



A multibrand company



INTERIM MANAGEMENT REPORT

AT 31 MARCH 2020



**DIRECTORS' REPORT ON OPERATING PERFORMANCE
AT 31 MARCH 2020**

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

Newlat Food S.p.A.

Registered Office at 16, Via J.F. Kennedy, Reggio

Emilia (RE) Paid-in share capital: Euro 40,780,482

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

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

BOARDS AND OFFICERS

Board of Directors

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

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

(**) Executive Director.

(***) Non-executive director.

Board of Statutory Auditors

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

Remuneration and Appointments Committee

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

Control and Risks Committee

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

RPT Committee

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

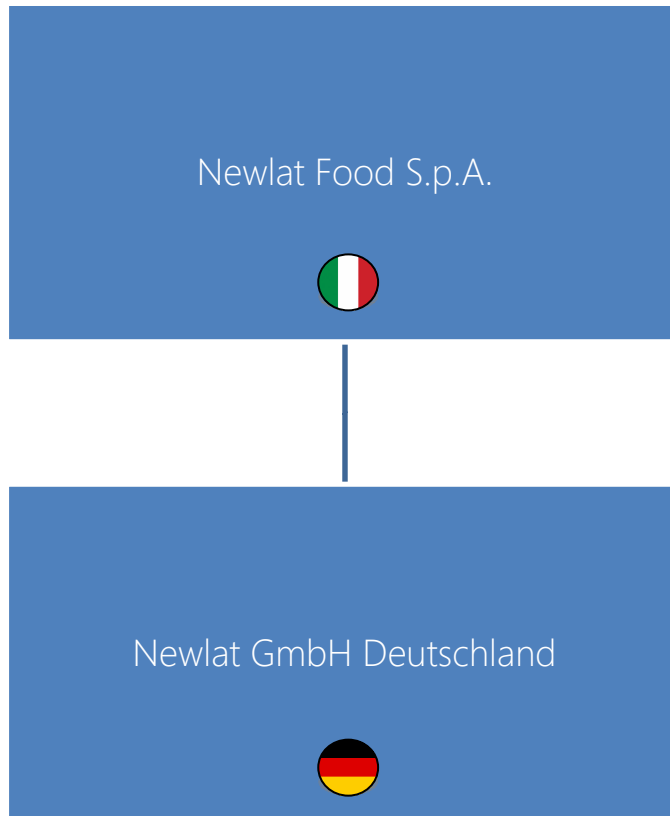
Financial Reporting Officer

Rocco Sergi

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

Group Structure



INTERIM MANAGEMENT REPORT

DIRECTORS' OBSERVATIONS ON PERFORMANCE
AS AT 31 MARCH 2020

Having analysed performance during the first quarter of 2020, Angelo Mastrolia, Chairman of Newlat Food S.p.A., wishes first of all to express sincere thanks to employees and partners who, in these months of extreme difficulty brought on by the COVID-19 pandemic, have demonstrated a strong sense of social responsibility, and especially to those who, on the front line in the Group's production plants, have ensured that our products remain available to communities in Italy and abroad.

Analysis of Q1 performance cannot ignore how the current pandemic has impacted the lives of people around the world. Against such a background, the Company has again proved itself supremely adept at crisis management, making sure that supply levels are continually high in terms of quality and quantity. The Chairman therefore feels it is essential to highlight the hard work and sacrifices of Newlat Food S.p.A. personnel who have made it possible to achieve these objectives.

The current health emergency has changed the purchasing behaviour of families and resulted in increased household consumption. Within this environment, the Group's business grew by a solid 12.4% compared with the previous period, with double-digit growth of 20% in the pasta sector, 17% in baked goods and 10% in special products, as well as growth in the various distribution channels, with the figure hitting a record 20% among mass-market retailers.

The other individual business units also enjoyed organic growth above company forecasts and significantly better than the market as a whole.

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

Growth figures by geographical area are also reassuring: 15% in the German market and 12% in Italy, while in other countries there was significant growth of 9%.

Lastly, financial data point to a business that is able to continually generate cash: EBITDA up by 27%, the net financial position improving by Euro 3,4 million compared with December 2019 and a cash conversion rate of 90%.

(in thousands of Euro)	At 31 March 2020	At 31 March 2019(*)
Revenue from contracts with customers	80,339	71,475
Cost of sales	(66,446)	(60,576)
Gross operating profit/(loss)	13,893	10,899
Sales and distribution costs	(6,785)	(6,260)
Administrative costs	(4,092)	(3,091)
Net write-downs of financial assets	(350)	(220)
Other revenues and income	1,449	1,304
Other operating costs	(830)	(616)
Operating profit/(loss)	3,285	2,016
Financial income	192	227
Financial expenses	(284)	(339)
Profit (loss) before taxes	3,193	1,904
Income taxes	(887)	(704)
Net profit/(loss)	2,306	1,200
Basic net profit/(loss) per share	0.06	0.04
Diluted net profit/(loss) per share	0.06	0.04
EBITDA	6,685	5,271

(*) the figures at 31 March 2019 take into account the contribution of Newlat Deutschland GmbH

Net turnover amounted to Euro 80.3 million, an increase of Euro 8.9 million (+12.4%) on the same period of the previous year due essentially to two factors: the contribution of Delverde Industrie Alimentari S.p.A. (5.6%) and the organic increase in almost all the sectors in which the Group operates as a result of higher sales volumes (6.8%). This turnover is the result of applying the new IFRS 15 standard, which requires deducting the cost of services provided by mass-market retailers (leaflets, positioning, new openings, etc.) from sales revenues.

EBITDA amounted to Euro 6.7 million, a clear improvement on the same period of the previous year (+26.8%) due to the increase in volumes. The EBITDA margin was up by nearly one percentage point from 7.4% at 31 March 2019 to 8.3% at 31 March 2020.

Operating income amounted to Euro 3.3 million, up by around Euro 1.3 million from Euro 2 million in the first quarter of 2019 as a result of the above-mentioned increase in volumes.

The positive net financial position increased from Euro 48.6 million at 31 December 2019 to Euro 52 million at 31 March 2020, thanks to the Group's ability to generate cash from operating activities (cash conversion rate of 90% at 31 March 2020).

