
Other revenues from the Ozzano plant	1,824	555
Capital gains from disposals	1	23
Other	2,191	822
Total other revenue and income	**8,858**	**8,907**

9.5 Other operating costs

The following table shows a breakdown of "Other operating costs":

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Stamps, duties and local taxes	362	334
Corporate canteen	148	152
Benefits and membership fees	20	21
Other	1,332	2,125
Total other operating costs	**2,632**	**2,632**

9.6 Financial income and expenses

The following table provides a breakdown of "Financial income":

(In thousands of euros)	**Year ended 31 December**	
	2023	**2022**
Interest income from cash pooling	2,530	755
Net foreign exchange gains	230	-
Other financial income	5,473	973
Total financial income	**8,233**	**1,728**

Other financial income mainly includes interest income from Group cash management.

The following table provides a breakdown of "Financial expenses":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Interest on loans	4,375	493
Interest expense on lease liabilities	615	712
Fees and commissions	401	554
Net foreign exchange losses	197	717
Net interest expense on provisions for employee benefits	165	34
Interest expenses from cash pooling	485	-
Other financial expenses	3,053	529
Bond interest	5,525	5,525
Total financial expenses	**14,807**	**8,565**

9.7 Income taxes

The following table provides a breakdown of "Income taxes":

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Current taxes	814	459
Total current taxes	**814**	**459**
Decrease (increase) in prepaid taxes	650	368
Increase (decrease) in deferred taxes	164	271
Total deferred taxes	**814**	**639**
Total income taxes	**1,627**	**1,097**

The following table displays a reconciliation of the theoretical tax rate with the effective impact on the pre-tax result:

(In thousands of euros)	Year ended 31 December	
	2023	**2022**
Profit/(loss) before taxes	**7,379**	**4,399**
Theoretical rate	27.9%	27.9%
Theoretical tax charge	**2,059**	**1,227**
Adjustments		
Permanent differences	(432)	(130)
Income taxes	**1,627**	**1,097**

9.8 Net profit/(loss) per share

The table below shows the net profit/loss per share, calculated as the ratio of net income to the weighted average number of ordinary shares in circulation during the period:

(In euros)	At 31 December	
	2022	**2022**
Profit for the year attributable to the Group in thousands of euros	5,752,301	3,301,855
Weighted average number of shares in circulation	42.580714	39,337,949
Earnings per share (in Euro)	**0.14**	**0.08**

Since potential outstanding options have an anti-dilutive effect, diluted earnings per share have been shown equal to earnings per share.

TRANSACTIONS WITH RELATED PARTIES

The Company'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 were 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 Company deals with the following related parties:

- Newlat Group, a direct parent company; and
- Centrale del Latte d'Italia S.p.A. and Newlat Gmbh direct subsidiaries
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by the parent companies**").

The following table provides a detailed breakdown of the statement of financial position items relating to the Company's transactions with related parties at 31 December 2023 and 2022:

(In thousands of euros)	Parent company	Subsidiaries				Companies controlled by the parent companies				
	Newlat Group	**EM FOODS SAS**	**Symington's Limited**	**Newlat GmbH**	**Centrale del Latte d'Italia S.p.A.**	**New Property**	**Other companies controlled by the parent companies**	**Total**	**Total statement of financial position items**	**% of statement of financial position item**
Right-of-use assets										
At 31 December 2023						10,576		10,576	14,429	73.3%
At 31 December 2022						12,542		12,542	16,807	74.6%
Non-current financial assets at amortised cost										
At 31 December 2023						552		552	617	89.5%
At 31 December 2022						552		552	622	88.7%
Trade receivables										
At 31 December 2023	2,294	163	150	25,873	21,088			49,568	82,460	60.1%
At 31 December 2022	681		239	12,903	14,905			28,728	74,401	38.6%
Other receivables and current assets										
At 31 December 2023					1,185			1,185	10,095	11.7%
At 31 December 2022					236			236	7,494	3.1%
Financial assets measured at amortised cost										
At 31 December 2023		2,500				10,075		12,575	12,575	100.0%
At 31 December 2022						10,075		10,075	10,075	100.00%
Cash and cash equivalents										
At 31 December 2023	48,617			9,157	5,334			63,108	270,674	23.3%
At 31 December 2022	52,940			18,288	9,906			81,134	252,589	32.1%
Non-current lease liabilities										
At 31 December 2023						11,024		11,024	11,154	98.8%
At 31 December 2022						11,024		11,024	13,672	80.6%
Trade payables										
At 31 December 2023	40		167	7	6,877	520	69	7,680	67,781	11.3%
At 31 December 2022	13		349	243	2,419	- 194	153	2,983	84,411	3.5%
Current financial liabilities										
At 31 December 2023	981			16,742	29,327			47,050	92,987	50.6%
At 31 December 2022	981			12,887	27,183			41,051	79,970	51.3%
Current lease liabilities										
At 31 December 2023						1,846		1,846	2,513	73.5%
At 31 December 2022						1,775		1,775	2,427	73.1%
Other current liabilities										

