



A multibrand company



INTERIM MANAGEMENT REPORT

1

as at SEPTEMBER 30, 2019

OUR BRANDS



INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

MANAGEMENT INTERIM REPORT
AS AT 30 SEPTEMBER 2019

Table of Contents

CORPORATE BODIES.....	8
Board of Directors.....	8
Remuneration and Appointments Committee.....	9
Audit and Risk Committee.....	9
OPC Committee.....	9
Manager Responsible for the preparation of company accounting documents.....	9
Auditing firm.....	9
Group structure.....	10
9M 2019 INTERIM MANAGEMENT REPORT.....	3
SIGNIFICANT EVENTS AS AT SEPTEMBER 30, 2019.....	15
Proforma Consolidated Statement 2019.....	30
Consolidated Statement of Financial Position.....	37
Consolidated Income Statement.....	40
Consolidated Statement of Comprehensive Income.....	40
Consolidated Statement of Changes In Equity.....	42
Consolidated Statement of Cash Flows.....	43
Proforma Financial Information as of September 30, 2019.....	49
Proforma consolidated income statement for the ended September 30, 2019.....	50
Financial Statements and Notes.....	52
Consolidated Statement of Financial Position as at September 30, 2019.....	52
Consolidated Income Statement as at September 30, 2019.....	54
Statement of Comprehensive Income as at September 30, 2019.....	55
Statement of Changes in Equity.....	56
Cash Flow Statement.....	57
Notes to consolidated financial statements.....	60
Notes to consolidated financial statements as of September 30, 2019.....	62
Consolidation and goodwill scope area.....	63
Sector information.....	63
Non-current assets.....	67
Current assets.....	68
Equity.....	70
Non-current liabilities.....	70

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Current liabilities	71
Earnings per share	71
Transactions with related parties.....	72
Disputes, contingent Liabilities and contingent Assets	73

This report is available on the Internet at:

www.newlat.it

Newlat Food S.p.A.

Registered Office in Reggio Emilia (RE),

Via J.F. Kennedy 16

Fully paid share capital: Euro 39.700.000,00

Tax code and registration number: Iva 00183410653 / REA di RE n°277595

Company subject to management and coordination by Newlat Group S.A. pursuant to articles 2497 ss. of the civil code

CORPORATE BODIES

Board of Directors

The table below lists the composition of the Board of Directors as of the first day of trading.

Name and Surname	Position
Angelo Mastrolia	Executive Chairman of the Board of Directors and Director (**)
Giuseppe Mastrolia	Chief Executive Officer and Director (**)
Stefano Cometto	Chief Executive Officer and Director (**)
Benedetta Mastrolia	Director (***)
Emanuela Paola Banfi	Director (*)
Valentina Montanari	Director (*)
Eric Sandrin	Director (*)
	Lead Independent Director

(*) Independent Director pursuant to art. 148 of the TUF and to art. 3 of the Code of Conduct, which will take office starting from the first day of trading. Member of the *Audit and Risk Committee*, member of the *Remuneration Committee and Nomination Committee*, member of the *Committee for Transactions with Related Parties*.

(**) Executive Director.

(***) Non-Executive Director.

Board of Statutory Auditors

Name and surname	Position	Date of first appointment as Statutory Auditor of the Issuer and of the Subsidiaries (if applicable)
Massimo Carlomagno	Chairman	28.02.2005 (Issuer)
		30.12.2014 (Centrale del Latte di Salerno)
Ester Sammartino	Statutory Auditor	28.02.2005
		30.12.2014 (Centrale del Latte di Salerno)
Antonio Mucci	Statutory Auditor	30.07.2009
		30.12.2014 (Centrale del Latte di Salerno)
Giovanni Carlozzi	Alternate Auditor	28.06.2011
		30.12.2014 (Centrale del Latte di Salerno)
Giorgio de Franciscis	Alternate Auditor	28.06.2011
		30.12.2014 (Centrale del Latte di Salerno)

Remuneration and Appointments Committee

Name and surname	Position
Eric Sandrin	Chairman
Emanuela Banfi	Member
Valentina Montanari	Member

Audit and Risk Committee

Name and surname	Position
Valentina Montanari	Chairman
Emanuela Banfi	Member
Eric Sandrin	Member

OPC Committee

Name and surname	Position
Emanuela Banfi	Chairman
Valentina Montanari	Member
Eric Sandrin	Member

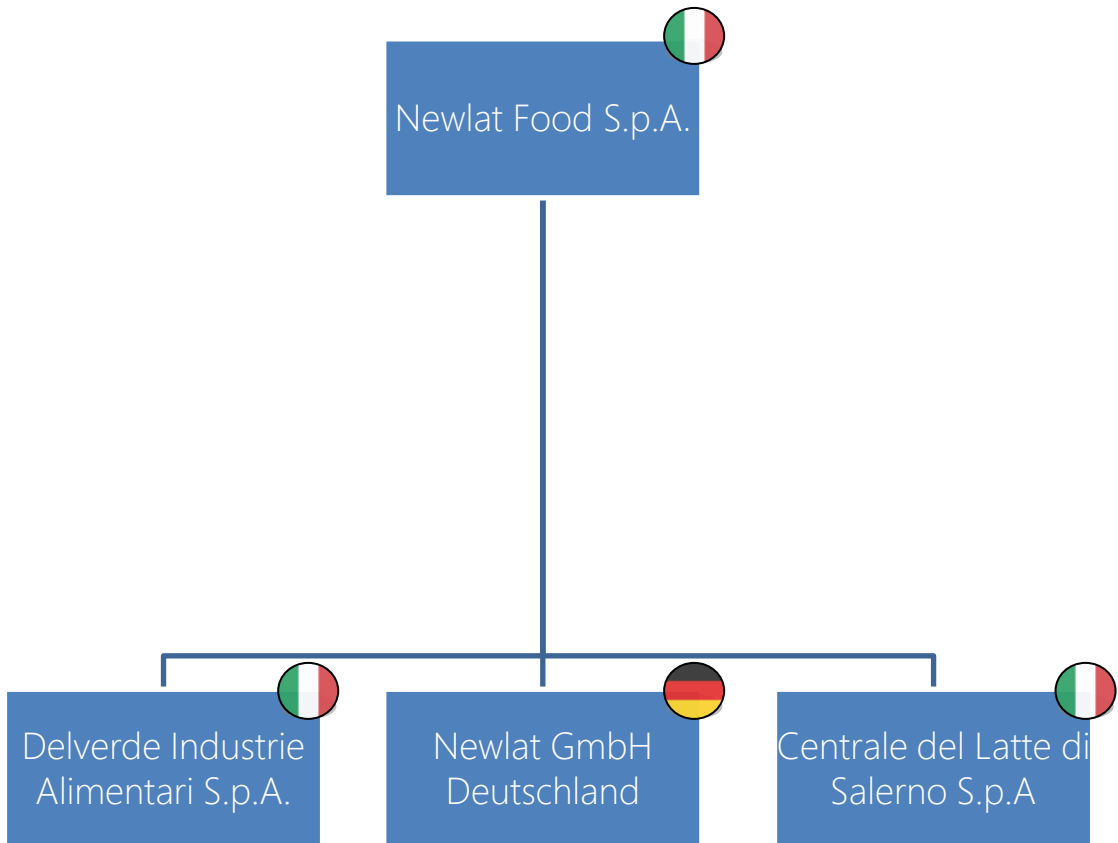
Manager Responsible for the preparation of company accounting documents

Rocco Sergi

Auditing firm

PricewaterhouseCoopers S.p.A.

Group structure



INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

INTERIM REPORT ON 9M PERFORMANCE

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

DIRECTORS' COMMENTS ON COMPANY RESULTS

AS AT 30 SEPTEMBER 2019

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Angelo Mastrolia, Chairman of Newlat Food S.p.A., in analyzing the trend in the third quarter of 2019, expressed great satisfaction in seeing a solid organic growth in the business, equal to + 4.2% compared to the previous period, with a double-digit performance in the dairy sector, equal to + 10%, and with growth also in the various distribution channels which, as in the case of food service, reaches a record figure of +26%.

The other business units also show organic growth that is consistent with company forecasts and significantly higher compared to market trends.

These numbers bode well for the end of the year and constitute a solid base for the development of the guidelines of the industrial plan for 2020.

The growth figures by geographical area are also encouraging, where 4.2%, adjusted for Delverde Industrie Alimentari SpA, performs much better than the market.

The financial data also show a business capable of constantly generating cash with an EBITDA up 8.4%, with an NFP improving by € 3.5 million compared to June 2019 and with a cash conversion of 83% .

<i>(In € thousand)</i>	Ended September 30	Ended June 30	Ended September 30
	2019	2019	2018
Revenue from clients' contracts	222,539	154,034	213,557
Cost of goods sold	(183,914)	(127,831)	(177,376)
Gross profit	38,624	26,203	36,181
Sales and distribution expenses	(20,507)	(15,839)	(20,147)
Administrative expenses	(10,060)	(6,434)	(9,325)
Net write-offs of financial activities	(903)	(881)	(807)
Other income and revenues	3,438	2,990	3,493
Other operating costs	(2,120)	(1,255)	(2,280)
EBIT	8,473	4,784	7,116
Financial income	339	366	968
Financial expenses	(1,095)	(936)	(1,399)
EBT	7,717	4,214	6,685
Taxes	(2,393)	(1,530)	(2,375)
Net Income	5,325	2,684	4,310

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Earnings per share	0.20	0.10	0.16
Diluted earnings per share	0.20	0.10	0.16
EBITDA	18,668	11,876	16,707

Net sales amounted to € 222.6 million, up by 4.2% compared to the same period of the previous year for an amount of € 9 million, essentially due to the contribution of Delverde S.p.A. and the increase in sales volumes in the Dairy products sector (+ 10%) and Special products (+ 4.3%) due to the entry of new customers. The revenue thus recorded is the result of the application of the new IFRS 15 principle which foresees the allocation of services provided by large-scale retailers (leaflet, positioning, new openings, etc.) to reduce sales revenues.

In particular, it should be noted that the Group, net of the contribution of Delverde S.p.A., reported an organic growth of + 2.7% in the first nine months of 2019 compared to 9M 2018.

EBITDA is equal to € 18.7 million, a clear improvement compared to the same period of the previous year (+ 11.7%) due to the increase in sales volumes in the Dairy and Special Products sectors and to the increase in volumes of higher-margin products in the pasta sector.

Operating profit is equal to € 8.5 million, an increase of approximately € 2.3 million compared to € 7.2 million in 2018 due to the combined effect an increase in sales volumes and an improvement in the supply chain.

The net financial position, considering the application of the new IFRS principles, went from € (22.2) million at 30 June 2019 to € (18.7) million at 30 September 2019 thanks to the Group's capacity to generate cash from operations (cash conversion at September 30th of 82.8%)

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

NOTES TO THE AGGREGATED CONSOLIDATED REPORT

Purpose

The Aggregate Interim Report has been prepared exclusively for the purpose of rendering the data reported in the Registration Document relating to the listing of the ordinary shares of Newlat Food S.p.A. occurred on October 29, 2019 on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

General information

Newlat Food S.p.A. (hereinafter "Newlat", the "Issuer", or the "Company" and, together with its subsidiaries, the "Newlat Group" or the "Group") is a company incorporated in Italy in the form of a joint stock company and operates according to Italian legislation. The Company has its registered office in Reggio Emilia, Via J. F. Kennedy n. 16.