NOTES TO THE INTERIM REPORT

General information

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

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

The Company is subject to management and coordination by the parent Newlat Group S.A. (hereinafter “**Newlat Group**”), a company that directly owns 66.2% of the share capital, while the remaining part (33.8%) was placed and subscribed by institutional investors.

This document presents the financial information of the Newlat Group as at 31 March 2020 including, as of 1 January 2019, the figures relating to the company Newlat Deutschland, as per the Newlat Deutschland Purchase Agreement.

SUMMARY OF ACCOUNTING STANDARDS AND CRITERIA ADOPTED FOR PREPARING THE INTERIM REPORT

The accounting standards and measurement criteria adopted in the preparation and drafting of the Interim Report are set out below.

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

Interim Report preparation criteria

The 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. The comparative figures at 31 March 2019 are aggregated insofar as they include the Newlat Deutschland GmbH data for the purposes of a greater understanding and analysis of the Group's business performance.

The financial information was prepared by including the Newlat Deutschland figures as of 1 January 2019. In particular, Newlat Deutschland was included by aggregating its data to the original structure of reference in the consolidated report of the Newlat Group, eliminating the statement of financial position and income statement data relating to transactions between the Newlat Group and other group companies.

In relation to the criteria for aggregating financial information, it should be noted that the acquisition of Newlat Deutschland is an ‘under common control’ transaction and, as such, is recognised in accordance with document OPI No. 1 R (preliminary guidance on IFRS from ASSIREVI, the Italian association of auditors). In particular, this transaction was carried out for purposes other than the transfer of control, and essentially represents a simple corporate reorganisation. With this in mind, since the aforementioned transaction does not have a significant influence on the cash flows of the net assets transferred

before and after acquisition, it was recognised on the basis of continuity of values. In addition, it should be noted that, since this transaction is settled by payment of a consideration in cash, the difference between the transfer value (amount of the consideration in cash) and the historical book values transferred represents a transaction with shareholders to be recognised as a distribution of the purchasing entity's shareholders' equity.

Consolidation criteria and methodology

The Interim Report includes the results, assets and liabilities and cash flows of the Group and its subsidiary, prepared based on the relative accounting statements and, where applicable, suitably adjusted to bring them in line with IFRS. As stated above, the Interim Report includes, as of 1 January 2019, the results, assets and liabilities and cash flows of Newlat Deutschland.

It should be noted that at the reference date of the Interim Report, all the companies included within the scope were consolidated using the line-by-line method and no minority interests were recognised.

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

The comparative economic data at 31 March 2019 do not include the figures for Delverde Industrie Alimentari S.p.A. as it was acquired on 9 April 2019 and included in the scope of consolidation from that date.

Alternative performance indicators

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

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

The alternative performance indicators listed below should be used as an information supplement to IFRS requirements to help users of the financial report to better understand the Group's results, assets and liabilities and cash flows. It should be noted that these adjustment measures are calculated consistently from one year to the next. This may differ from the methods used by other companies.

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

- Value added: determined by the difference between net sales, the cost of sales (comprising material, production and distribution costs) and advertising and promotional costs;

- Gross Operating Income (EBITDA): the operating result (OR) before depreciation, amortisation and write-downs;
- Gross profit (GP): operating income less financial expense;
- Net profit (NP): gross profit less taxes;
- ROS (return on sales): the ratio of operating income to net sales for the period;
- ROI (return on investment): the ratio of operating income for the period to fixed assets at the end of the period
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.

Net financial position is given by the algebraic sum of:

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

Reclassified statement of cash flows

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

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

SIGNIFICANT EVENTS AT 31 MARCH 2020

In January 2020, following the spread of the virus called SARS-CoV-2 and its respiratory disease called COVID-19 (commonly known as the 'Coronavirus'), the Chinese and other foreign governments took some restrictive measures to contain the potential spread of the epidemic. Among these, the most significant have involved the isolation of the region where the epidemic originated, restrictions and controls on travel to, from and within China, restrictions on the movement of the local population and the closure of offices and production facilities throughout the country.

Between the last week of February 2020 and the approval of this Interim Report, the aforementioned virus spread rapidly in Italy and in various other countries, with significant negative effects for the health of many people, for commercial activities and for the economies of the countries involved.

After careful monitoring of events, the Company's management has promptly implemented strategic decisions and appropriate actions in this situation and highlights the following important characteristics of its business structure, supported by excellent data on sales revenues achieved in the first months of 2020:

- full production capacity: all the establishments of the Company and the Group continue their activities, in full compliance with the health standards prescribed by the authorities;
- sourcing and logistics: in view of the primarily local (linked to geographical sales areas) structure for sourcing raw materials, and also considering current availability, we do not believe that the current COVID-19 emergency can have material impacts on the supply chain. Similarly, there are no problems in the logistics services used;
- distribution channels: Newlat Food generates 77.8% of its turnover (67.5% from its own brands and 10.3% from private labels) through the mass distribution channel, 12% through the B2B channel via long-term contracts with multinationals, and 7.5% through small shops, located mainly in the centre and south of Italy. Revenues from sales related to the HoReCa segment, which were particularly impacted in March 2020 by the large decrease in footfall, both from tourists and locals, are less than 5% of the total revenues of the Company.

The following table lists some of the main income statement and statement of financial position indicators:

<i>(In thousands of Euro and percentage)</i>	At 31 March	At 31 March
	2020	2019
Operating profit/(loss) (EBIT)	3,285	2,016
EBITDA	6,685	5,271
Revenue from contracts with customers	80,339	71,745
EBITDA margin	8.3%	7.4%
Investments (B)	677	495
Cash conversion	89.9%	90.6%

Operating income amounted to Euro 3.3 million, up by 63% compared with the same period of 2019.

EBITDA (+27%) and the EBITDA margin also increased compared with the same period in 2019.

<i>(in thousands of Euro)</i>	At 31 March	At 31 March
	2020	2019
Investments	677	495
Investments as a share of revenues	0.8%	0.7%
EBITDA	6,685	5,271
EBITDA margin	8.3%	7.4%
<i>Cash conversion</i>	89.9%	90.6%
<i>Cash flow conversion ratio</i>	83.8%	92.5%
Standardised EBITDA	6,885	5,456
Standardised EBITDA margin	8.6%	7.6%
ROS	4.1%	2.8%
Net profit/(loss)	2,306	1,200

Net profit was up sharply compared with the same period of the previous year (+92%).