At 31 December 2023					5,472	73		5,545	22,506	24.6%
At 31 December 2022					5,390			5,390	16,391	32.9%

The following table provides a breakdown of the income statement items relating to the Company's transactions with related parties for the years ended 31 December 2023 and 2022:

(In thousands of euros)	**Parent company**		**Subsidiaries**			**Companies controlled by the parent companies**		**Total**	**Total statement of financial position items**	**% of statement of financial position item**
	Newlat Group	**Symington's Limited**	**EM FOODS SAS**	**Newlat GmbH**	**Centrale del Latte d'Italia S.p.A.**	**New Property**	**Other companies controlled by the parent companies**			
Revenue from contracts with customers										
Year ended 31 December 2023		345		60,757	699			61,801	232,652	26.6%
Year ended 31 December 2022		2,724		49,075	724			52,523	231,457	22.7%
Cost of sales										
Year ended 31 December 2023		554		67	1,882	1,965	65	4,534	197,497	2.3%
Year ended 31 December 2022		754		701	1,455	1,944		4,855	200,605	2.4%
Other revenues and income										
Year ended 31 December 2023					4,050			4,050	8,858	45.7%
Year ended 31 December 2022					7,186			7,186	8,907	80.7%
Administrative costs										
Year ended 31 December 2023	120				1,262	95		1,477	10,591	13.9%
Year ended 31 December 2022	120						-	120	8,129	1.5%
Financial income										
Year ended 31 December 2023	1,614			516	237			2,530	8,233	30.7%
Year ended 31 December 2022	595			112	48			755	1,728	43.7%
Financial expenses										
Year ended 31 December 2023	32				453	455		940	14,807	6.3%
Year ended 31 December 2022	-					521		521	8,565	6.1%

Centralised treasury operations

Cash and cash equivalents, amounting to Euro 63,108 thousand and Euro 81,134 thousand respectively at 31 December 2023 and 2022, are attributable to the cash pooling relationships of Newlat Food S.p.A. with the parent company and the subsidiaries Centrale del Latte d'Italia S.p.A. e Newlat GmbH.

Financial liabilities amounting to Euro 47,050 thousand and Euro 41,051 thousand respectively at 31 December 2023 and 2023 are mainly attributable to the cash pooling of Newlat Food S.p.A. with the parent company and the subsidiaries Centrale del Latte d'Italia S.p.A. and Newlat GmbH.

<u>Transactions with the parent company for direction and coordination</u>

Administrative expenses for the years ended 31 December 2023 and 31 December 2023 are attributable to cost-sharing services provided by the parent company Newlat Group SA.

<u>Transactions with the subsidiaries Newlat and Centrale del Latte d'Italia S.p.A.</u>

Transactions with the subsidiaries Newlat Gmbh and Centrale del Latte d'Italia are commercial transactions governed by specific commercial agreements.

<u>Transactions with companies controlled by the parent companies</u>

The following are the companies controlled by the parent companies with which the Company has conducted transactions during the periods under review:

- New Property S.p.A., a real estate company to which lease royalties are paid;
- other companies controlled by the parent companies such as Newservice S.r.l.

At 31 December 2023, Euro 10,576 thousand of right-of-use assets and Euro 11,024 thousand and Euro 1,846 thousand respectively of current and non-current lease liabilities relate to real estate spun off to New Property S.p.A. on 1 June 2017 and subsequently leased to Newlat. The recognition of these contracts according to IFRS 16 led to the recognition of depreciation, recorded in the cost of sales, of Euro 1,965 thousand, and financial charges of Euro 455 thousand for the year ended 31 December 2023.