The Newlat Group is a group operating in the food sector, which boasts a broad and structured portfolio of products organized in the following business units: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products and Other Products.

The Issuer is subject to management and coordination by the parent company Newlat Group S.A. (hereinafter "Newlat Group"), a company that directly holds the entire share capital.

On June 27, 2019, the Issuer signed a contract with Newlat Group, the parent company of the Issuer, for the purchase of the entire capital of Newlat GmbH Deutschland (hereinafter "Newlat Deutschland") whose share capital is wholly held by Newlat Group (the "Newlat Deutschland Acquisition Agreement").

The Newlat Deutschland Acquisition Agreement involves the start of trading of the Issuer's shares on the MTA as a condition precedent to the transfer of ownership of the Newlat Deutschland shares in favor of Newlat.

The provisional consideration for the acquisition of Newlat Deutschland, as a preliminary estimate of the final payment, is equal to € 55 million. The same final payment will be determined based on the following formula: average EBITDA recorded by Newlat Deutschland in the years 2016, 2017, 2018 and in the first half of the 2019 financial year x 8 +/- NFP on the effective date of the transfer of ownership of the Newlat Deutschland shares in favor of Newlat. The methods for calculating the net financial position and EBITDA useful for determining the final consideration are defined in the contract.

The provisional consideration was paid by the Issuer to the Newlat Group through the payment of: (i) an amount of € 10 million on December 31, 2018 and (ii) an additional five tranches for a total of € 45 million between May 13 and 18 June 2019. Any price adjustment will be settled within 30 days from the effective date of the transfer of ownership of the Newlat Deutschland shares in favor of Newlat.

In consideration of the Newlat Deutschland Acquisition, the Issuer falls within the case of the cc.dd. "Issuers with a complex financial history" in compliance with the provisions of Article 18 of the 2019/980 Delegated Regulation. Therefore, in order to represent the financial, economic and financial performance, in the periods taken as a reference in the Newlat Interim Report, it was necessary to include aggregate financial information.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

This document shows the financial information of the Newlat Group as at 30 September 2019 including, with respect to the original scope of reference, the balances relating to Newlat Deutschland, pursuant to the Newlat Deutschland Acquisition Agreement, with effect from 1 January 2018,

The main events that occurred during the period under review that have had an impact on the financial information represented in this Intermediate Interim Report are described below.

Acquisition of Delverde Industrie Alimentari S.p.A.

On 9 April 2019, Newlat stipulated a contract for the sale of shares representing the entire share capital of Delverde Industrie Alimentari S.p.A. (hereinafter the " Delverde Acquisition ") with Molinos del Plata S.L.U. and Molinos Rio de la Plata S.A.. The execution of the sale took place simultaneously with the signing of the contract.

The Delverde Acquisition contract provides for a provisional price, paid by Newlat at the date of execution of the sale, equal to € 3,775 thousand, which will be subject to adjustment (decrease or increase) on the basis of the differences between the values of the net financial position and of the working capital conventionally determined by the parties and the actual ones at the date of execution. The methods for calculating the net financial position and working capital useful for determining the price are defined in the contract.

Further adjustments (decreases) in the price are expected, on one hand, because of contingent liabilities that refer to the period prior to the date of execution of the acquisition due to discount agreements in favor of large-scale distribution, and, on the other hand , because of non-collection of receivables, net of the related write-down provisions recorded in the report. The seller must prepare and supply to the purchaser, within 50 working days from the effective date of the contract, the accounting situation of Delverde Industrie Alimentari S.p.A. (hereinafter "Delverde") as of the same date. The buyer must send a notification to the seller, within 50 working days starting from the date on which they received the accounting situation of Delverde, if they do not accept the determination of one of the items included in the received accounting situation.

SUMMARY OF ACCOUNTING PRINCIPLES AND CRITERIA ADOPTED FOR THE PREPARATION OF THE INTERMIM AGGREGATED REPORT

The following are the accounting principles and valuation criteria adopted in the preparation and drafting of the Consolidated Interim Report.

The Aggregate Interim Report was prepared without any proforma adjustment and in continuity with the consolidated accounting values of Newlat Food S.p.A. and with the individual book entries of Newlat Deutschland.

Criteria for the preparation of the Consolidated Interim Report

The Aggregate Interim Report was prepared in order to represent the assets, liabilities, revenues and costs directly and indirectly attributable to the Newlat Group, including Newlat Deutschland.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

The financial information has been prepared including the balances relating to Newlat Deutschland starting from January 1, 2018. In particular, the inclusion of Newlat Deutschland was carried out through the aggregation of its balances to the original perimeter of the Newlat Group's consolidated report, eliminating the balance sheet and income statement line items incurred between the latter with the other group companies.

In relation to the criteria for aggregating financial information, it should be noted that the Acquisition of Newlat Deutschland takes the form of an operation under common control and, as such, is recorded in accordance with the provisions of the OPI document No. 1 (preliminary guidelines ASSIREVI in the IFRS). In particular, this transaction was carried out for purpose other than the transfer of control, and essentially represents a simple corporate reorganization. From this point of view, since the aforementioned operation does not have a significant influence on the cash flows of the net assets transferred before and after acquisition, it was recognized in continuity of values. In addition, it is specified that, since this transaction is settled by a payment of a cash consideration, the difference between the transfer value (amount of the cash consideration) and the transferred historical accounting values represents a transaction with shareholders to be recognized as a distribution of net worth of the acquiring entity.

Consolidation criteria and methodologies

The Aggregate Interim Report includes the balance sheet, income statement and financial position of the Issuer and its subsidiaries prepared on the basis of the related accounting statements and, where applicable, appropriately adjusted to make them compliant with IFRS. As described above, the Interim Consolidated Report includes, starting from 1 January 2018, the balance sheet, income statement and financial position of Newlat Deutschland.

It should be noted that at the reporting date of the Interim Consolidated Report, all the companies included in the scope of consolidation were consolidated on a line-by-line basis and no minority interests were recorded.

In preparing the Consolidated Interim Report, all balances and transactions carried out between the companies included in the related perimeter have been eliminated and therefore the Aggregate Interim Report does not include any of the transactions in question.

As at 30 September 2019, the only change in the scope of consolidation of the Consolidated Interim Report concerns the Acquisition of Delverde.

Alternative performance indicators

This financial report presents and comments some financial indicators and reclassified statements (relating to the statement of financial position and cash flow statement) not defined by IFRS.

These quantities, defined below, are used to comment on the Group's business performance.

These quantities, defined below, are used to comment on the Group's business

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

performance in compliance with the provisions of the Consob Communication of 28 July 2006 (DEM 6064293) and subsequent amendments and additions (Consob Communication No. 0092543 of 3 December 2015 which incorporates the ESMA/2015/1415 guidelines).

The alternative performance indicators listed below should be used as an informative supplement with respect to the provisions of IFRS to assist the users of this financial report to a better understanding of the economic and financial performance of the Group. It is emphasized that the calculation method of these corrective measures used is consistent over the years. It should also be noted that it may differ from the methods used by other companies.

- Financial indicators used to measure the Group's economic performance

Added value: it is determined by the difference between net sales, cost of sales (in its components of raw materials, production and distribution costs) and the costs of advertising and promotions.

EBITDA: it is given by the operating profit (OP) before depreciation relating to tangible and intangible assets and depreciations.

Gross Profit (GP): it is given by the result of financial expenses and the operating income.

Net Income (NI): it is given by the result of income taxes and gross profit.

ROS (return on sales): it is defined as the ratio between operating income and net sales of the period.

ROI (return on investment): it is defined as the ratio between operating income of the period and fixed assets at the end of the period.

- Reclassified statement of financial position

The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:

The item "immobilization" is given by the algebraic sum of:

- Net tangible assets
- Intangible assets
- Assets for right of use
- Fixed financial assets
- Deferred tax assets

The item "operating working capital" is given by the algebraic sum of:

- Assets
- Inventory
- Account receivables
- Account payables

"Other assets and liabilities" is given by the algebraic sum of:

- Other non-current assets, net of financial assets (classified in the net financial position)
- Defined benefit plans
- Provisions for future risks and charges

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

- Other non-current liabilities, net of financial liabilities (classified in the net financial position)

"Other current assets and liabilities" is given by the algebraic sum of:

- Current tax receivables
- Other current credits, net of financial assets (classified in the net financial position)
- Current tax payables
- Other current payables, net of financial liabilities (classified in the net financial position)

"Net financial position" is given by the algebraic sum of:

- Cash and cash equivalents
- Non-current financial assets, recorded under "other non-current assets"
- Current financial assets, recorded under "other credits"
- Debt to banks
- Non-current financial liabilities, recorded under "other non-current liabilities"

- Reclassified cash flow statement

It is a cash-flow that represents a measure of the Company's self-financing and is calculated starting from the cash flow generated by operating activities, adjusted to take into account the net interest paid and the cash flow absorbed by investments, net of the profits deriving from the realization of fixed assets. The cash-flow statement is presented using the indirect method.

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

SIGNIFICANT EVENTS AS AT SEPTEMBER 30, 2019

Newlat Group is an important player in the Italian and European agri-food sector. In particular, the Group boasts a consolidated position in the domestic market and a significant presence on the German market.

Newlat Group is mainly active in the sectors of pasta, dairy products, bakery products and special products, in particular health & wellness, gluten free and baby food. Newlat Group product offering is divided into the following business units:

- Pasta;
- Milk Products;
- Dairy Products;
- Bakery Products;
- Special Products; and
- Other products.

The following table shows some main economic and financial indicators:

	Ended September 30	Ended June 30	Ended September 30
<i>(in € thousand and in percentage)</i>	2019	2019	2018
Operating Profit (EBIT)	8,473	4,784	7,116
EBITDA (*) (A)	18,668	11,876	16,707
Revenue from clients' contracts	222,539	154,034	213,557
EBITDA Margin (*)	8.4%	7.7%	7.8%
Investments (B)	3,202	1,278	4,549
Cash conversion [(A)-(B)]/(A)	82.8%	89.2%	72.8%

(*) The alternative performance indicators, shown in this table, are not identified as accounting measures under the IFRS and, therefore, should not be considered as alternative measures to those provided by the financial statements of the Group for the assessment of the financial and economic position of the Group.

The operating profit amounts to euro 8.5 million, an increase compared to the same period of 2018 and compared to the half-year figures.