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Net non-current assets	61,087	63,792
Net operating working capital	(6,829)	(10,437)
Net working capital	(19,324)	(20,871)
Net invested capital	41,763	42,921
Net financial debt	(51,993)	(48,624)
Total borrowings	41,762	42,922
Average days in inventory	35	36
Turnover rate of inventories	10.4	10.1
Average days for collection of trade receivables	53	52
Trade receivables turnover rate	6.9	6.9
Average days for payment of trade payables	117	130
Turnover rate of trade payables	3.1	2.8
ROI	37.9%	33.9%
ROE	12.2%	11.3%

The net financial position compared with 31 December 2019 has improved considerably by some Euro 3.3 million, due to the excellent Q3 performance and the Group's ability to generate cash from operating activities. Changes in net financial position are shown below:

Net Financial Position at 31 December 2019 (Euro/million)	48.6
EBITDA	6.8
Net working capital	(1.6)
Interest and taxes	(0.9)
Investments	(0.7)
Other minor operating costs	(0.2)
Net Financial Position 31 March 2020	52

The main performance indicators are also excellent, including the ROI of 37.9%, a clear improvement on the first quarter of 2019.

The table below contains the income statement of the Group's Interim Report for the periods ended 31 March 2020 and 2019.

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 31 March				Changes	
	2020	%	2019	%	2020 vs 2019	%
Revenue from contracts with customers	80,339	100.0%	71,475	100.0%	8,864	12.4%
Cost of sales	(66,946)	(83.3%)	(60,576)	(84.8%)	(6,371)	10.5%
Gross operating profit/(loss)	13,893	17.3%	10,899	15.2%	2,994	27.5%
Sales and distribution costs	(6,785)	(8.4%)	(6,260)	(8.8%)	(525)	8.4%
Administrative costs	(3,592)	(4.5%)	(3,091)	(4.3%)	(501)	16.2%
Net write-downs of financial assets	(350)	(0.4%)	(220)	(0.3%)	(130)	59.1%
Other revenues and income	1,449	1.8%	1,304	1.8%	145	11.1%
Other operating costs	(830)	(1.0%)	(616)	(0.9%)	(214)	34.7%
Operating profit/(loss) (EBIT)	3,285	4.1%	2,016	2.8%	1,269	62.9%
Financial income	192	0.2%	227	0.3%	(35)	(15.4%)
Financial expenses	(284)	(0.4%)	(339)	(0.5%)	55	(16.3%)
Profit (loss) before taxes	3,193	4.0%	1,904	2.7%	1,289	67.7%
Income taxes	(887)	(1.1%)	(704)	(1.0%)	(183)	26.1%
Net profit/(loss)	2,306	2.9%	1,200	1.7%	1,106	92.2%

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

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to the customer. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, Newlat is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products. These contributions totalled Euro 4,413 thousand and Euro 4,212 thousand respectively at 31 March 2020 and 31 March 2019.

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

<i>(In thousands of Euro and percentage)</i>	At 31 March				Changes	
	2020	%	2019	%	2020 vs 2019	%
Pasta	37,647	46.9%	31,484	44.0%	6,164	19.6%
Milk Products	16,329	20.3%	15,242	21.3%	1,087	7.1%
Bakery Products	9,479	11.8%	8,101	11.3%	1,378	17.0%
Dairy Products	5,502	6.8%	5,256	7.4%	246	4.7%
Special Products	8,372	10.4%	7,617	10.7%	755	9.9%
Other Products	3,010	3.7%	3,775	5.4%	(765)	(20.3%)
Revenue from contracts with customers	80,339	100.0%	71,474	100.0%	8,865	12.4%

Revenues from **the Pasta** segment increased by 19.6%; net of Delverde's contribution, however, they would have grown by 6.8% due mainly to an increase in sales volumes both in the German market and in other countries.

Revenues from the **Milk Products** segment increased by 7.1%, mainly as a result of the increase in sales volumes.

Revenues from the **Bakery Products** segment increased significantly compared with the same period of the previous year (+17%) as a result of higher sales volumes, especially in Italy.

Revenues from the **Dairy Products** segment increased by 4.7%, mainly due to the increase in mascarpone sales.

Revenues from the **Special Products** segment increased by 9.9%, mainly due to the renegotiation of price lists with Kraft-Heinz, as well as to higher sales volumes.

Revenues from the **Other Products** segment decreased by 20.3% compared with the same period of the previous year because of lower sales volumes, particularly in the normal trade sector as a result of COVID-19. Margins, however, are in line with the EBITDA margin increase (+1.3%)

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

<i>(In thousands of Euro and percentage)</i>	At 31 March				Changes	
	2020	%	2019	%	2020 vs 2019	%
Mass Distribution	54,206	67.5%	45,263	63.3%	8,944	19.8%
<i>B2B partners</i>	9,656	12.0%	9,158	12.8%	498	5.4%
<i>Normal trade</i>	6,514	7.5%	6,845	9.6%	(331)	(4.8%)
<i>Private labels</i>	8,277	10.3%	8,157	11.4%	120	1.5%
<i>Food services</i>	1,686	2.7%	2,051	2.9%	(365)	(17.8%)
Total revenue from contracts with customers	80,339	100.0%	71,474	100.0%	8,865	12.4%

Revenues from the mass-market retailers channel (+19.8%) increased as a result of both the contribution of Delverde and, above all, the organic growth recorded in all sectors in which the Group operates.

Revenues from the **B2B partners** channel increased by 5.4% as a result of higher sales volumes and the renegotiation of some sales lists.

Revenues from the normal trade channel decreased, mainly as a result of lower "Other Products" sales volumes because of COVID-19.

Revenues from the Private Label channel increased by 1.5% compared with the same period of the previous year.

Revenues from the Food Service channel decreased, mainly as a result of lower “Other Products” sales volumes because of COVID-19.

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

<i>(In thousands of Euro and percentage)</i>	At 31 March				Changes	
	2020	%	2019	%	2020 vs 2019	%
Italy	39,864	49.6%	35,487	49.7%	4,377	12.3%
Germany	25,395	31.6%	22,113	30.9%	3,282	14.8%
Other countries	15,080	18.9%	13,874	19.5%	1,206	8.7%
Total revenue from contracts with customers	80,339	100.0%	71,474	100.0%	8,865	12.4%

Revenues from Italy have increased mainly due to organic growth in the Milk, Dairy and Bakery products segments, and to the contribution of Delverde.