10. OTHER INFORMATION

10.1 Remuneration of Directors and Statutory Auditors

The fees payable to Directors and Statutory Auditors amounted to Euro 353 thousand and Euro 16 thousand respectively in the year ended 31 December 2023.

Remuneration for executives with strategic responsibilities amounted to Euro 325 thousand

10.2 External Auditor's fees

Fees paid to the independent auditors for auditing the separate financial statements for the year 2023 amounted to Euro 80 thousand, of which Euro 9 thousand related to fees for assurance services other than auditing and aimed at issuing a statement, and Euro 280 thousand in other miscellaneous services provided by the PricewaterhouseCoopers S.p.A. network mainly related to due diligence services.

10.3 Research and Development

Newlat Food S.p.A.'s R&D is focused on the ability to develop innovative products, occasionally evocative of local traditions in the relevant markets. In this regard, the Company received a contribution of Euro 935 thousand from the Ministry of Economic Development related to innovation agreements for activities carried out in the two-year period 2021-2022.

Research and development costs incurred during 2023 and 2022 have been instrumental in pursuing the Company's production and commercial strategies, aimed at making product ranges more innovative and strengthening its position in the market.

It should be noted that the Company intends to avail itself of the research and development tax credit provided for in article 1, paragraph 35, of Law no. 190 of 23 December 2014, and to use it in the manner specified in the said legislation.

10.4 Proposal for allocation of the net result

Dear Shareholders, the separate financial statements that we submit for your approval show a net profit of Euro 5,752,301, of which we propose to allocate 5% to the legal reserve and 95% to the extraordinary reserve.

RESULTS, ASSETS AND LIABILITIES AND CASH FLOWS OF THE PARENT COMPANY NEWLAT GROUP SA THAT EXERCISES MANAGEMENT AND CONTROL

(in thousands of euros)	ANNUAL FINANCIAL STATEMENTS AS AT 31.12.2022 STATEMENT OF FINANCIAL POSITION
	ASSETS
Intangible Assets	1
Tangible Assets	36,341
Equity investments	28,945
Total non-current assets	**65,287**
Receivables and other current items	123,870
Short-term liquidity and investments	92,902
Total current assets	**216,772**
Total assets	**282,059**
	LIABILITIES
Equity	**92,142**
Provisions for risks and charges	2,251
Total non-current liabilities	**2,251**
Current payables and liabilities	187,666
Total current liabilities	**187,666**
Total liabilities	**282,059**
	INCOME STATEMENT
Other revenues and income	352
Other operating costs	(2,250)
Financial income/charges	2,060
Profit/(loss) before taxes	**162**
Income taxes	(30)
Profit/loss for the year	**132**

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-*bis* OF ITALIAN LEGISLATIVE DECREE 58/98

Taking into consideration article 154-*bis* (3) and (4) of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Angelo Mastrolia, as Chair of the Board of Directors, and Rocco Sergi, as Financial Reporting Officer, of Newlat Food Group, certify:

- The financial statements are adequate, in relation to the characteristics of the company, and
- The effective application of the administrative and accounting procedures for preparing the financial statements during the 2023 financial year.

It is furthermore declared that the financial statements at 31 December 2023:

d) were prepared in compliance with the applicable international accounting standards adopted by the European Community, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

e) correspond with the accounting books and records;

f) provide a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations as well as the issuer's situation, together with a description of the key risks and uncertainties the issuer is exposed to.

Reggio Emilia, 18 March 2024

Chair of the Board of Directors	Financial Reporting Officer
Angelo Mastrolia	Rocco Sergi

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Newlat Food SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Newlat Food SpA (the Company), which comprise the separate statement of financial position as of 31 December 2023 the separate income statement, separate statement of other comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the