EBITDA and EBITDA margin are also growing compared to the same period of 2018 and first six months of 2019.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(in € thousand)</i>	Ended September 30	Ended June 30	Ended September 30
	2019	2019	2018
Investments	3,202	1,278	4,549
Investments on revenues	1.4%	0.8%	2.1%
EBITDA	18,668	11,876	16,707
EBITDA Margin	8.4%	7.7%	7.8%
<i>Cash conversion</i>	82.8%	89.2%	72.8%
<i>Cash flow conversion ratio</i>	87.0%	93.2%	24.6%
Normalized EBITDA	18,956	12,164	16,954
Normalized EBITDA Margin	8.5%	7.9%	7.9%
ROS	3.8%	3.1%	3.3%
Net profit	5,325	2,684	4,310

(*) The alternative performance indicators, shown in this table, are not identified as accounting measures under the IFRS and, therefore, should not be considered as alternative measures to those provided by the financial statements of the Group for the assessment of the financial and economic position of the Group.

Net profit shows a clear increase compared to the same period of the previous year as well as in comparison to the figures as of June 30, 2019.

<i>(In € thousand)</i>	Ended September 30 2019	Ended June 30 2019	Ended December 31 2018
Net fixed capital	63,478	64,506	61,676
Operating net working capital	(8,704)	(7,124)	(13,101)
Net working capital (NWC)	(21,318)	(21,430)	(11,788)
Net Invested capital	42,160	43,076	49,888
Net financial position	18,664	22,221	(13,652)
Total sources of funding	42,160	43,076	49,888
Days Inventory Outstanding (DIO)	41	42	36
Inventory Turnover	8.8	8.6	10.1

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Days Sales Outstanding (DSO)	64	68	61
Receivables turnover	5.6	5.3	5.9
Days Payable Outstanding (DPO)	134	138	130
Payables Turnover	3.0	2.6	2.8
ROI	26.3%	21.7%	19.5%
ROE	29.7%	25.3%	9.4%

(*)The alternative performance indicators, shown in this table, are not identified as accounting measures under the IFRS and, therefore, should not be considered as alternative measures to those provided by the financial statements of the Group for the assessment of the financial and economic position of the Group.

Net financial position visibly improved compared to the figures as of June 30, 2019 by around € 3.5 million thanks to the performance of the third quarter.

The breakdown of net financial position is shown below:

NFP December 31, 2018 (€m)	13.7
Acquisition Newlat Deutschland GmbH	(45.0)
Acquisition Delverde	(6.5)
EBITDA	11.9
Working capital	7.5
Interests and taxes	(1.2)
Investments	(2.2)
Other minors	(0.4)
NFP June 30, 2019	(22.2)
EBITDA	6.8
Working capital	(1.6)
Interests and taxes	(0.6)
Investments	(1.0)
Other minors	(0.1)
NFP September 30, 2019	(18.7)

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Improvements were also recorded in the main performance indicators, including ROI, which is equal to 26.3%, clearly increased both with respect to the data of the 2019 half-year report and the 9M 2018.

The following table shows the income statement of the Interim Report for the periods ended September 30, 2019 and 2018.

<i>(In € thousand and in percentage on revenue from clients' contracts)</i>	Ended September 30				Change	
	2019	%	2018	%	2019 vs. 2018	%
Revenue from clients' contracts	222,539	100.0%	213,557	100.0%	8,982	4.2%
Cost of goods sold	(183,914)	(82.6%)	(177,376)	(83.1%)	(6,539)	3.7%
Gross profit	38,624	17.4%	36,181	16.9%	2,443	6.8%
Sales and distribution expenses	(20,507)	(9.2%)	(20,147)	(9.4%)	(360)	1.8%
Administrative expenses	(10,060)	(4.5%)	(9,325)	(4.4%)	(735)	7.9%
Net write-offs of financial activities	(903)	(0.4%)	(807)	(0.4%)	(96)	11.9%
Other income and revenues	3,438	1.5%	3,493	1.6%	(55)	(1.6%)
Other operating costs	(2,120)	(1.0%)	(2,280)	(1.1%)	160	(7.0%)
EBIT	8,473	3.8%	7,116	3.3%	1,357	19.1%
Financial income	339	0.2%	968	0.5%	(629)	(65.0%)
Financial expenses	(1,095)	(0.5%)	(1,399)	(0.7%)	304	(21.8%)
EBT	7,717	3.5%	6,685	3.1%	1,032	15.4%
Taxes	(2,393)	(1.1%)	(2,375)	(1.1%)	(18)	0.7%
Net Income	5,325	2.4%	4,310	2.0%	1,015	23.5%

The most significant changes occurred in the fiscal year under consideration with reference to the main line items of the income statement are briefly commented below.

Revenue from clients' contracts

Revenue from clients' contracts represent the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to the customer.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

The contractual fees may include fixed amounts, variable amounts, or both and are recorded net of rebates, discounts and promotions, such as the contributions paid to large-scale distribution. In particular, as part of the existing contractual relationships with large-scale retailers, Newlat is expected to recognize contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to product positioning. These grants amounted to € 10.243 thousand and € 10.521 thousand for the periods ended September 30, 2019 and 2018

The following table shows the breakdown of revenues from clients' contracts by business unit.

<i>(In € thousand and in percentage)</i>	Ended September 30				Change	
	2019	%	2018	%	2019 vs. 2018	%
Pasta	91,168	41.0%	85,736	40.1%	5,432	6.3%
Milk Products	51,507	23.1%	50,651	23.7%	855	1.7%
Bakery Products	26,002	11.7%	25,736	12.1%	266	1.0%
Dairy Products	20,004	9.0%	18,185	8.5%	1,819	10.0%
Special Products	21,410	9.6%	20,525	9.6%	885	4.3%
Other products	12,448	5.6%	12,724	6.1%	(276)	(2.2%)
Revenue from clients' contracts	222,539	100.0%	213,557	100.0%	8,981	4.2%

Revenues from the **Pasta** segment increased by 6.3%; net of the Delverde contribution, there would have been a substantial linearity in sales volumes.

Revenues relating to the **Milk Products** segment increased by 1.7% mainly due to the increase in sales volumes.

Revenues of the **Bakery Products** segment are substantially in line with the periods under review, with an increase of 1%.

Revenues relating to the **Dairy Products** segment increased mainly due to the increase in sales of mascarpone due to the entry of new customers.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Revenues relating to the **Special Products** segment rose by 4.3%, mainly due to the renegotiation of the price lists with Kraft-Heinz, as well as a result of the entry of new customers.

Revenues from the **Other Products** show a decrease of 2.2% in comparison with the same reporting period of 2018.

The following table shows the breakdown of revenues by distribution channel.

<i>(in € thousand and in percentage)</i>	Ended September 30				Change	
	2019	%	2018	%	2019 vs. 2018	%
Large-scale retailers	134,201	60.3%	128,718	60.3%	5,483	4.3%
<i>B2B partners</i>	29,384	13.2%	28,974	13.6%	410	1.4%
<i>Normal trade</i>	26,826	12.1%	25,242	11.8%	1,584	6.3%
<i>Private label</i>	24,371	11.0%	24,471	11.5%	(100)	(0.4%)
<i>Food service</i>	7,758	3.5%	6,153	2.9%	1,605	26.1%
Total revenue from clients' contracts	222,539	100.0%	213,557	100.0%	8,981	4.2%

Revenues relating to the large-scale distribution channel increased due to the contribution of Delverde, net of which there would have been a substantial linearity. The revenues from the B2B partners channel increased by 1.4%.

Revenues relating to the Normal trade channel grew mainly due to the increase in sales volumes of the Milk Products and Other Products segments.

Revenues relating to the Private label channel are substantially in line with the previous year.

Revenues related to the Food Service channel increased due to the increase in sales of the Dairy Products segment, mainly mascarpone.

The following table shows the breakdown of revenues by geographical area.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousands and in percentage)</i>	Ended September 30				Change	
	2019	%	2018	%	2019 vs. 2018	%
Italy	117,622	52.9%	110,372	51.7%	7,250	6.6%
Germany	66,088	29.7%	64,898	30.4%	1,191	1.8%
Other Countries	38,830	17.5%	38,288	18.0%	542	1.4%
Total revenue from clients' contracts	222,539	100.0%	213,557	100.0%	8,982	4.2%

Revenues relating to Italy increased mainly due to the contribution of Delverde and the increase in sales volumes recorded in the Dairy Products segment as well as Milk products.

Revenues relating to Germany rose compared to the previous year by effect of higher sales volumes in the Dairy sector.

Revenues relating to Other Countries increased in the periods under review.

Operating costs

The following table shows the operating costs as recorded in the income statement by functional area of destination:

<i>(In € thousands in percentage on revenue from contracts with customers)</i>	Ended September 30			
	2019	%	2018	%
Cost of goods sold	183,914	82.3%	177,376	82.7%
Sales and distribution costs	20,507	9.2%	20,147	9.4%
Administrative expenses	10,060	4.4%	9,325	4.4%
Total operating costs	214,481	95.9%	206,847	96.4%

The cost of sales of goods accounted for 82.3% of turnover (vs. 82.7% in the third quarter of 2018). The cost of raw materials and components bought on the market, including the change in inventories, amounted to € 110.5 million (vs. € 105.5 million in the same period of 2018, which however did not include the costs of the acquired company Delverde S.p.A.). The percentage of purchasing costs on revenues, including the change in inventories, was 49.40% compared to 49.2% in the third quarter 2018.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Selling and distribution costs were 1.8% higher than in the third quarter, with an incidence on sales that was 0.2 percentage points lower.

Administrative expenses were 3.9% higher than in the third quarter of 2018, while their percentage impact on sales remained essentially linear.

EBITDA amounted to € 18.7 million (8.8% of sales) compared to € 16.7 million in the third quarter of 2018 and represented 8.4% of sales, with a growth of 11.7%. The following table shows the EBITDA by business sector:

Ended September 30, 2019							
<i>(In € thousand)</i>	<i>Pasta</i>	<i>Milk products</i>	<i>Bakery products</i>	<i>Dairy products</i>	<i>Special products</i>	<i>Other products</i>	Total Aggregated Consolidated Financial Statement
Revenue from clients' contracts towards third parties	91,168	51,507	26,002	20,004	21,410	12,448	222,539
EBITDA (*)	6,598	3,099	3,603	2,647	2,256	464	18,668
EBITDA <i>Margin</i>	7.24%	6.02%	13.86%	13.23%	10.54%	3.73%	8.4%
Amortization and depreciation	3,480	2,267	1,232	213	1,530	571	9,292
Net impairment losses on financial assets						903	903
Operating profit	3,118	833	2,372	2,434	726	(1,009)	8,473
Financial income	-	-	-	-	-	339	339
Financial expenses	-	-	-	-	-	(1,095)	(1,095)
Profit before tax	3,118	833	2,372	2,434	726	(1,765)	7,717
Taxes	-	-	-	-	-	(2,393)	(2,393)
Net profit	3,118	833	2,372	2,434	726	(4,158)	5,324

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Ended September 30, 2018							
<i>(In € thousand)</i>	<i>Pasta</i>	<i>Milk products</i>	<i>Bakery products</i>	<i>Dairy products</i>	<i>Special products</i>	<i>Other products</i>	Total Aggregated Consolidated Financial Statement
Revenue from clients' contracts towards third parties	85,736	50,651	25,736	18,185	20,525	12,724	213,557
EBITDA (*)	5,825	3,032	3,278	2,171	1,821	580	16,707
EBITDA <i>Margin</i>	6.8%	5.99%	12.7%	11.9%	8.9%	4.6%	7.8%
Amortization and depreciation	3,475	2,945	735	285	1,050	294	8,783
Net impairment losses on financial assets						807	807
Operating profit	2,350	88	2,543	1,886	771	(521)	7,117
Financial income	-	-	-	-	-	968	968
Financial expenses	-	-	-	-	-	(1,399)	(1,399)
Profit before tax	2,350	88	2,543	1,886	771	(952)	6,686
Taxes	-	-	-	-	-	(2,375)	(2,375)
Net profit	2,350	88	2,543	1,886	771	(3,327)	4,311

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

It should also be noted that the Group has adopted the new IFRS 16 in advance, starting from 1 January 2018, which has led to the recording of rent payable in way similar to the accounting of finance leases.