Revenues from Germany increased compared with the first three months of 2019 as a result of higher sales in the Pasta sector.

Revenues from other countries increased during the periods under review due to organic growth in all sectors in which the Group operates.

Operating costs

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

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 31 March			
	2020	%	2019	%
Cost of sales	66,946	83.3%	60,576	84.8%
Sales and distribution costs	6,785	8.4%	6,260	8.8%
Administrative costs	3,592	4.4%	3,091	4.4%
Total operating costs	77,323	96.2%	69,927	97.8%

Cost of sales represented 83.3% of turnover (84.8% at 31 March 2019). The purchase costs of raw materials and components purchased on the market, including the change in inventories, amounted to Euro 66.9 million (Euro 60.6 million in the same period of 2019, which did not include the costs of the acquired company Delverde). The increase in the cost of sales is mainly due to an increase in sales volumes and the contribution of Delverde. However, the impact on turnover has improved considerably as a result of an improved purchasing policy in the Group’s supply chain.

Sales and distribution expenses were 8.4% higher than at 31 March 2019, with this amount down by 0.4 percentage points as a percentage of sales. Also with reference to distribution costs, the increase in absolute values is directly linked to the increase in volumes, while the improvement in terms of percentage of sales is due to a better distribution network.

Administrative expenses were 16.2% higher than at 31 March 2019, due to higher costs related to the acquired company Delverde Industrie Alimentari S.p.A. However, the figure as a percentage of sales remains unchanged compared with the same period of the previous year.

EBITDA amounted to Euro 6.7 million (8.3% of sales) compared with Euro 5.3 million at 31 March 2019 and represented 7.4% of sales, up by 26.8%.

The following table shows EBITDA by activity segment:

<i>(In thousands of Euro)</i>	At 31 March 2020						Consolidated Report total
	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other products	
Revenue from contracts with customers (third parties)	37,647	16,329	9,479	5,502	8,372	3,010	80,339
EBITDA (*)	2,249	1,184	1,327	829	946	151	6,685
EBITDA margin	6.0%	7.2%	14.0%	15.1%	11.3%	5.0%	8.3%
Amortisation, depreciation and write-downs	1,273	569	367	75	523	243	3,050
Net write-downs of financial assets						350	350
Operating profit/(loss)	976	615	960	754	423	(442)	3,285
Financial income	-	-	-	-	-	192	192
Financial expenses	-	-	-	-	-	(284)	(284)
Profit (loss) before taxes	976	615	960	754	423	(534)	3,193
Income taxes	-	-	-	-	-	(887)	(887)
Net profit/(loss)	976	615	960	754	423	(1,422)	2,306

<i>(In thousands of Euro)</i>	At 31 March 2019						Combined Consolidated Report Total
	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other products	
Revenue from contracts with customers (third parties)	31,484	15,242	8,101	5,256	7,617	3,775	71,474
EBITDA (*)	1,659	1,067	1,099	580	686	181	5,271
EBITDA margin	5.3%	7.0%	13.6%	11.0%	9.0%	4.8%	7.4%
Amortisation, depreciation and write-downs	1,160	684	411	71	510	200	3,035
Net write-downs of financial assets						220	220
Operating profit/(loss)	499	383	688	509	176	(238)	2,017
Financial income	-	-	-	-	-	227	227
Financial expenses	-	-	-	-	-	(339)	(339)
Profit (loss) before taxes	499	383	688	509	176	(351)	1,904
Income taxes	-	-	-	-	-	(704)	(704)
Net profit/(loss)	499	383	688	509	176	(1,055)	1,200

Operating profit (EBIT), not significantly influenced by the change of the aforementioned principle, amounted to Euro 3.3 million (4.1% of sales) compared with Euro 2 million in the first three months of 2019 (2.8% of sales), with a growth of 62.9%.

The tax rate for the period was 27.8% (37% in the first three months of 2019). Net profit at 31 March 2020 was Euro 2.3 million (Euro 1.2 million at 31 March 2019), up by 92.2%.

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

<i>(In thousands of Euro and percentage)</i>	At 31 March	At 31 March
	2020	2019
Operating profit/(loss) (EBIT)	3,285	2,016
Revenue from contracts with customers	80,339	71,475
ROS (*)	4.1%	2.8%

(*) ROS (return on sales) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Group's financial statements when assessing the Group's results.

ROI (return on investment) increased mainly due to the results obtained at 31 March 2020.

The following table provides a reconciliation of the ROI for the periods under review.

<i>(In thousands of Euro and percentage)</i>	At 31 March	At 31
	2020	December 2019
Operating profit/(loss) (EBIT)	15,828	14,559
Net invested capital (*)	41,763	42,921
ROI (*)	37.9%	33.9%

(*) Net invested capital and ROI (return on investment) are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Group's financial statements when assessing the Group's results.

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 March 2020 and 2019.

<i>(In thousands of Euro and percentage)</i>	At 31 March	At 31 March
	2020	2019
Operating profit/(loss) (EBIT)	3,285	2,016
EBITDA (*) (A)	6,685	5,271
Revenue from contracts with customers	80,339	71,475
EBITDA margin (*)	8.3%	7.4%
Investments (B)	677	495
Cash conversion [(A) - (B)]/(A)	89.9%	90.6%

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion rate 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 Interim Report when assessing the Group's results and cash flows.

To assess performance, the Company's management monitors, among other things, EBITDA by business unit as shown in the table below at 31 March 2020 and 2019.

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 31 March			
	2020	%	2019	%
Pasta	2,249	6.0%	1,659	5.3%
Milk Products	1,184	7.2%	1,067	7.0%
Bakery Products	1,327	14.0%	1,099	13.6%
Dairy Products	829	15.1%	580	11.0%
Special Products	946	11.3%	686	9.0%
Other Products	151	5.0%	181	4.8%
EBITDA	6,685	8.3%	5,271	7.4%

EBITDA from the Pasta segment increased mainly due to the increase in volumes.

EBITDA from the Milk Products segment increased in the periods under review due to the increase in sales volumes.