PricewaterhouseCoopers SpA

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context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Recoverability of the investments in the subsidiaries Newlat GmbH and Symington's Ltd *(See notes 1.2 – "Accounting standards and measurement criteria" and 8.4 - "Equity investments in subsidiaries" to the separate financial statements as of 31 December 2023)*	
As of 31 December 2023, the carrying amount of the investments in the fully owned subsidiaries Newlat GmbH and Symington's Ltd reported in the separate financial statements of Newlat Food SpA were respectively equal to approximately Euro 68.5 million and to approximately Euro 63.9 million. Investments in subsidiaries are carried at cost, which, when there is evidence of impairment indicators, is compared with the recoverable amount, being it the highest of fair value less costs of disposal and value-in-use, as required by the International Accounting Standard IAS 36 "Impairment of Assets". The valuation models applied to determine the recoverable amounts (values-in-use) of investments in subsidiaries are based on complex valuations and estimates prepared by the Company's management. In detail, the models applied in the valuation of investments in subsidiaries and the assumptions used in those models are influenced by future market conditions with regard to the future cash flows, the perpetual growth rate and the discount rate.	Our audit approach involved, as a preliminary step, understanding and evaluating the method and procedures defined by the Company to determine the recoverable amount of the investments in the subsidiaries Newlat GmbH and Symington's Ltd, which were approved by the Board of Directors of the Company on 18 March 2024. We verified, also involving business valuation experts from the PwC network, that the method used by the Company was consistent with the international accounting standard IAS 36 and with prevailing valuation practice. The key valuation parameters adopted by the Company were analyzed in terms of reasonableness. With specific reference to the method use for determining the discount rates (weighted average cost of capital, "WACC"), we verified that those rates had been determined in accordance with best practices and using market data adopted for entities operating in the same segment as the subsidiaries. Similarly, we analyzed the determination of the medium/long-term growth rate ("g") against the guidance

To assess the recoverability of the investments in subsidiaries in Newlat GmbH and in Symington's Ltd as of 31 December 2023, the Directors of Newlat Food SpA, with the support of an external advisor, prepared a specific impairment test. In our statutory audit of the separate financial statements, we considered this a key audit matter in consideration of the significance and complexity of the estimated components on the evaluations connected with the recoverability of the carrying amounts. In particular, the valuation process involves a high level of professional judgement for the Directors when they estimate the recoverable amount of the investments in subsidiaries, and in particular the assumptions adopted in the calculation models used to determine: (i) the economic performance and future cash flows of the subsidiaries; (ii) the perpetual growth rate; and (iii) the discount rate.	provided by IFRSs as adopted by the European Union. We analyzed on a sample basis the reasonableness of estimated future cash flows. We also verified the mathematical accuracy of the valuation models prepared by the Company. Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the separate financial statements.

Other Matters

The Company, as required by law, has included in the explanatory notes to the separate financial statements the key figures of the latest separate financial statements of the entity which directs and coordinates its activities. Our opinion on the separate financial statements of Newlat Food SpA does not extend to those figures.

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

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 8th july 2019, the shareholders of Newlat Food SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Newlat Food SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2023 to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements as of 31 December 2023 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Newlat Food SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Newlat Food SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Newlat Food SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Newlat Food SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Davide Abramo Busnach
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE BOARD OF STATUTORY AUDITORS AND OF THE SHAREHOLDERS' MEETING

NEWLAT FOOD S.p.A.

Registered Office in Reggio Emilia, Via Kennedy, 16 - 42124
Share capital: €43,935,050.00, fully paid-in
Reggio Emilia Companies Register, Tax ID and VAT no. 00183410653
Economic Administrative Index no. RE277595
Company subject to management and coordination by Newlat Group S.A. pursuant to articles 2497 et seq. of the Italian Civil Code

****

Report of the Board of Statutory Auditors to the Newlat Food S.p.A. Shareholders' Meeting of 27 April pursuant to art. 153 of Italian Legislative Decree 58/1998 and art. 2429 of the Italian Civil Code

Shareholders,

1. Introduction: legislative, regulatory and code of conduct sources

This Report was prepared by the Board of Statutory Auditors of **NEWLAT FOOD S.p.A. (hereinafter the "Company" or "NEWLAT FOOD")** appointed by the Shareholders' Meeting on 28 April 2022 and currently in office until the approval of the financial statements for the year ended 31 December 2024. The Board of Statutory Auditors is composed of Massimo Carlomagno (Chairman), Ester Sammartino and Antonio Mucci (Standing Auditors).