Operating profit (EBIT), not significantly influenced by the change in the aforementioned standard, amounted to € 8.5 million (3.8% of sales) compared to € 7.1 million in 9M 2018 (3.3% of sales), with growth of 19.1%.

The tax rate for the period was 30.6% (vs. 35.3% in the third quarter of 2018).

Net income as at 30 September 2019 amounted to € 5.3 million (vs. € 4.3 million as at 30 September 2018), up 23.5%.

The following table presents the reconciliation of ROS for the periods under analysis.

<i>(In € thousand and in percentage)</i>	Ended	Ended	Ended	Fiscal Year ended		
	September 30	June 30	September 30,	December 31		
	2019	2019	2018	2018	2017	2016
Operating profit (EBIT)	8,473	4,784	7,116	9,730	9,197	10,588
Revenue from contracts with Customers	222,539	154,034	213,557	305,830	303,084	292,244
ROS (*)	3.8%	3.1%	3.3%	3.2%	3.0%	3.6%

(*) ROS (return on sales) is an alternative indicator of performance, not identified as an accounting measure under the IFRS and, therefore, should not be considered as an alternative measure to those provided by the financial statements of the Group for the assessment of the economic trend of the Group.

ROI (return on investment) increased mainly due to the results obtained at 30 September 2019 and a lower net working capital due to (i) the collection of the credit from New Property for € 10,000 thousand in 2019; and (ii) higher debts towards employees of € 2,915 thousand.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

The following table presents the reconciliation of ROI for the periods under consideration.

<i>(In € thousand and in percentage)</i>	Ended	Ended	Fiscal Year ended December		
	September	June	31		
	30	30	2018	2017	2016
	2019	2019	2018	2017	2016
EBIT	11,087	9,332	9,730	9,197	10,588
Net invested capital (*)	42,160	43,076	49,888	34,292	156,727
ROI (*)	26.3%	21.7%	19.5%	26.8%	6.8%

(*) Net invested capital and ROI (return on investments) 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 of the Group's economic performance.

The following table presents the reconciliation of EBITDA, EBITDA Margin and Cash conversion at September 30, 2019 and 2018.

<i>(In € thousands and in percentage)</i>	Ended	Ended	Ended
	September	June	September
	30	30	30
	2019	2019	2018
EBIT	8,473	4,784	7,116
EBITDA (*) (A)	18,668	11,876	16,706
Revenues from clients' contracts	222,539	154,034	213,557
EBITDA Margin (*)	8.4%	7.7%	7.8%
Investments (B)	3,202	1,278	4,549
Cash conversion [(A)-(B)]/(A)	82.8%	89.2%	72.8%

(*) The Operating Result (EBIT), the EBITDA, the EBITDA Margin and the Cash conversion are Alternative Performance Indicators, not identified as an accounting measure under the IFRS and, therefore, they should not be considered alternative measures to those provided by the financial statements of the Group for the assessment of the economic and financial performance of the Group.

To assess the performance of operations, the Issuer's management monitors, among other things, the EBITDA by business unit as shown in the following table as of September 30, 2019 and 2018.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousand and in % on revenues from clients' contracts)</i>	Ended September 30			
	2019	%	2018	%
Pasta	6,598	7.2%	5,825	6.8%
Milk Products	3,099	6.0%	3,032	6.0%
Bakery Products	3,603	13.9%	3,278	12.7%
Dairy Products	2,647	13.2%	2,171	11.9%
Special Products	2,256	10.5%	1,821	8.9%
Other Products	464	3.7%	580	4.6%
EBITDA	18,668	8.4%	16,707	7.8%

The EBITDA relating to the Pasta segment increased mainly due to the reduction in sales volumes.

The EBITDA relating to the Milk Products segment is substantially unchanged in the periods under review.

The EBITDA relating to the Bakery Products segment increased mainly due to both the (i) increase in sales volumes and (ii) the reduction in the purchase cost of raw materials.

The EBITDA relating to the Dairy Products segment increased mainly due to the increase in sales volumes, with particular reference to mascarpone.

The EBITDA relating to the Special Products segment rose as a reflection of the increase in sales volumes.

The EBITDA relating to the Other Products segment decreased mainly due to higher costs for the purchase of raw materials, which were not passed on sales prices.

Net profit

The following table shows the reconciliation of the ROE at September 30, 2019 and 2018.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousands and in percentage)</i>	Ended	Fiscal Year ended		
	September 30	December 31		
	2019	2018	2017	2016
Net profit	6,967	5,952	4,492	6,786
Net equity	23,496	63,540	67,446	130,210
ROE (*)	29.7%	9.4%	6.7%	5.2%

(*)(*) ROE (return on equity) is an alternative indicator of performance, not identified as an accounting measure under IFRS and, therefore, should not be considered as an alternative measure to those provided by the Group's financial statements for the valuation of economic performance of the Group.

The significant increase in ROE is mainly attributable to the reduction, in the amount of € 48,317 thousand, in the net equity during 2019. This effect is mainly due to the distribution of equity in favor of the shareholder, Newlat Group, for the payment of the acquisition of Newlat Deutschland, for an amount of € 55,000 thousand.

The net financial position is as follows:

<i>(In € thousand)</i>	Ended	Ended	Ended December 31,		
Net financial debt	September	June 30,	2018	2017	2016
	30, 2019	2019			
D. Cash and cash equivalents (A)+(B)+(C)	50,143	31,905	61,790	72,340	51,057
E. Current financial receivables					
I. Current financial debt (F)+(G)+(H)	(54,437)	(37,850)	(32,250)	(25,708)	(50,662)
J. Current net financial debt (I)+(E)+(D)	(4,294)	(5,945)	29,540	46,632	395
N. Non-current financial debt (K)+(L)+(M)	(14,374)	(16,276)	(15,888)	(13,478)	(26,912)
O. Net financial debt (J)+(N)	(18,668)	(22,221)	13,652	33,154	(26,517)

Proforma Consolidated Statement 2019

The Proforma Consolidated Prospectus is for illustrative purposes only and is designed solely to make it consistent with what is presented in the Registration Document relating to the listing of Newlat's ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

The Proforma Consolidated Statement was prepared in order to represent the main effects on the interim management report at September 30, 2019 of the following transactions:

- acquisition by Newlat of 100% of the share capital of the company Delverde Industrie Alimentari S.p.A. (hereinafter the "**Delverde Acquisition**");
- acquisition by Newlat of 100% of the share capital of the company Newlat GmbH Deutschland (hereinafter the "**Newlat Deutschland Acquisition**");
- termination of intercompany service contracts between Group companies and the sole shareholder Newlat Group and signing of a cost-sharing agreement between the Issuer and Newlat Group (hereinafter the "**Termination of Service Contracts**");
- modification of centralized treasury agreements between Group companies and the sole shareholder Newlat Group (hereinafter the "**Amendment of Centralized Treasury Agreements**").

The Proforma Consolidated Prospectus was prepared in order to simulate the main effects of the transactions in the Interim management report as if they had occurred on 1 January 2019, in accordance with valuation criteria consistent with historical data and compliant with the relevant legislation. It should be noted, however, that the information contained in the Proforma Consolidated Statements represents, as previously indicated, a simulation, provided for illustrative purposes only, of the possible effects that could derive from the Transactions. The proforma financial information concerns a hypothetical situation and, therefore, does not represent the actual financial situation and results of the Group. In particular, since the proforma financial information is constructed to retroactively reflect the effects of subsequent transactions, despite compliance with the commonly accepted rules and the use of reasonable assumptions, there are limits connected to the nature of such financial information. Therefore, it should be noted that if the Transactions had actually taken place on the hypothesized dates, the same results would not necessarily have been obtained as shown in the Proforma Consolidated Statement.

The Proforma Consolidated Prospectus does not include the representation of the proforma balance sheet and financial position as at 30 September 2019 as this representation would not provide any additional information with respect to that already represented in the Group Interim Consolidated Report as at 30 September 2019, taking into account that the effects deriving from the Delverde Acquisition and the Newlat Deutschland Acquisition are already reflected in these historical figures.

Lastly, it should be noted that the Proforma Consolidated Statement as at 30 September 2019 by its nature concerns a hypothetical situation and therefore does not represent or intend in any way to represent the actual results of the Group, nor a forecast of its future results.

The Proforma Consolidated Statements derive from the following historical data:

- the aggregate interim report as at 30 September 2019 of the Newlat Group, prepared in accordance with the international accounting standard applicable to interim financial information (IAS 34);

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

- the accounting statements for the period from January 1, 2019 to April 9, 2019 for Delverde (hereinafter the "**Delverde Financial Statements**") prepared for the purpose of preparing the Consolidated Proforma Prospectus 2019.

The Proforma Consolidated Statement was prepared in accordance with CONSOB Communication no. DEM / 1052803 of July 5, 2001, which governs the methodology for drawing up proforma financial information. In particular, the 2019 Proforma Consolidated Statement was prepared by adjusting the Group's aggregate historical data as at 30 September 2019 taken from the Aggregate Interim Report.

The accounting standards adopted for the preparation of the Proforma Consolidated Statement are the same as those used for the preparation of the Aggregate Interim Report, i.e. the International Financial Reporting Standards which include all the "International Accounting Standards", all the "International Financial Reporting Standards" and all the interpretations of the "IFRS Interpretations Committee" previously called "Standing Interpretations Committee", adopted by the European Union ("**IFRS**"). All information in this document is expressed in thousands of Euros, unless otherwise stated.

The Operations

Acquisition of Delverde

On 9 April 2019, Newlat stipulated a contract for the sale of shares representing the entire share capital of Delverde with Molinos del Plata S.L.U. and Molinos Rio de la Plata S.A. (hereinafter, "**Molinos**"). The execution of the sale took place simultaneously with the signing of the contract.

The Delverde Acquisition contract provides for a provisional price, paid by Newlat at the date of execution of the sale, equal to € 3,775 thousand, which will be subject to adjustment (decrease or increase) on the basis of the differences between the values of the net financial position and of the working capital conventionally determined by the parties and the actual ones at the date of execution. The methods for calculating the net financial position and working capital useful for determining the price are defined in the contract.