EBITDA from the Bakery Products segment increased mainly due to the combination of (i) higher sales volumes and (ii) a reduction in the cost of purchasing raw materials.

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

EBITDA from the Special Products segment increased mainly due to the increase in sales volumes.

EBITDA from the Other Products segment decreased mainly as a result of lower sales volumes associated with service products.

Net profit/(loss)

The table below provides a reconciliation of the ROE at 31 March 2020.

<i>(In thousands of Euro and percentage)</i>	At 31 March	Year ended 31 December		
	2020	2019	2018	2017
Net profit/(loss)	11,417	10,311	5,952	4,492
Shareholders' equity	93,755	93,754	63,540	67,446
ROE (*) (**)	12.2%	11.0%	9.4%	6.7%

(*) ROE (return on equity) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Group's Interim Report when assessing the Group's results.

(**) The economic values at March 31, 2020 have been calculated on a rolling 12 months basis, i.e. for the period from April 1, 2019 to March 31, 2020.

The increase in ROE related mainly to the increase in profitability compared with the same period of the previous year

The net financial position is as follows (including financial payables related to IFRS 16 lease liabilities):

<i>(in thousands of Euro)</i>	At 31 March	At 31 December		
Net financial debt	2020	2019	2018	2017
Cash	101,394	100,888	61,790	72,340
Current financial receivables				
Current financial debt	(16,034)	(27,323)	(32,250)	(25,708)
Net current financial debt	85,360	73,656	29,540	46,632
Non-current financial debt	(33,367)	(25,032)	(15,888)	(13,478)
Net financial debt	51,993	48,623	13,652	33,154

2019 Proforma Consolidated Statement

The Proforma Consolidated Statement is for illustrative purposes only and has been prepared exclusively to make it consistent with the Registration Document relating to the listing of Newlat's ordinary shares on the Mercato Telematico Azionario (screen-based stock exchange) organised and managed by Borsa Italiana S.p.A.

The Proforma Consolidated Statement was prepared in order to bring uniformity to the data at 31 March 2019, with the separate inclusion from 1 January 2019 of the acquisition by

- Newlat of 100% of the share capital of Delverde Industrie Alimentari S.p.A. (hereinafter the **"Delverde Acquisition"**);
- termination of the contracts for the provision of intra-group services between the Group companies and the sole shareholder Newlat Group and conclusion of a cost-sharing agreement between Newlat Food S.p.A. and Newlat Group (hereinafter the **"Termination of Service Contracts"**);
- amendment of the cash pooling agreements between the Group companies and the sole shareholder Newlat Group (hereinafter the **"Amendment of the Cash Pooling Agreements"**).

The Proforma Consolidated Statement was prepared in order to simulate, according to valuation criteria consistent with historical data and in compliance with the relevant legislation, the main effects of the Transactions on the Interim Management Report as if they had taken place on 1 January 2019. It should be noted, however, that the information contained in the Proforma Consolidated Statement represents, as previously indicated, a simulation, provided for illustrative purposes only, of the effects that could derive from the Transactions. The proforma financial information relates to a hypothetical situation and, therefore, does not represent the Group's financial position and actual results. In particular, since proforma financial information is constructed to retroactively reflect the effects of subsequent transactions, despite compliance with commonly accepted rules and the use of reasonable assumptions, the very nature of such information means there are limitations. Therefore, it should be noted that, if the Transactions had actually taken place on the assumed dates, the same results would not necessarily have been obtained as the ones presented in the Proforma Consolidated Statement.

The Proforma Consolidated Statement does not include a proforma statement of financial position at 31 March 2019, as this statement would not provide any information additional to what appears in the Group's Annual Report at 31 December 2019, given that the effects arising from the Acquisition of Delverde and the Acquisition of Newlat Deutschland are already reflected in these historical balances.

Finally, it should be noted that, by its nature, the Proforma Consolidated Statement at 31 March 2019 relates to a hypothetical situation and, therefore, does not, and in no way intends to, represent the Group's actual results, nor a forecast of its future results.

The Proforma Consolidated Statement derives from the following historical data:

- the Newlat Group's Interim Report at 31 March 2019, prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34);
- Delverde's financial statements for the period from 1 January 2019 to 9 April 2019 (hereinafter the "**Delverde Financial Statements**") drafted for the purposes of preparing the 2019 Proforma Consolidated Statement.

The Proforma Consolidated Statement has been prepared in accordance with Consob Communication no. DEM/1052803 of 5 July 2001 governing the methodology for the preparation of proforma financial information. In particular, the Proforma Consolidated Statement at 31 March 2019 was prepared by adjusting the historical data at that date derived from the Interim Report.

The accounting principles adopted for the preparation of the Proforma Consolidated Statement are the same as those used for the preparation of the Interim Report, namely the International Financing Reporting Standards, which comprise all the International Accounting Standards, all the International Financial Reporting Standards and all the interpretations of the IFRS Interpretations Committee (previously known as the Standing Interpretations Committee), adopted by the European Union ("**IFRSs**").

All the information reported in the current document is expressed in thousands of Euro, unless otherwise stated.

Transactions

Acquisition of Delverde

On 9 April 2019, Newlat entered into a contract with Molinos del Plata S.L.U. and Molinos Rio de la Plata S.A. to buy shares representing the entire share capital of Delverde Industrie Alimentari S.p.A. (hereinafter the "**Delverde Acquisition**"). The transaction was executed simultaneously with the signing of the contract.

The contract for the Acquisition of Delverde provided for a provisional price, paid by Newlat Food on the execution date, of Euro 3,775 thousand, which was subsequently adjusted on the basis of the difference between the values of the net financial position and working capital conventionally determined by the parties and the actual values on the execution date. The methods for calculating the net financial position and working capital used to determine the consideration have been defined within the scope of the contract. Further (decreasing) adjustments to the price were envisaged, on the one hand with reference to contingent liabilities relating to the period prior to the transaction execution date due to discount agreements in favour of large-scale retailers, and, on the other hand, with reference to the non-collection of receivables, net of the related provision for bad debts recorded in the financial statements. The positive price adjustment amounted to Euro 147 thousand, collected by Newlat Food on 3 December 2019.