This Report details the supervision activities and other activities carried out by the Board of Statutory Auditors during the year ended 31 December 2023, prepared pursuant to Legislative Decree no. 58/1998 ("TUF") and subsequent amendments, art. 2429 of the Italian Civil Code, the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Association of Certified Accountants and Accounting Experts, and also in compliance with the guidance contained in the CONSOB Communication DEM/1025564 of 6 April 2001, as amended.

Since **NEWLAT FOOD** has adopted the traditional Governance model, and given that PricewaterhouseCoopers S.p.A. (hereinafter also "PWC") was appointed as independent auditor for the financial years 2019 to 2027, the Board of Statutory Auditors sees itself as the "Internal Control and Accounts Auditing Committee", which has additional specific control and monitoring functions on financial reporting and statutory auditing provided for in article 19 of Italian Legislative Decree of 27 January 2010 no. 39, as amended, which are also acknowledged in this Report.

With this Report, the Board of Statutory Auditors also reports on the supervision activities carried out with regard to the obligations relating to non-financial information pursuant to Italian Legislative Decree no. 254/2016.

2. Supervision of compliance with laws, regulations and articles of association

During the 2023 financial year, the Board of Statutory Auditors met 7 times, and precisely on 13 February, 31 March, 2 May, 20 July, 2 October, 20 November and 20 December. The Board of Statutory Auditors attended the 6 meetings of the Board of Directors held in 2023, and the 2 meetings after 31 December 2023 to date. The Appointments and Remuneration Committee met 1 time in 2023 and 2 times in 2024. The Control and Risks Committee met 4 times in 2023 and 2 times in 2024. The Related Party Transactions Committee met 1 time in 2023.

The Board of Statutory Auditors participated in the Shareholders' Meeting of 27 April 2023. The Board of Statutory Auditors met regularly with the independent auditing firm PWC.

The Board of Statutory Auditors liaised with the Head of the Internal Audit Department and held regular meetings with the heads of some key corporate functions (such as the Chairman and CEO, Deputy CEO, Deputy CEO & COO, the Financial Reporting Officer and CFO). The work of Internal Audit involved the following areas: - Methodological support in the preparation of the Group's Risk Assessment. - Definition of the risk-based Audit plan of the Internal Audit function. - Performance of certain assurance activities for certain business processes. - Methodological support to the Company's financial reporting officer. - Consulting for some processes of Group Companies.

During the year 2023, the activity of the Internal Audit function was carried out in line with the provisions of the approved Audit Plan which provides for: Compliance audits (with a focus on Italian Legislative Decree 231/2001), Financial audits (aimed at providing assurance on the reliability of financial data) and Operational audits on the areas of business processes of greatest interest. As part of the Audit Plan, the Internal Audit Manager verified the accounting systems with a view to improving the reliability of the information systems.

The recent meeting of the Control and Risks Committee was informed of the outcome of the Internal Audit function's activities for 2023.

The Financial Reporting Officer was provided with information on the activities of the Internal Audit Manager under Law 262/05 for the year 2023, through the half-yearly reports on the adequacy of the control model implemented for the purposes of 262 and the results of the tests performed by the Internal Audit function in this area.

The Board of Statutory Auditors continuously acquired useful documentation and information in order to plan its activities, which concerned in particular:

a) Supervision of: (i) Compliance of the resolutions adopted by the corporate bodies with the law and regulatory provisions, as well as with the Articles of Association; (ii) Pursuant to Article 149, paragraph 1, letter c-*bis* of Italian Legislative Decree 58/98, the method of actual implementation of the Corporate Governance Code of listed companies which **NEWLAT FOOD** has adhered to; (iii) Compliance with the obligations regarding inside information; (iv) Compliance of the internal procedure concerning related party transactions with the principles specified in the Regulations approved by CONSOB with Resolution no. 17221 of 12 March 2010 and subsequent amendments (hereinafter "RPT Regulation"); (v) The functioning of the corporate information process, verifying compliance with the laws and regulations concerning the preparation and layout of the separate and consolidated financial statements, as well as the accompanying documentation, for this purpose also examining the Annual Report of the Financial Reporting Officer; (vi) The actions taken with reference to the provisions on privacy, for which the Company has appointed a Data Protection Officer; and (vii) Compliance of the non-financial statement (hereinafter also "NFS") with the provisions of Italian Legislative Decree no. 254/2016 and subsequent amendments;

b) Verification of the following: (i) Compliance with the rules on the holding of meetings of corporate bodies and the fulfilment of the periodic reporting obligation by the delegated bodies regarding the exercise of delegated powers; (ii) That none of the Statutory Auditors had an interest, on their own behalf or on behalf of third parties, in a specific transaction during the 2023 financial year and that the conditions of independence are maintained, including through the internal process of continuous self-assessment concerning the recurrence and maintenance of the eligibility requirements of members and the correctness and effectiveness of their operations; (iii) Monitoring the actual methods of implementing corporate governance rules; and (iv) Preparation of the Remuneration Report.