Further adjustments (decreases) in the price are expected, on one hand, because of contingent liabilities that refer to the period prior to the date of execution of the acquisition due to discount agreements in favor of large-scale distribution, and, on the other hand, because of non-collection of receivables, net of the related write-down provisions recorded in the report. The seller must prepare and supply to the purchaser, within 50 working days from the effective date of the contract, the accounting situation of Delverde as of the same date. The buyer must send a notification to the seller, within 50 working days starting from the date on which they received the accounting situation of Delverde, if they do not accept the determination of one of the items included in the received accounting situation.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

It should be noted that for the purposes of the Proforma Consolidated Statement the consideration for the Delverde Acquisition (hereinafter the "**Delverde Acquisition Consideration**") expected on the effective date was assumed to be equal to the provisional consideration, based on the information available at date of preparation of this document.

Newlat Deutschland Acquisition

On June 27, 2019, the Issuer signed a contract with Newlat Group (hereinafter, the "**Newlat Group**") for the purchase of the entire capital of Newlat GmbH Deutschland (hereinafter "**Newlat Deutschland**") whose share capital is wholly held by Newlat Group (the "**Newlat Deutschland Acquisition Agreement**").

The Newlat Deutschland Acquisition Agreement involves the start of trading of the Issuer's shares on the MTA as a condition precedent to the transfer of ownership of the Newlat Deutschland shares in favor of Newlat.

The provisional consideration for the acquisition of Newlat Deutschland, as a preliminary estimate of the final payment, is equal to € 55 million. The same final payment will be determined based on the following formula: average EBITDA recorded by Newlat Deutschland in the years 2016, 2017, 2018 and in the first half of the 2019 financial year x 8 +/- NFP on the effective date of the transfer of ownership of the Newlat Deutschland shares in favor of Newlat. The methods for calculating the net financial position and EBITDA useful for determining the final consideration are defined in the contract.

The provisional consideration was paid by the Issuer to the Newlat Group through the payment of: (i) an amount of € 10 million on December 31, 2018 and (ii) an additional five tranches for a total of € 45 million between May 13 and 18 June 2019. Any price adjustment will be settled within 30 days from the effective date of the transfer of ownership of the Newlat Deutschland shares in favor of Newlat.

It should be noted that, for the purposes of the Proforma Consolidated Statement, the consideration relating to the Acquisition of Newlat Deutschland (hereinafter the "**Newlat Deutschland Acquisition Consideration**") expected on the effective date was assumed to be equal to the provisional consideration, based on of information available at the date of preparation of this document

Termination of Service Contracts

On December 29, 2014, December 29, 2015 and December 2, 2016, respectively, Newlat, Centrale del Latte di Salerno S.p.A. (hereinafter "**Centrale del Latte di Salerno**") and Newlat Deutschland had signed an inter-group service contract with the sole shareholder Newlat Group for the management, through specialized personnel, of certain management activities (general, administrative, commercial , personnel, legal and corporate affairs) of the subsidiaries. The annual fee to be paid to the single shareholder for the provision of the aforementioned services was set at € 180 thousand, € 120 thousand and € 180 thousand respectively for Newlat, Centrale del Latte di Salerno and Newlat Deutschland.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

It should be noted that on 22 July 2019, Newlat, Centrale del Latte of Salerno and Newlat Deutschland separately signed an agreement with the sole shareholder Newlat Group aimed at the termination of the aforementioned service provision contracts. Simultaneously with the termination of the contract between the Newlat Group and the Issuer, the same parties signed a *cost-sharing* contract relating only to the following activities: (i) scouting with reference to the Issuer's M&A transactions; (ii) support for the execution phase of M&A operations; (iii) support for the role of *investor relator* identified by the Company; (iv) corporate affairs; and (v) internal audit (without prejudice to Newlat Food's right to identify a different profile, also internal to Newlat Food or its subsidiaries, appointed to perform this function). These activities will be carried out by certain Newlat Group employees. The cost-sharing contract will not prejudice the decision-making and management autonomy of the Issuer with reference to the related activities. As a result of the signing of the *cost-sharing* contract, the cost of providing the services will be a maximum of € 120,000, depending on whether Newlat Food uses the figures indicated above.

Modification of Central Treasury Agreements

Newlat, Centrale del Latte of Salerno and Newlat Deutschland are part of individual centralized treasury agreements with the sole shareholder Newlat Group. These agreements define the methods of managing the financial flows of the aforementioned companies through the use of specific current accounts and provide for: (i) an active interest rate equal to the 3-month Euribor plus a 3% spread for the agreements signed by Newlat and Centrale del Latte of Salerno and 1% for the agreements signed by Newlat Deutschland; (ii) a three-month Euribor interest rate plus a 3% spread and (iii) recognition as a pool leader by the Newlat Group of a fund availability commission on the credit line granted for the amounts placed available on the aforementioned current accounts.

The table below shows the proforma consolidated income statement as at September 30, 2019, showing, by type, the adjustments made to represent the significant effects of the Transactions, and the related explanatory notes.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousand)</i>	<i>Proforma Adjustments</i>				Ended September 30, 2019
	Ended September 30, 2019	DELVERDE IQ 19	Termination of Service Contracts	Amendment of the Central Treasury Agreements	
Revenues from clients' contracts	222.539	4.899	-	-	227.438
Cost of sales of goods	(183.914)	(4.105)	-	-	(188.019)
Gross operating profit	38.624	794	-	-	39.418
Selling and distribution costs	(20.507)	(627)	-	-	(21.134)
Administrative expenses	(10.060)	(780)	180	213	(10.447)
Net impairment losses on financial assets	(903)	(23)	-	-	(926)
Other income	3.438	134	-	-	3.572
Other costs	(2.120)	(124)	-	-	(2.244)
EBIT	8.473	(626)	180	213	8.240
Finance income	339	36	-	-	375
Finance costs	(1.095)	(104)	-	-	(1.199)
EBT	7.717	(694)	180	213	7.416
Tax expense	(2.393)	(19)	(50)	(59)	(2.521)
Net profit	5.325	(713)	130	154	4.896
D&A	9.292	343	0	0	9.635
EBITDA	18.668	(260)	180	213	18.801
NON RECURRENT	288	142	0	0	430
EBITDA NORMALIZED	18.956	(118)	180	213	19.231
EBITDA MARGIN NORMALIZZATO	8,5%	-2,4%	-	-	8,5%
EBITDA MARGIN REPORTED	8,4%	-5,3%	-	-	8,3%

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Consolidated aggregate income statement of the Group as of September 30, 2019

The column in question includes the Group's consolidated aggregate income statement for the period ended September 30, 2019, extracted from the Aggregate Interim Report. The headings cost of sales, sales and distribution expenses and administrative expenses include amortization and depreciation for an amount of Euro 9,292 thousands.

Income statement of Delverde for the period from January 1 to April 9, 2019

The column in question includes Delverde Financial Statements edited for the purposes of the preparation of the 2019 Proforma Consolidated Statement. The headings cost of sales, sales and distribution expenses and administrative expenses include amortization and depreciation for an amount of Euro 343 thousand.

Termination of Service Contracts

The column in question includes the effects deriving from the Termination of Service Contracts on the proforma consolidated income statement as at September 30, 2019, also in consideration of the signing of the cost-sharing contract, contextually signed as the Resolution of the Service Contracts.

In particular, the following table shows the detailed table of the calculation in question.

(In € thousand)

Elimination of administrative costs for <i>management fees</i>	240
Registration of administrative expenses for <i>cost-sharing</i> contract	(60)
Tax effect	(50)
Adjustment of administrative fees for <i>management fees</i> and <i>cost-sharing</i> net of the tax effect	130

Note 15 - Amendment of the Central Treasury Agreements

The column in question includes the effects deriving from the Amendment of the Central Treasury Agreements on the proforma consolidated income statement as at September 30, 2019.

In particular, the following table shows the detailed table of the calculation in question.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

(In € thousand)

Elimination of administrative fees for commissions	213
Elimination of interest income from Central Treasury	
Tax effect	(59)
Adjustment of administrative fees for commissions and financial income net of the tax effect	154

Non-recurring income and expenses, which will not have a permanent impact on the Group's income statement

The pro forma consolidated income statement as of September 30, 2019 includes:

- non-recurring charges of € 288 thousand, already recorded in the Interim Consolidated Financial Statement, relating mainly to reorganization costs relating to employees for € 150 thousand, and indirect taxes relating to the real estate complex subject to the scission in 2017, for € 138 thousand; as well as non-recurring charges for Euro 142 thousands, recorded in the proforma adjustments, in relation to the other devaluations.

The following table shows the detail of pro forma revenues from contracts with customers per business unit as monitored by management:

(In € thousand and in %)	Ended 30 September			
	2019 Proforma	%	2018 Aggregated	%
Pasta	96,067	42.2%	96,067	41.0%
Milk Products	51,507	22.6%	51,507	23.1%
Bakery Products	26,002	11.4%	26,002	11.7%
Dairy Products	20,004	8.8%	20,004	9.0%
Special Products	21,410	9.4%	21,410	9.6%
Other Products	12,448	5.4%	12,448	5.6%
Revenue from clients' contracts	227,438	100.0%	222,539	100.0%

The following table shows the detail of proforma revenues from contracts with customers by distribution channel:

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousand and in %)</i>	Ended 30 September			
	2019 Proforma	%	2018 Aggregated	%
Large-scale retailers	138,120	61.3%	134,201	60.3%
B2B partners	29,384	12.9%	29,384	13.2%
Normal trade	26,826	11.8%	26,826	12.1%
Private label	24,371	10.1%	24,371	11.0%
Food service	8,737	3.8%	7,758	3.5%
Revenue from clients' contracts	227,438	100.0%	222,539	100.0%

The following table shows the detail of pro forma revenues from clients' contracts by geographical area as recorded by management:

<i>(In € thousand and in %)</i>	Ended 30 September			
	2019 Proforma	%	2018 Aggregated	%
Italy	120,081	52.8%	117,622	52.9%
Germany	66,088	28.0%	66,088	29.7%
Other Countries	41,369	19.2%	38,830	17.5%
Revenue from clients' contracts	227,438	100.0%	222,539	100.0%

The following table shows the detail of the proforma EBITDA normalized by clients' contracts by geographical area as monitored by the management:

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In € thousand and in %)</i>	Ended 30 September			
	2019 Proforma	%	2018 Aggregated	%
Pasta	6,679	7.0%	6,598	7.2%
Milk Products	3,356	6.5%	3,237	6.3%
Bakery Products	3,633	14.0%	3,603	13.9%
Dairy Products	2,669	13.3%	2,647	13.2%
Special Products	2,279	10.6%	2,256	10.5%
Other Products	614	4.9%	614	4.9%
Revenue from clients' contracts	19,231	8.5%	18,956	8.5%

INVESTMENTS

Investments in property, plant and equipment are equal to € 3 million reported in the following table:

<i>(In € thousands and in percentage)</i>	As of September 30	
	2019	%
Land and buildings	35	1.1%
Plant and equipment	2,605	81.4%
Commercial and industrial equipments	2	0.1%
Other assets	16	0.5%
Improvements to third party assets	87	2.7%
Ongoing tangible assets and advances	321	10.0%
Investments in intangible assets	3,066	95.8%
Industrial patents and intellectual property rights	122	3.8%
Concessions, licenses, trademarks and similar rights	5	0.2%
Other fixed assets	9	0.3%
Assets under construction	-	0.0%

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Investments in intangible assets	136	4.3%
Total investments	3,202	100%

The investment policy implemented by the Group is aimed at innovation and diversification in terms of product offerings. In particular, the development of new products is important for the Group, with the aim of continuously improving the satisfaction of its customers.