Termination of Service Contracts

On 29 December 2014, 29 December 2015 and 2 December 2016 respectively, Newlat, Centrale del Latte di Salerno S.p.A. (hereinafter “**Centrale del Latte di Salerno**”) and Newlat Deutschland signed an intra-group service contract with the sole shareholder Newlat Group concerning the management, using specialised personnel, of certain management activities (general, administrative, commercial, personnel, legal and corporate affairs) of the subsidiaries. The annual fee to be paid to the sole shareholder for the provision of the aforementioned services was determined at Euro 180 thousand, Euro 120 thousand and Euro 180 thousand respectively for Newlat, Centrale del Latte di Salerno and Newlat Deutschland.

It should be noted that on 22 July 2019, Newlat, Centrale del Latte di Salerno and Newlat Deutschland separately signed an agreement with the sole shareholder Newlat Group aimed at the termination of the aforementioned service contracts. At the same time as the contract between Newlat Group and Newlat Food SpA was terminated, the same parties signed a cost-sharing agreement relating only to the following activities: (i) scouting with reference to Newlat Food's M&A operations; (ii) support for the execution phase of M&A operations; (iii) support for the company's Investor Relations Manager; (iv) corporate affairs. These activities will be carried out by certain employees of Newlat Group. The cost-sharing agreement will not affect the decision-making and managerial autonomy of Newlat Food SpA as regards its related activities. Under the cost-sharing agreement, the cost related to the provision of services will be a maximum of Euro 120,000, depending on whether Newlat Food uses the aforementioned people.

Amendment of the Cash Pooling Agreements

Newlat, Centrale del Latte di Salerno and Newlat Deutschland are party to individual cash pooling agreements with the sole shareholder Newlat Group. These agreements define the procedures for managing the financial flows of these companies through the use of specific current accounts and provide for: (i) a lending rate equal to the 3-month Euribor plus a spread of 3% for the agreements signed by Newlat and Centrale del Latte di Salerno and 1% for the agreements signed by Newlat Deutschland; (ii) a borrowing rate equal to the 3-month Euribor plus a spread of 3% and (iii) payment to Newlat Group, as pool leader, of a fund availability fee on the agreed credit of the amounts made available on the aforementioned current accounts.

Below is a table relating to the proforma consolidated income statement at 31 March 2019, showing, by type, the adjustments made to represent the significant effects of the Transactions, and the related explanatory notes.

<i>(in thousands of Euro)</i>	At 31 March 2019	Delverde 1 January to 31 March 2019	IFRS 16	Terminatio n of Service Contracts	Amendment of Cash Pooling Agreements	At 31 March 2019
<i>Revenue from contracts with customers</i>	71,475	4,899		-	-	76,374
						(64,563
Cost of sales	(60,576)	(4,105)	118	-	-)
Gross operating profit/(loss)	10,899	794	118	-	-	11,810
Sales and distribution costs	(6,260)	(627)	-	-	-	(6,887)
Administrative costs	(3,091)	(780)	3	90	128	(3,651)
Net write-downs of financial assets	(220)	(23)	-	-	-	(243)
Other revenues and income	1,304	134	-	-	-	1,438
Other operating costs	(616)	(124)	-	-	-	(740)
Operating profit/(loss)	2,016	(626)	121	90	128	1,728
Financial income	227	36	-	-	-	263
Financial expenses	(339)	(104)	(75)	-	-	(518)
Profit (loss) before taxes	1,904	(694)	46	90	128	1,473
Income taxes	(704)	(19)	(15)	(25)	(36)	(799)
Net profit/(loss)	1,200	(713)	31	65	92	674
D&A	3,035	249	80	-	-	3,364
EBITDA	5,271	(354)	201	90	128	5,335
NON-RECURRING	121		-	-	-	121
STANDARDISED EBITDA	5,392	(354)	201	90	128	5,456
STANDARDISED EBITDA						
MARGIN	7.5%			-	-	7.1%
REPORTED EBITDA MARGIN	7.4%			-	-	7.0%

Group's consolidated income statement at 31 March 2019

This column includes the consolidated income statement of the Group at 31 March 2019, extracted from the Interim Report. Cost of sales, sales and distribution expenses and administrative expenses include amortisation and write-downs amounting to Euro 3,255 thousand.

Delverde income statement for the period from 1 January to 9 April 2019

This column includes the Delverde financial statements drafted for the purposes of preparing the 2019 Proforma Consolidated Statement. Cost of sales, sales and distribution expenses and administrative expenses include amortisation and write-downs amounting to Euro 80 thousand.

Termination of Service Contracts

This column includes the effects that the Termination of Service Contracts has on the proforma consolidated income statement at 31 March 2019, also in consideration of the

signing of the cost-sharing agreement, signed at the same time as the Termination of Service Contracts.

In particular, the table below shows the details of the calculation in question.

<i>(in thousands of Euro)</i>	
Elimination of administrative expenses for management fees	120
Recognition of administrative costs for the cost-sharing agreement	(30)
Tax effect	(25)
Adjustment of administrative expenses for management fees and cost-sharing net of tax	65

Note 15 - Amendment of the Cash Pooling Agreements

This column includes the effects that amending the Cash Pooling Agreements has on the proforma consolidated income statement at 31 March 2019.

In particular, the table below shows the details of the calculation in question.

<i>(in thousands of Euro)</i>	
Elimination of administrative expenses for commissions	128
Tax effect	(36)
Adjustment of administrative expenses for commissions and financial income net of tax	92

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

The proforma consolidated income statement includes:

- at 31 March 2019, non-recurring expenses of Euro 121 thousand, already recognised in the Interim Report, relating mainly to staff reorganisation costs
- at 31 March 2020, non-recurring expenses of Euro 200 thousand in indirect taxes related to the property portfolio spun off in 2017.

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

<i>(In thousands of Euro and percentage)</i>	At 31 March			
	2020 Proforma	%	2019 Proforma	%
Pasta	37,647	46.9%	36,383	47.6%
Milk Products	16,329	20.3%	15,242	20.0%
Bakery Products	9,479	11.8%	8,101	10.6%
Dairy Products	5,502	6.8%	5,256	6.9%
Special Products	8,372	10.4%	7,617	10.0%
Other Products	3,010	3.7%	3,775	4.8%
Revenue from contracts with customers	80,339	100.0%	76,373	100.0%

The table below provides a breakdown of proforma revenue from contracts with customers by distribution channel as monitored by management.