To date, there have been no reports to Consob pursuant to Article 149 (3) of the Consolidated Law on Finance (TUF).

3. Most significant economic, financial and equity transactions - related party transactions

The Board of Statutory Auditors reports on the significant events that occurred during the financial year and after the end of the financial year under review:

- Purchase of 100% of the ordinary shares and voting rights of EM Foods S.A.S. (“EM Foods”) following the Seller’s exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods, after EM Foods' workers' council formally agreed to the sale to Newlat Food. The closing of the transaction took place on 2 January 2023. With the acquisition of EM Foods, the Newlat Group entered the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. Moreover, Newlat Food announced that it signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. This new partnership, of great strategic value, is further evidence of the high standard of the Newlat Group's industrial assets and further consolidates the business generated in partnership with large multinationals.
- On 9 June, Newlat Food sold 3,900,000 of its own shares, or 8.88% of the share capital, to a group of institutional investors including Helikon Investments and Banor at a price of Euro 5.80 per share.

Taking into account the size and structure of the Company and NEWLAT FOOD Group, the Board of Statutory Auditors considers that the Board of Directors, in its Annual Financial Report for the year ended 31 December 2023, provided an adequate illustration of the transactions with subsidiaries and other related parties, explaining the economic, financial and equity effects.

The Board of Statutory Auditors highlights the main events relating to the year ended 31 December 2023 of the company Centrale del Latte d'Italia Spa with Newlat Food as the largest shareholder:

- In 2023 the lease of the "Milk & Dairy" business unit between Newlat Food Spa and Centrale del Latte di Italia continued, with the lease of all the dairy companies of the Newlat Food SpA group involved in the processing of raw materials and the production of milk & dairy products. The activities of the Business Unit are carried out through the plants in Reggio Emilia, Salerno and Lodi with the warehouses in Reggio Emilia, Lodi, Rome Eboli, Pozzuoli and Lecce.
- PricewaterhouseCoopers S.p.A. has been the independent auditor of Centrale del Latte di Italia Spa since 2022.
- The Company issued its report for the financial statements which contains no particular findings or disclosures, and certifies that the financial statements comply with IAS/IFRS accounting standards.

4. Supervision of compliance with the principles of good administration

In order to monitor compliance with the principles of good administration, in addition to attendance at all Board of Directors meetings, the Board of Statutory Auditors declares that:

- It has obtained the information during the 2023 financial year about the activities performed and the most significant economic, financial and equity transactions carried out by NEWLAT FOOD and its subsidiaries in the 2023 financial year from the Directors. All this is reported accurately in the documents relating to the consolidated financial statements and the separate financial statements. Based on the information made available to the Board of Statutory Auditors, the latter can reasonably consider that the transactions carried out in 2023 were performed in accordance with the law and the Articles of Association, and that they were not demonstrably irresponsible, reckless or in conflict with the resolutions passed by the Shareholders' Meeting or likely to compromise the integrity of the share capital.
- It did not identify any atypical or unusual transactions with Group companies or with third parties carried out during the 2023 financial year. Reference should be made to the Management Report and the risk analysis contained in the consolidated financial statements and the separate financial statements for the risks and effects of the transactions carried out.

The Board of Directors identified the nature and level of risk compatible with the Company's strategic objectives when drawing up its strategic, industrial and financial plans. This assessment included all and any risks that may become significant in terms of sustaining the Company's activities in the medium to long term. In support of the ICRMS and the Control and Risks Committee, on 2 May 2022 the Board of Directors appointed Mr Angelo Mastrolia as the director responsible for the ICRMS, who will perform the functions listed in the Corporate Governance Code. With the help of the Control and Risks Committee, the Board of Directors also prepared guidelines for the Internal Control and Risk Management System (ICRMS). The ICRMS is capable of identifying, measuring, managing and

monitoring the key risks and is consistent with national and international best practices.