Increases in 2019 include € 2.6 million in industrial and commercial equipment, mainly relating to the purchase of plant and machinery with plans to upgrade and renew production and packaging lines.

Investments in intangible assets essentially relate to the purchase and updating of *software* programs.

INTRAGROUP AND RELATED PARTIES RELATIONS

With regard to transactions carried out with related parties, including intragroup transactions, it should be noted that these cannot be qualified as either atypical or unusual, as these are part of the normal course of business of the Group companies. These transactions are regulated at market conditions, taking into account the goods and services provided. Information on related party transactions is presented in the Notes to this Management Interim Report.

EVENTS DURING THE THIRD QUARTER 2019

On 3 September 2019 and 4 September 2019, the plans for the merger by incorporation of the subsidiaries Centrale Latte di Salerno SpA and Delverde SpA into Newlat Food SpA were filed.

EVENTS SUBSEQUENT TO THE CLOSING OF THE THIRD QUARTER 2019

After the end of the third quarter 2019, no atypical or unusual transactions were carried out such as to be mentioned in this report or which require changes to the consolidated financial statements at 30 September 2019.

On October 29, 2019, Newlat Food SpA was admitted to trading on the Mercato Telematico Azionario, STAR segment, managed by Borsa Italiana. 12,700,000 Shares were placed on the market at the offer price set at Euro 5.80 per Share, which were subject to the Institutional Placement. Following the aforementioned subscription of shares, the share capital consists of 39,700,000 shares for a value of € 39,700,000.

Considering the good performance of the third quarter of 2019 and the prospects for the fourth quarter, it is expected to close the year 2020 in line with the Group's expectations.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Reggio Emilia (RE), 15 November 2019

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

The undersigned Rocco Sergi, as manager responsible for preparing the corporate accounting documents of Newlat Food S.p.A., declares, pursuant to paragraph 2 of article 154 bis of the Legislative Decree n.58 of 24 February 1998, that the accounting information contained in this document corresponds to the document results, the accounting books and the records accounting.

Reggio Emilia (RE), 15 November 2019

Rocco Sergi
Manager responsible for preparing the
corporate accounting documents

Combined consolidated financial statements

Consolidated statement of financial position

<i>(In € thousands)</i>	Ended September 30 2019	Ended December 31 2018
Property, plant and equipment	32,107	30,669
Right of use	19,629	18,577
Intangible assets	25,188	25,713
Non-current financial assets valued at fair value with impact on I/S	41	32
Financial assets stated at amortized cost	868	858
Deferred tax assets	3,858	4,844
Total non-current assets	81,692	80,693
Current assets		
Inventory	30,006	25,251
Account receivables	58,657	53,869
Current tax assets	562	775
Other receivables and current assets	3,527	14,440
Current financial assets valued at fair value with impact on I/S	4	4
Cash and cash equivalents	50,143	61,786
Total current assets	142,899	156,125
TOTAL ASSETS	224,591	236,818
Equity		
Share capital	27,000	27,000
Reserves	(8,829)	30,588
Net Income	5,325	5,952

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Total Equity	23,496	63,540
Non-current liabilities		
Provisions for employees	10,879	11,038
Provisions for risks and charges	1,363	1,008
Deferred tax liabilities	3,854	3,850
Non-current financial liabilities	-	1,778
Non-current <i>lease</i> liabilities	14,374	14,110
Other non-current liabilities	2,118	3,121
Total non-current liabilities	32,588	34,905
Current liabilities		
Account payables	97,367	92,221
Current financial liabilities	48,774	27,163
Current <i>lease</i> liabilities	5,663	5,087
Current tax liabilities	287	410
Other current liabilities	16,416	13,492
Total current liabilities	168,506	138,373
TOTAL EQUITY AND LIABILITIES	224,591	236,818

Consolidated income statement

<i>(In € thousand)</i>	Ended September 30	
	2019	2018
Revenue from contracts with customers	222,539	213,557
Cost of sales of goods	(183,914)	(177,376)
Gross profit	38,624	36,181
Sales and distribution costs	(20,507)	(20,147)
Administrative expenses	(10,060)	(9,325)
Net impairment losses on financial assets	(903)	(807)
Other income	3,438	3,493
Other costs	(2,120)	(2,280)
EBIT	8,473	7,116
Finance income	339	968
Finance costs	(1,095)	(1,399)
EBT	7,717	6,685
Income tax expense	(2,393)	(2,375)
Net income	5,325	4,310
Basic earnings per share	0,20	0,16
Diluted earnings per share	0,20	0,16

Consolidated statement of comprehensive income

<i>(In € thousand)</i>	Ended September 30	
	2019	2018
Net profit (A)	5,325	4,310
a) Other comprehensive income that will not be reclassified to profit or loss		
Actuarial gains / (losses) on post-employment benefit obligations	(497)	154
Tax effect	128	(42)
Total other comprehensive income that will not be reclassified to profit or loss	(369)	112
Total other comprehensive income for the period, net of tax (B)	(369)	112
Total comprehensive income for the period (A)+(B)	4,956	4,422

Consolidated statement of changes in equity

<i>(In € thousand)</i>	Share capital	Reserves	Profit for the period	Total equity
As of December 31, 2018	27,000	30,588	5,952	63,540
Allocation income for the prior year	-	5.952	(5.952)	-
Inclusion of Newlat Deutschland	-	(45.000)	-	(45.000)
Transactions with owners in their capacity as owners	-	(45.000)	-	(45.000)
Net profit	-	-	5,325	5,325
Actuarial gains on post-employment, net of tax	-	(369)	-	(369)
Total comprehensive income for the period	-	(369)	5,325	4,956
As of June 30, 2019	27,000	(8,829)	5,325	23,496

Consolidated statement of cash flows

<i>(In € thousand)</i>	Ended September 30,	
	2019	2018
Profit before income tax	7,717	6,685
<i>- Adjustments:</i>		
Depreciation and amortization	9,292	8,783
Capital gain / (loss) from disposal of assets	(14)	(24)
Net financial expenses	756	431
Other non-monetary movements	711	(4,963)
Cash flow from operating activities before changes in net working capital	18,462	10,912
Changes in inventory	(1,961)	(1,946)
Changes in trade receivables	(3,217)	1,165
Changes in trade payables	880	(6,805)
Changes in other assets and liabilities	12,595	3,514
Uses of employee benefit obligations and provisions for risks and charges	(988)	128
Income tax paid	(1,198)	(937)
Net cash flow provided by / (used in) operating activities	24,572	6,031
Investments in property, plant and equipment	(3,066)	(4,194)
Investments in intangible assets	(136)	(355)
Disposal of property, plant and equipment	19	24
Disposal of financial assets	-	276
Payment of deferred consideration for acquisition	(950)	(1,502)
Acquisition of Delverde Industrie Alimentari S.p.A. net of cash and cash equivalents acquired	(1,607)	-
Inclusion of Newlat Deutschland	(45,000)	-
Net cash flow provided by / (used in) investing activities	(50,740)	(5,751)

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Proceeds from long-term borrowings	-	-
Repayment of long-term borrowings	(1,077)	(1,303)
Changes in current financial liabilities	20,307	19,318
Repayment of lease liabilities	(4,031)	(3,584)
Net financial expenses paid	(676)	(361)
Net cash flow provided by / (used in) financing activities	14,523	14,070
Total cash flow provided / (used) in the year	(11,644)	14,350
Cash and cash equivalents at the beginning of the period	61,786	72,060
Total cash flow provided / (used) in the year	(11,644)	14,350
Cash and cash equivalents at the end of the period	50,142	86,410

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Combined Consolidated Financial Statements of the Third Quarter

Consolidated income statement Q3

<i>(In € thousand)</i>	Q3	
	2019	2018
Revenue from clients' contracts	68,505	62,462
Cost of sales of goods	(56,083)	(51,161)
Gross profit	12,421	11,301
Sales and distribution costs	(4,668)	(6,174)
Administrative expenses	(3,626)	(3,233)
Net impairment losses on financial assets	(22)	(415)
Other income	448	1,013
Other costs	(865)	(559)
EBIT	3,689	1,934
Finance income	(27)	321
Finance costs	(159)	(444)
EBT	3,503	1,811
Tax expense	(863)	(854)
Net profit	2,641	957

Proforma Financials as at 30 September 2019

Proforma consolidated income statement for the period ended 30 September 2019

<i>(In € thousands)</i>	Proforma as of	CONSOLIDATED INCOME STATEMENT	
	September, 30	as of September, 30	
	2019	2019	2018
Revenue from clients' contracts	227,438	222,539	213,557
Cost of sales of goods	(188,019)	(183,914)	(177,376)
Gross profit	39,418	38,624	36,181
Sales and distribution costs	(21,134)	(20,507)	(20,147)
Administrative expenses	(10,447)	(10,060)	(9,325)
Net impairment losses on financial assets	(926)	(903)	(807)
Other income	3,572	3,438	3,493
Other costs	(2,244)	(2,120)	(2,280)
EBIT	8,240	8,473	7,116
Finance income	375	339	968
Finance costs	(1,199)	(1,095)	(1,399)
EBT	7,416	7,717	6,685
Tax expense	(2,521)	(2,393)	(2,375)
Net profit	4,896	5,325	4,310

Financial Statements and notes

Consolidated Statement of Financial Position as at 30 September 2019

<i>(In € thousands)</i>	Ended September 30, 2019	Ended December 31, 2018
Non-current assets		
Property, plant and equipment	27,218	25,414
Right of use	19,063	18,429
Intangible assets	6,317	6,714
Non-current financial assets valued at fair value with impact on I/S	41	31
Financial assets stated at amortized cost	868	858
Deferred tax assets	3,856	4,842
Total non-current assets	57,363	56,288
Current assets		
Inventory	25,928	21,797
Account receivables	54,959	51,372
Current tax assets	562	797
Other receivables and current assets	57,659	22,957
Current financial assets valued at fair value with impact on I/S	4	4
Cash and cash equivalents	20,971	37,682
Total current assets	160,083	134,609
TOTAL ASSETS	217,446	190,897
Equity		
Share capital	27,000	27,000
Reserves	23,352	20,359
Net Income	3,732	3,361
Total Equity	54,084	50,720

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Non-current liabilities

Provisions for employees	10,410	10,569
Provisions for risks and charges	1,363	1,008
Deferred tax liabilities	4	-
Non-current financial liabilities	-	1,690
Non-current <i>lease</i> liabilities	14,281	14,052
Other non-current liabilities	26,058	27,319

Total non-current liabilities

Current liabilities

	77,882	70,485
Account payables	41,418	26,106
Current financial liabilities	5,176	4,988
Current <i>lease</i> liabilities	287	410
Current tax liabilities	12,541	10,869
Other current liabilities	137,304	112,858