<i>(In thousands of Euro and percentage)</i>	At 31 March			
	2020 Proforma	%	2019 Proforma	%
Mass Distribution	54,206	67.5%	48,202	63.1%
B2B partners	9,656	12.0%	9,158	12.0%
Normal trade	6,014	7.5%	6,845	9.0%
Private labels	8,277	10.3%	8,157	10.7%
Food services	2,186	2.7%	4,011	5.4%
Revenue from contracts with customers	80,339	100.0%	76,373	100.0%

The table below provides a breakdown of proforma revenue from contracts with customers by geographical area as monitored by management.

<i>(In thousands of Euro and percentage)</i>	At 31 March			
	2020 Proforma	%	2019 Proforma	%
Italy	39,864	49.6%	38,426	50.3%
Germany	25,395	31.6%	22,113	29.0%
Other countries	15,080	18.8%	15,834	20.7%
Revenue from contracts with customers	80,339	100.0%	76,373	100.0%

The table below provides a breakdown of proforma standardised EBITDA from contracts with customers by geographical area as monitored by management.

<i>(In thousands of Euro and percentage of revenues)</i>	At 31 March			
	2020 Proforma	%	2019 Proforma	%
Pasta	2,449	6.5%	1,844	5.1%
Milk Products	1,184	7.2%	1,067	7.0%
Bakery Products	1,327	14.0%	1,099	13.6%
Dairy Products	829	15.1%	580	11.0%
Special Products	946	11.3%	686	9.0%
Other Products	151	5.0%	181	4.8%
Revenue from contracts with customers	6,885	8.6%	5,456	7.1%

INVESTMENTS

Investments in property, plant and equipment totalled Euro 3 million, as shown in the table below.

<i>(In thousands of Euro and percentage)</i>	At 31 March	
	2020	%
Land and buildings	-	0.0%
Plant and machinery	489	72.2%
Industrial and commercial equipment	44	6.5%
Other assets	5	0.7%
Leasehold improvements	22	3.2%
Assets under construction and payments on account	-	0.0%
Investments in property, plant and equipment	560	82.6%
Patents and intellectual property rights	114	16.8%
Concessions, licences, trademarks and similar rights	3	0.4%
Other assets	-	0.0%
Assets under development	-	0.0%
Investments in intangible assets	117	17.2%
Total investments	677	99.8%

The Group's investment policy is aimed at innovation and diversification in terms of product supply. In particular, the Group attaches importance to the development of new products, with the aim of continuously improving customer satisfaction. The increases in 2020 include Euro 0.7 million of industrial and commercial equipment and relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines.

Investments in intangible assets relate mainly to the purchase and updating of software.

INTRAGROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

It should be noted that related-party transactions, including intra-group transactions, are not classed as atypical or unusual since they fall within the normal course of business for the Group companies. Such transactions shall be settled at arm's length, taking account of the goods and services supplied. Information on transactions with related parties is presented in the Notes to this Interim Management Report.

EVENTS AFTER THE END OF Q1 2020

On 30 March 2020, Newlat Group S.A. ("Newlat Group", parent company of Newlat Food S.p.A. "Newlat Food" or the "Company") entered into a purchase and sale agreement (the "Agreement"), as the buyer, with Finanziaria Centrale del Latte di Torino S.p.A., Lavia – Partnership, Luigi Luzzati, Marco Fausto Luzzati, Carla Luzzati and Sylvia Loew, as the sellers ("Sellers"), under which Newlat Group purchased 6,473,122 ordinary

shares of Centrale del Latte d'Italia ("CLI"), representing 46.24% of the share capital and voting rights (the "CLI Shares subject to Purchase and Sale") against the payment, for each three CLI Shares subject to Purchase and Sale, of a total consideration of Euro 3.00 and 1 ordinary share of Newlat Food held by Newlat Group, corresponding to a unit consideration for each CLI Share subject to Purchase and Sale amounting to Euro 1.00 and 0.33 ordinary shares of Newlat Food (the "Consideration"). The transaction allowed the Sellers to become shareholders of Newlat Food with a total shareholding of 5.30% before the future share capital increase servicing the public purchase and exchange offer (as defined below). The operation was not subject to any conditions precedent. Newlat Group and the Sellers executed the purchase and sale of the CLI Shares subject to Purchase and Sale on 1 April 2020 (the "Execution Date"). CLI is a company active in the production and marketing of about 120 products ranging from milk and its derivatives to yoghurts and plant-based beverages that are distributed under the trademarks Tappo Rosso, Mukki, Tigullio and Vicenza in the reference territories at over 16,000 points of sale, both mass-market retailers and traditional traders. Its shares are listed on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. The operation aims to consolidate the Italian dairy market by merging two of its main operators, namely Newlat Food and CLI, which complement each other well in terms of geographical positioning and offer considerable potential for synergies. The business plan envisages that CLI will become the post-transaction reference platform for the entire dairy world, leveraging, among other things, the high-quality regional production chains of Tuscany and Piedmont and the managerial continuity represented by all managers and partners who will be involved in the major growth project under the leadership of Angelo Mastrolia, Executive Chairman of Newlat Food, and Edoardo Pozzoli, former CEO and current director of CLI. The acquisition of the majority stake in CLI falls perfectly within the plans and timings envisaged by the external growth and capital utilisation strategies announced during the IPO phase, thus allowing the Company to reach the turnover threshold of Euro 500 million. Thanks to the business combination of Newlat Food and CLI, the Group will be the third-largest Italian operator in the Milk & Dairy sector and will boast a full and competitive production capacity. In addition, a number of synergies of various kinds have been identified which, once implemented, will lead to substantial efficiencies in the short term. One of the fundamental points will be the complementarity of brands and territories, as well as their respective high-quality production chains (Tuscany, for example, is the jewel in the crown for organic products), thus offering Italian consumers a range of unique products with historic and locally significant brands. Newlat Group has also expressed its willingness to sell to Newlat Food, on and with effect from the Execution Date, the CLI Shares subject to Purchase and Sale that have been purchased by Newlat Group pursuant to the Agreement, as well as an additional 187,120 CLI ordinary shares, representing 1.34% of CLI's share capital, already held by Newlat Group, for a total of 6,660,242 CLI ordinary shares, representing 47.58% of the share capital (the "CLI Major Interest"), under the same economic terms referred to in the Agreement and, therefore, upon payment by Newlat

Food of the Consideration. On 1 April 2020, Newlat Food accepted the proposed purchase of the CLI Major Investment from Newlat Group, against payment of the Consideration, having consulted the Company's Related Parties Committee, as this purchase constituted a significant related-party transaction under the related parties procedure adopted by the Company.