5. Supervision activities on the adequacy of the organisational structure

Within its scope of responsibility, the Board of Statutory Auditors acquired knowledge and monitored the adequacy of the Company's organisational structure and considers that the structure, which was being adjusted with the entry of new figures, is adequate. The Company has a Supervisory Board which currently consists of Massimo Carlomagno, as Chairman, and Ester Sammartino, as a Member. The Company's Board of Directors approved its Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001 on 30 March 2016, updating it when necessary. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Italian Legislative Decree 231/2001. 2022 saw the conclusion of the work necessary to update the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 with respect to the introduction of tax crimes, as introduced by Italian Law no. 157/2019 and Italian Legislative Decree no. 75/2020 implementing the so-called PIF Directive (EU Directive 2017/1371) and Whistleblowing channels, also taking into account recent European Union legislation on the subject (EU Directive 2019/1937) for the companies Newlat Food SpA and Centrale del Latte d'Italia SpA. Following these efforts, the company's existing control measures were examined for their ability to mitigate the risks of the offences in question, and in light of the findings additional controls to be implemented were defined.
The Code of Ethics of the parent company Newlat Food SpA was then updated and a Group Code of Ethics and Conduct was drawn up and translated into English and German, valid for all Italian and foreign companies within the scope of consolidation.

After the recent audit performed on 7 March 2024 by the Supervisory Body of the various corporate functions, a report was drawn up on the activities carried out in the year 2023.

No breaches of the Model or irregularities have emerged after examining the information received from managers of the various areas of the Company, and no acts or conduct have come to light that constitute an infringement of the provisions of Italian Legislative Decree 231/2001.

During the past year the Board of Statutory Auditors of Newlat Food exchanged information with the Board of Statutory Auditors of Centrale del Latte d'Italia SpA.

The Boards of Statutory Auditors of Newlat Food Spa and Centrale del Latte d'Italia did not find any anomalies during their ordinary audits.

Regarding the self-assessment process of the Board of Directors and its Committees, a largely adequate picture emerges.

At the meeting of 18 March 2024, the Chairman of the Board of Directors informed those present of the contents of the letter of the Chairman of the Italian Corporate Governance Committee of 14 December 2023, as well as the related report on the evolution of corporate governance of listed companies 2023, prepared by said Committee that provided an initial indication of the process for adopting the new Corporate Governance Code.

Specifically, he dwelled on the analysis of the recommendations contained therein concerning the business plan, the distribution of information before board meetings, guidance on the optimal composition of the board of directors and increased voting rights, highlighting how the practices implemented by the Company are in line with these recommendations.

6. Supervision of the internal control and risk management system and the administrative and accounting system

The Board of Statutory Auditors examined the assessment expressed by the Board of Directors on the adequacy and effective functioning of the Internal Control and Risk Management System (hereinafter "ICRMS") through: (i) identification of the ICRMS Guidelines, within which the company validated the integrated risk management model; (ii) certification of the Separate Financial Statements and Consolidated Financial Statements by the Chairman of the Board of Directors and the Financial Reporting Officer, who provided the appropriate statements; (iii) regular meetings with the Internal Audit Manager; (iv) examination of company documents and the results of the work carried out by PWC; (v) participation in the work of the Control and Risks Committee. It received information from PWC concerning the new regulations having an impact on auditing activities, as well as confirmation of the independence of PWC and communication of the non-statutory audit services provided; and (vi) with reference to the issues of social responsibility, monitored the data and information related to sustainability, which were presented in the Non-Financial Statement.

Ample space was given to information relating to the financial and operational risks that the Company is exposed to, as well as to the measurement criteria that have affected financial statement items, also in compliance with bulletin no. 1/21 issued by Consob dated 16 February 2021 regarding the information to be provided on the subject of Covid-19.