Total current liabilities

TOTAL EQUITY AND LIABILITIES	217,446	190,897
-------------------------------------	----------------	----------------

Consolidated Income Statement at 30 September 2019

<i>(In € thousand)</i>	Ended September 30	
	2019	2018
Revenues from clients' contracts	185,076	171,375
Cost of goods sold	(155,439)	(144,645)
Gross profit	29,637	26,730
Sales and distribution expenses	(15,445)	(14,393)
Administrative expenses	(8,311)	(7,518)
Net write-offs of financial activities	(903)	(207)
Other income and revenues	2,837	2,960
Other operating costs	(1,573)	(1,639)
EBIT	6,242	5,933
Financial income	228	821
Financial expenses	(1,024)	(1,339)
EBT	5,447	5,415
Tax expense	(1,715)	(1,814)
Net Income	3,732	3,601
EPS	0.14	0.13
Diluted EPS	0.14	0.13

Statement of Comprehensive Income at 30 September 2019

<i>(In € thousand)</i>	Ended 30 September	
	2019	2018
Net income (A)	3,732	3,601
a) Other income that shall not be reclassified as profit nor loss:		
Actuarial profit/(loss)	(497)	154
Tax impact on profit/(actuarial losses)	128	(42)
Total other income that shall not be reclassified as profit nor loss	(369)	112
Total other income net of tax (B)	(369)	112
Total net income (A)+(B)	3,363	3,713

Statement of Changes in Equity as at 30 September 2019

<i>(In € thousand)</i>	Share capital	Reserves	Net income	Total Shareholder's Equity
As at 31 December 2018	27,000	20,359	3,361	50,720
Attribution of previous net income	-	3,361	(3,361)	-
Net Income	-	-	-	-
Actuarial profit/(loss), net of tax	-	-	3,732	3,732
Total net income of period	-	(369)	3,732	3,363
As at 30 September 2019	27,000	23,351	3,732	54,084

Cash Flow Statement

<i>(In € thousand)</i>	Ended 30 September	
	2019	2018
Earnings before tax	5.447	5.415
- <i>Adjustments for:</i>		
Depreciation and amortization	9.292	8.468
Net loss/(gain) on disposal of intangible fixed assets	(14)	(3)
Financial expenses/(income)	796	616
Other non-monetary charges	711	(5.028)
Cash flow from operating activities before changes in NWC	16.231	9.468
Change in inventory	(1.337)	403
Change in account receivables	(2.016)	232
Change in account payables	3.131	1.570
Change in other assets and liabilities	23.849	(1.972)
Use of provisions for risks and charges and employees	(988)	(153)
Tax paid	(498)	32
Cash flow from operating activities	38.372	9.581
Investments in PPE	(3.431)	(4.178)
Investments in intangible assets	(264)	(132)
Disposal of PPE	19	9
Divestments of financial assets	(55.000)	276
Deferred considerations for acquisitions	(3.068)	
Acquisition of Delverde Industrie Alimentari S.p.A. net of cash acquired and others	(1.607)	-
Business combination of Newlat Deutschland		-

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Cash flow from investing activities	(63.351)	(4.025)
Proceeds from long-term debt and others	-	-
Repayments of long-term debt and others	(1.077)	(9.221)
Change in short-term debt	14.096	(9.967)
Principal repayments of lease obligations	(4.036)	(4.862)
Net interest paid	(716)	(701)
Cash flow from financing activities	8.268	(24.751)
Net change in cash and cash equivalents	(16.712)	(19.195)
Cash and cash equivalents beginning of period	37.682	72.060
Total net change in cash and cash equivalents	(16.712)	(19.195)
Cash and cash equivalents end of period	20.971	52.865

Notes to consolidated financial statements

Introductory Notes

This report differs from the aggregated data present in the management report as it does not include the Newlat Deutschland GmbH in the perimeter since, in a business combination under common control, the consolidation takes place prospectively, that is, starting from the take-over date. In short, the take-over takes the form with the completion of the transfer of the shares, which took place at the start of trading of the securities, or on 29 October 2019, consequently subsequent to the closing date of the third quarter

General information

Newlat Food S.p.A. is a company incorporated under Italian law, domiciled in Reggio Emilia (RE). The company is listed on the Milan STAR segment.

This interim management report was drawn up in continuity with previous years, in line with international practice and the principle of transparency towards the market and in application of notice no. 7587 of 21 April 2016 of Borsa Italiana which establishes the publication of interim management reports as a requirement for maintaining the STAR qualification regardless of possible regulatory changes.

This interim management report is not subject to audit.

Preparation basis

The consolidated financial statements as of September 30, 2019 have been prepared in accordance with international accounting standards (IAS / IFRS) for interim financial statements. The financial statements have been prepared in accordance with IAS 1, while the notes have been prepared in condensed form by applying the option provided for in IAS 34 and therefore do not include all the information required for annual financial statements prepared in accordance with IFRS. The consolidated financial statements as of September 30, 2019 must therefore be read together with the annual consolidated financial statements prepared for the year ended December 31, 2018.

The accounting principles and the criteria adopted in the financial statements as of September 30, 2019 may not coincide with the provisions of the IFRS in force at December 31, 2019 due to the future guidance of the European Commission regarding the approval of international accounting standards or the issue of new principles, interpretations or implementation guides by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

The drawing up of an interim financial statement in accordance with IAS 34 Interim

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Financial Reporting requires judgments, estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities and on information relating to potential assets and liabilities at the date of reference. It should be observed that, since these are estimates, they may differ from the actual results that may be obtained in the future. It should also be noted that some valuation processes, in particular the more complex ones such as the determination of any possible impairment losses of non-current assets, are generally carried out completely only when the annual financial statements are prepared, when all the necessary information is available, except in cases where there are indicators of *impairment* that require an immediate assessment of any impairments. Similarly, the actuarial valuations required to determine the liabilities for employee benefits are normally processed when the annual financial statements are prepared.

The consolidated financial statements are presented in thousands of Euros. The financial statements are prepared on a cost basis, with the exception of financial instruments that are measured at *fair value*.

Accounting policies

The accounting policies adopted are those described in the consolidated financial statements as of December 31, 2018

- a) *Accounting principles, amendments and interpretations effective from January 1, 2019, but not relevant for the Group*
 - *Amendments to IAS 28 – "Long-term interests in associates and joint ventures"*. In October 2018, the IASB issued the *Amendments to IAS 28*, clarifying how entities should use IFRS 9 to represent long-term interests in an associated company or joint venture, for which the net equity method is not applied.
- b) *New accounting principles and amendments not yet applicable and not adopted in advance by the Group*
 - *IFRS 17 - "Insurance Contracts"*. On May 18, 2018, the IASB published the new standard that replaces IFRS 4, issued in 2004. The new principle aims to improve not only investors' understanding, but also insurers' exposure to risk, profitability and financial position. IFRS 17 applies starting from January 1, 2021, early application is permitted.
 - *Amendments to IFRS 3 - "Definition of Business"*. In October 2018 the IASB published this amendment with the aim of helping to determine whether a transaction is an acquisition of a business or a group of assets that does not meet the business definition of IFRS 3. Changes will apply starting from January 1, 2020. Early application is permitted.
 - *Amendments to IAS 1 and to IAS 8 - "Definition of Material"*. In November 2018 the IASB published this amendment with the aim of clarifying the definition of "material" in order to help companies assess whether the information is to be included in the financial statements. The amendments will apply from January 1, 2020. However, early application is permitted.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

**Notes to Consolidated Financial Statements
as at 30 September 2019**

Consolidation and goodwill scope area

Newlat Food S.p.A. (issuer)

Registered Office: Reggio Emilia, Italia

Share capital: EUR 27,000,000

Sector: Pasta, Milk, Dairy, Bakery, Special Products and other products.

Centrale Latte di Salerno S.p.A

Registered Office: Salerno, Italia

Share capital: EUR 4,16,915.68

Percentage of ownership: 100%

Sector: *Milk* and Other products.

Delverde Industrie Alimentari S.p.A.

Registered Office: Fara San Martino, Italia

Share capital: EUR 4,931,000

Percentage of ownership: 100%

Sector: Pasta

Sector information

IFRS 8 - *Operating Segments* defines an operating segment as a component:

- which involves business activities that generate revenues and costs
- whose operating results are periodically reviewed at the highest decision-making level
- for which separate economic and financial data are available

For the purposes of IFRS 8, the activity carried out by the Group is identifiable in the following operating sectors: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products and Other Products

The table below shows the economic and financial figures examined by the highest level of operational decision-makers for the purpose of evaluating the Group's *performance* as at and for the interim report as of SEPTEMBER 30, 2019, as well as the reconciliation of these items with the corresponding amount included in the Aggregate Interim Report.

As of September 30, 2019							
(In € thousand)	Pasta	Milk products	Bakery products	Dairy products	Special products	Other Products	Total Aggregate Consolidated Financial Statement
Revenues from clients' contracts	53,705	51,507	26,002	20,004	21,410	12,448	185,076
EBITDA (*)	2,707	3,099	3,603	2,647	2,256	464	14,777
EBITDA Margin	5.04%	6.02%	13.86%	13.23%	10.54%	3.73%	8.0%
Amortization and depreciation	1,820	2,267	1,232	213	1,530	571	7,632
Net impairment losses on financial assets						903	903
EBIT	887	833	2,372	2,434	726	(1,009)	6,242
Financial income	-	-	-	-	-	228	228
Financial expenses	-	-	-	-	-	(1,023)	(1,023)
EBT	887	833	2,372	2,434	726	(1,804)	5,447
Tax	-	-	-	-	-	(1,715)	(1,715)
Net income	887	833	2,372	2,434	726	(3,519)	3,732

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Total assets	115,722	45,410	9,515	10,101	19,481	17,217	217,446
Total liabilities	42,486	43,873	4,755	10,295	10,514	51,439	163,362
Investments	816	774	683	375	383	171	3,202
Employees (number)	200	151	322	132	145	34	984

(*) EBITDA is calculated as the sum in absolute value of the operating result, of the net allowances of financial assets and of amortizations and depreciations.

The table below shows the income statement figures as of September 30, 2018 and balance sheet items as of December 31, 2018 examined by the highest operating decision-maker with the aim of an assessment of the Group's *performance*, as well as the reconciliation of these figures with the corresponding amount included in the Aggregate Intermediate Financial Statements.

Ended September 30, 2018							Total Aggregate Consolidated Financial Statement
(In € thousand)	Pasta	Milk products	Bakery products	Dairy products	Special products	Other Products	
Revenues from contracts with clients towards third parties	43,554	50,651	25,736	18,185	20,525	12,724	171,375
EBITDA (*)	2,403	3,032	3,278	2,171	1,821	580	13,285
EBITDA Margin	5.5%	5.99%	12.7%	11.9%	8.9%	4.6%	7.8%
Amortization and depreciation	1,837	2,945	735	285	1,050	294	7,145
Net impairment losses on financial assets						207	207
EBIT	566	88	2,543	1,886	771	79	5,933
Finance income	-	-	-	-	-	821	821

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Finance costs	-	-	-	-	-	(1,339)	(1,339)
EBT	566	88	2,543	1,886	771	(439)	5,415
Tax expense	-	-	-	-	-	(1,814)	(1,814)
Net Income	566	88	2,543	1,886	771	(2,253)	3,601
)	
Total assets	39,519	9,529	44,843	13,029	20,522	63,456	190,898
Total liabilities	39,204	13,287	26,318	9,361	11,932	40,076	140,178
Investments	646	77	1,214	1,079	2,405	372	5,793
Employees (number)	130	151	322	132	145	34	914

(*) EBITDA is calculated as the sum in absolute value of the operating result, of the net allowances of financial assets and of amortizations and depreciations.