7. Audit of the separate financial statements, the consolidated financial statements and the consolidated non-financial report

The Board of Statutory Auditors carried out the checks on compliance with the rules relating to the preparation of the Separate Financial Statements of NEWLAT FOOD and the Group Consolidated Financial Statements for the year ended 31 December 2023, and duly noted the statement of the responsible bodies for which the separate financial statements and the consolidated financial statements were prepared in accordance with IAS/IFRS accounting standards. The notes to the financial statements contain the information required by the international accounting standards regarding the impairment of assets. The procedure adopted by the Company for the impairment test since its listing was updated in March 2024 for both goodwill and the value of trademarks. The Company used external experts for the procedure (impairment tests).

The Board of Statutory Auditors monitored the approval of the Non-Financial Statement. The Board of Statutory Auditors met both the function responsible for its preparation and representatives of PWC, and examined the documentation made available. The Board of Statutory Auditors acknowledges the report of PWC, from which it can be seen that there are no elements, facts or circumstances that suggest that the NFS was not drafted in compliance with the relevant regulations.

PricewaterhouseCoopers S.p.A., which was appointed the task of statutory auditing, issued, on 29 March 2024, among other things the reports pursuant to Article 14 of Italian Legislative Decree 39/2010 and art. 10

of Regulation (EU) No. 537/2014 for the Separate Financial Statements and Consolidated Financial Statements of NEWLAT FOOD S.p.A. as of 31 December 2023, reporting that no irregularities were found. In particular, PWC certifies that the separate financial statements and the consolidated financial statements provide a truthful and correct representation of the equity and financial situation of Newlat Food S.p.A. as of 31 December 2023 and of the Newlat Group as of 31 December 2023, respectively, and of the net result and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005.

8. Methods of actual implementation of corporate governance rules

The Board of Statutory Auditors reports, based on acquired information, on the adjustment of the corporate governance structure of the Company. From the start of the listing and periodically thereafter, the Company carried out a self-assessment of the members of the Board of Directors and its Committees. The Board of Statutory Auditors verified that the Annual Corporate Governance Report was prepared in accordance with existing regulations. No complaints or reports were received by the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code.

9. Comments on the adequacy of provisions imposed upon subsidiaries pursuant to art. 114 of Italian Legislative Decree 58/1998 - Management and Coordination

The Board of Statutory Auditors supervised the adequacy of the instructions given by Newlat Food to its subsidiaries pursuant to article 114 of Italian Legislative Decree 58/1998, considering them sufficient to meet the reporting obligations established by law. With regard to the close functional and operational links, also considering the presence of Newlat Food SpA personnel in subsidiaries, a correct, constant and adequate flow of information is guaranteed, supported by suitable documents and accounting processes relating to the management of the investee companies. There are no comments worthy of note on the adequacy of the instructions given to subsidiaries in order to acquire the information flows necessary to ensure the timely fulfilment of the reporting obligations established by law. The Board of Statutory Auditors also acknowledges that Newlat Food SpA is subject to the management and coordination of Newlat Group SA.

10. Opinions of the Board of Statutory Auditors

During 2023 and after 31 December 2023 until today, the Board of Statutory Auditors issued the following opinions: (i) Opinion on entrusting PWC with the non-audit assignment of accounting and financial Due Diligence for the purpose of an important acquisition; (ii) Opinion on entrusting PWC with the non-audit assignment for the purpose of analysing the current organisational model compared with market practices; (iii) Opinion on entrusting PWC with the task of analysing the documents prepared by the target company and the consultant (KPMG) in the context of an important acquisition negotiated during the year; (iv) Opinion on entrusting PWC with an assignment to ensure compliance with the dictates of the "Guidelines on the preservation of digital documents" for an Assessment of the AS-IS situation, with identification of potential deficiencies with respect to what is contemplated in the "Guidelines", through the analysis of current document flows and their processing; (v) Opinion on the purchase of a standard software (not customised) for the management of VAT flows for Symington's Ltd.

11. Conclusions and proposals regarding the financial statements and their approval

Based on the supervision activities carried out during the financial year, the Board of Statutory Auditors, taking into account the above, does not find any reason to oppose the approval of the NEWLAT FOOD S.p.A. financial statements as of 31 December 2023 and the proposal made by the Board of Directors on 18 March 2024 regarding the allocation of the net result for the financial year.

Dear Shareholders, at the end of our Report we would like to express our warmest thanks to all those who have actively cooperated with us, and to all of you for the trust and esteem you have shown us with our appointment.

29 March 2024

On behalf of the Board of Statutory Auditors

The Chair

Massimo Carlomagno