Non-current assets

<i>(In € thousand)</i>	Ended September 30, 2019	Ended December 31, 2018
Non-current assets		
Property, plant and equipment	27,218	25,414
Assets for right of use	19,063	18,429
Intangible assets	6,317	6,714
Non-current financial assets valued at fair value with an impact on I/S	41	31
Non-current financial assets valued at amortized cost	868	858
Deferred tax assets	3,856	4,842
Total non-current assets	57,363	56,288

Below is a description of the main items that make up intangible assets.

Goodwill

Goodwill, amounting to € 3,872 thousands, refers for € 3,863 thousands to the acquisition of the company Centrale del Latte di Salerno. The process of evaluating the assets and liabilities of Centrale del Latte di Salerno S.p.A. ended in 2015 and no higher values emerged on which to allocate the higher purchase price. Therefore, in accordance with international accounting standards, the Board of Directors has decided to allocate the overall higher value to goodwill. The main assumptions for the determination of the recoverable amount are illustrated in the Consolidated Financial Statements, to which reference is made. The *management* of the Group, on the reference date of the Intermediate Financial Statements, considered possible changes to these assumptions without detecting causes that could determine a carrying amount of goodwill higher than its recoverable value.

The residual goodwill, equal to € 9 thousand, refers to the acquisition of the Company Delverde Industrie Alimentari. Since this is a recent acquisition and as there have been no events to date indicating a possible loss in value of the acquired business, it is considered that the purchase price paid for the company is still representative of its *fair value* and, therefore, for the purposes of completion of the *purchase price allocation* process, no critical issues emerged, also considering the non-significant amount in terms of recoverability of the value of provisional goodwill.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Rights of industrial patents and rights of use of intellectual properties

This item consists almost exclusively of *software* costs.

Concessions, licenses, trademarks and similar rights

The following table shows the detail of the item "Concessions, licenses, trademarks and similar rights" as of September 30, 2019:

<i>(In € thousand)</i>	Ended September 30 2019	Ended December 31 2018
Definite useful life trademarks	2,210	2,599
Total net book value	2,210	2,599

Definite useful life trademarks

This item includes the trademarks owned by Newlat, whose amortization is based on the estimated residual useful life based on the period of time in which they are deemed to guarantee the generation of cash flows.

Assets for rights of use relating to real estate mainly refer to the lease of the production plants of Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), granted to Newlat under management of the lease contracts stipulated with New Property, as well as the factories in Bologna and Corte de 'Frati (CR), granted by Corticella. These leases fall within the scope of relations with related parties, reference should be made to section 11 of the Interim Financial Report. For the assessments made for the purpose of determining the lease term in relation to the lease of the above buildings, see note 8.3 of the Consolidated Financial Statements. The assets for rights of use as of September 30, 2019 also refer to the production plant of Delverde, located at Fara San Martino (CH).

Assets for right of use relating to machinery mainly refer to the leasing of capital goods used in the production process.

Current assets

<i>(in € thousand)</i>	Ended September 30 2019	Ended December 31 2018
Current assets		
Inventories	25,928	21,797
Trade receivables	54,959	51,372
Assets for current tax	562	797
Other receivables and current tax	57,659	22,957
Current financial assets valued at fair value having an impact on financial statement	4	4
Cash and cash equivalents	20,971	37,682
Total current assets	160,083	134,609

The increase in final inventories is mainly attributable to the consolidation of Delverde S.p.A. The inventories of raw and consumable materials and goods are shown net of a bad debt provisions equal to € 260 thousand in order to adjust their value to the lower between the purchase or production cost and net realizable value.

<i>(in € thousand)</i>	Ended September 30, 2019	Ended December 31, 2018
Raw, consumable materials and spare parts	15,825	14,038
Finished goods and goods	10,329	7,760
Semi-finished products	-	
Pre-payments	34	34
Total gross inventories	26,188	21,832
Inventory allowances	(260)	(35)
Total inventories	25,928	21,797

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

The increase in trade receivables at September 30, 2019 compared to December 31, 2018 is mainly due to the consolidation of Delverde S.p.A. No significant changes in the collection conditions are reported. The total amount of receivables is shown net of the provision for doubtful accounts prudently estimated on the basis of the information held in order to adjust its value to the presumed realization.

The item Other current receivables and assets consists of tax claims, advances to suppliers, prepaid expenses and other short-term receivables. The reduction of this heading is essentially due to the collection of the residual credit claimed from New Property S.p.A following the real estate reorganization.

Cash and cash equivalents consist of current bank sight accounts. With regard to the details of the net financial position and the analysis of its movement in the period, reference is made to the Report on the management performance.

Equity

Share capital

It should be noted that the extraordinary shareholders' meeting of the Issuer, held on July 8, 2019, decided to split the existing 540,000 ordinary shares into 27,000,000 ordinary shares, as well as to eliminate their nominal value.

Non-current liabilities

<i>(in € thousand)</i>	Ended September 30, 2019	Ended December 31, 2018
Non-current liabilities		
Provisions for employees	10,410	10,569
Provisions for risks and charges	1,363	1,008
Deferred tax liabilities	4	-
Non-current financial liabilities	-	1,690
Non-current leasing liabilities	14,281	14,052
Total non-current liabilities	26,058	27,319

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

Non-current liabilities refer mainly to provisions relating to personnel and to the portion of payables of leasing following the adoption of the new accounting standard IFRS 16.

Current liabilities

<i>(In € thousand)</i>	Ended September 30, 2019	Ended December 31, 2018
Current liabilities		
Trade payables	77,882	70,485
Current financial payables	41,418	26,106
Current leasing liabilities	5,176	4,988
Current tax liabilities	287	410
Other current liabilities	12,541	10,869
Total current liabilities	137,304	112,858

Trade payables increased due to the consolidation of Delverde S.p.A. There were no particular changes in payment times to suppliers.

Current financial liabilities refer to maturities within 12 months relating to medium/long-term loans and the use of credit lines for advances on invoices.

Other current liabilities consist mainly of Tax payables and Payables to personnel or provident societies. The increase mainly refers to the consolidation of Delverde S.p.A.

Earnings per share

Basic earnings per share

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

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

	Ended September 30	
	2019	2018
Fiscal year profit of the Group in € thousand	3,732	3,601
Weighted average of the outstanding shares	27,000,000	27,000,000
Basic earnings per share (in Euro)	0.14	0.13

Transactions with related parties

The transactions performed by the Group with related parties, identified on the basis of the criteria defined by IAS 24 - Financial reporting on transactions with related parties, are mainly of a commercial and financial nature and are carried out under normal market conditions.

Although transactions with related parties are carried out at normal market conditions, there is no guarantee that, if the same had been concluded between or with third parties, the latter would have negotiated and entered into the related contracts, or performed the same operations, at the same conditions and in the same manner.

The Group has relations with the following related parties:

- Newlat Group, direct or indirect parent company; and
- companies controlled by the direct holding company or by indirect parent companies other than their subsidiaries and associated companies ("**Companies under the supervision of the parent companies**").

The table below shows the detailed statement of financial position to the Group's transactions with related parties at September 30, 2019 and December 31, 2018.

INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2019

<i>(In thousands of Euro)</i>	Parent company	Companies under control of the parent			Total related parties	Total financial statement line item	Percentage of financial statement line item
	Newlat Group	Corticella	New Property	Other companies under control of the parent			
Right of use assets							
As of June 30, 2019	-	1,876	8,972	-	10,848	19,063	56.9%
As of December 31, 2018	-	2,110	10,117	-	12,227	18,577	65.8%
Financial assets at amortised cost							
As of June 30, 2019	-	125	610	-	735	868	84.7%
As of December 31, 2018	-	125	610	-	735	858	85.7%
Trade receivables							
As of September 30, 2019	-	-	-	19	19	54,959	0.0%
As of December 31, 2018	-	-	-	1,124	1,124	53,869	2.1%
Other current assets and receivables							
As of September 30, 2019	-	-	-	-	-	57,659	0.0%
As of December 31, 2018	-	-	10,000	-	10,000	14,440	69.3%
Cash and cash equivalents							
As of September 30, 2019	17,843	-	-	-	17,843	20,971	85.1%
As of December 31, 2018	37,345	-	-	-	37,345	61,786	60.4%
Non current borrowings							
As of September 30, 2019	-	-	-	-	-	-	0.0%
As of December 31, 2018	-	-	-	-	-	1,778	0.0%
Non current lease liabilities							
As of September 30, 2019	-	1,450	6,886	-	8,336	14,281	58.4%
As of December 31, 2018	-	1,682	8,018	-	9,700	14,110	68.7%
Other non current liabilities							
As of September 30, 2019	-	-	-	-	-	-	0.0%
As of December 31, 2018	-	-	-	-	-	3,121	0.0%
Trade payables							
As of September 30, 2019	91	-	26	2	67	77,882	-0.1%
As of December 31, 2018	130	-	58	7	195	92,221	0.2%
Current borrowings							
As of September 30, 2019	-	-	-	-	-	-	0.0%
As of December 31, 2018	-	-	-	-	-	27,163	0.0%
Current lease liabilities							
As of September 30, 2019	-	460	2,250	-	2,710	5,176	52.4%
As of December 31, 2018	-	454	2,222	-	2,676	5,087	52.6%

The table below shows the detailed statement of the economic balances relating to the Group's transactions with related parties for the interim report as of September 30, 2019.

<i>(In thousands of Euro)</i>	Parent company	Companies under control of the parent			Total related parties	Total financial statement line item	Percentage of financial statement line item	
	Newlat Group	Corticella	New Property	Newlat GmbH				Other companies under
Revenue from contracts with customers								
As of September 30, 2019	-	-	-	19,368	-	19,368	185,076	10.5%
Cost of sales of goods								
As of September 30, 2019	-	351	1,718	-	-	2,189	155,439	1.4%
Administrative expenses								
As of September 30, 2019	1,356	-	-	-	-	1,356	8,311	16.3%
Finance income								
As of September 30, 2019	117	-	-	-	-	117	228	51.3%
Finance costs								
As of September 30, 2019	68	24	116	-	-	208	1,024	20.3%

Disputes, contingent Liabilities and contingent Assets

The Parent Company and some of its subsidiaries are involved in some disputes for relatively limited entities. However, it is believed that the resolution of these disputes should not generate significant liabilities for the Group for which specific risk provisions have not already been allocated. Furthermore, there are no substantial changes in the situations of litigation or potential liabilities outstanding at December 31, 2018.