As a result of the acquisition of the CLI Major Interest, Newlat Food has launched a mandatory public purchase and exchange offer (the "PPEO") on the remaining CLI ordinary shares, pursuant to and in accordance with applicable law, at the same Consideration paid to Newlat Group (as well as the same Consideration paid by Newlat Group to the Sellers) and, therefore, equal to 0.33 newly issued Newlat Food ordinary shares and Euro 1 for each CLI ordinary share that will be attached to the PPEO. It should also be noted that on 30 March 2020 Newlat Food signed a significant agreement, for all intents and purposes, pursuant to Article 122 of Legislative Decree 58/98, with Edoardo Pozzoli, former director and CEO of CLI, pursuant to which, among other things, it undertook, in exchange for the purchase of the CLI Major Investment, to include the name of Edoardo Pozzoli in the list of candidates that Newlat Food presented, in accordance with the applicable regulations, for the appointment of the members of the board of directors of CLI, whose shareholders' meeting was held on 29 April 2020. The essential information relating to this agreement drawn up pursuant to art. 130 of the Regulation adopted by Consob Resolution no. 11971 of 1999 has been made available on CLI's website within the terms of the law.

After the end of the first quarter of 2020, with the exception of the CLI transaction, no atypical or unusual transactions were carried out warranting a mention in this Report or requiring changes to the consolidated financial statements at 31 March 2020.

Given the good performance in the first quarter of 2020 and the good outlook for the second quarter, the full year 2020 is expected to be in line with the Group's expectations.

BUSINESS OUTLOOK

The month of April saw the consequences of the effects of COVID - 19 worsen due to the almost total closure of the companies operating in Italy. Internationally, the pandemic has also forced many of our customers and suppliers to close their businesses. Fortunately, the sector in which the Group operates is less involved in this pandemic while demonstrating its solidity.

In April and May, the Group continued to achieve a steady progression of organic growth in its turnover, reaching + 8% compared to the same period of the previous year. This is a growth that is much higher than the market performances themselves.

On account of these positive foundations, although there remains considerable uncertainty about what path the Coronavirus will take, Newlat Food's management remains fully confident in the continuation of its organic growth plans.

At the date of preparation of this report, it is not possible to predict when the spread of the epidemic will be halted and whether the national governments, in Italy and in the other countries where the Company and the Newlat Group operate, will adopt any further restrictive measures affecting production and commercial activities and the movement of people and the possible evolution of customer consumption.

In view of the foregoing, the Group has no possibility of predicting to what extent the aforementioned events may have significant repercussions on the prospects of the Company and the Newlat Group for the year 2020. Finally, the Directors believe, based on the information available at the date preparation of this report, to reasonably exclude impacts attributable to COVID-19.

Due to the above, the Company cannot predict the extent to which the aforementioned events may have significant repercussions on the prospects of the Company and the Newlat Group in 2020. Finally, based on the information available at the date of preparation of this report, the Directors believe they have reasonably excluded impacts attributable to COVID-19.

Reggio Emilia (RE), 14 May 2020

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

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

Reggio Emilia (RE), 14 May 2020

Rocco Sergi
Financial Reporting Officer

Financial statements

Consolidated statement of financial position

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Non-current assets		
Property, plant and equipment	30,806	31,799
Right-of-use assets	16,218	17,326
Intangible assets	24,983	25,217
Non-current financial assets measured at fair value through profit or loss	42	42
Financial assets at amortised cost	806	866
Prepaid tax assets	4,629	5,034
Total non-current assets	77,484	80,284
Current assets		
Inventories	25,754	25,880
Trade receivables	50,385	49,274
Current tax assets	716	716
Other receivables and current assets	3,443	4,701
Current financial assets measured at fair value through profit or loss	4	4
Cash and cash equivalents	101,390	100,884
Total current assets	181,692	181,459
TOTAL ASSETS	259,176	261,743
Shareholders' equity		
Share capital	40,780	40,780
Reserves	50,669	40,454
Net profit/(loss)	2,306	10,311
Total shareholder's equity	93,755	91,545
Non-current liabilities		
Provisions for employee benefits	10,549	10,646
Provisions for risks and charges	1,425	1,396
Deferred tax liabilities	3,823	3,850
Non-current financial liabilities	21,623	12,000
Non-current lease liabilities	11,744	13,032
Other non-current liabilities	600	600
Total non-current liabilities	49,764	41,524
Current liabilities		
Trade payables	82,968	85,592
Current financial liabilities	11,130	22,456
Current lease liabilities	4,904	4,776
Current tax liabilities	977	471
Other current liabilities	15,678	15,379
Total current liabilities	122,657	128,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	259,176	261,743

Consolidated income statement at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2020	2019
Revenue from contracts with customers	80,339	71,475
Cost of sales	(66,946)	(60,576)
Gross operating profit/(loss)	13,393	10,899
Sales and distribution costs	(6,785)	(6,260)
Administrative costs	(3,592)	(3,091)
Net write-downs of financial assets	(350)	(220)
Other revenues and income	1,449	1,304
Other operating costs	(830)	(616)
Operating profit/(loss)	3,285	2,016
Financial income	192	227
Financial expenses	(284)	(339)
Profit (loss) before taxes	3,193	1,904
Income taxes	(887)	(704)
Net profit/(loss)	2,306	1,200
Basic net profit/(loss) per share	0.06	0.04
Diluted net profit/(loss) per share	0.06	0.04

Consolidated statement of comprehensive income at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2020	2019
Net profit/(loss) (A)	2,306	1,200
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	(139)	
Tax effect on actuarial gains/(losses)	42	
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	(97)	
Total other components of comprehensive income, net of tax effect (B)	(97)	
Total comprehensive net profit/(loss) (A)+(B)	2,208	1,200

Consolidated statement of changes in equity

<i>(in thousands of Euro)</i>	Share capital	Reserves	Net profit/(losses)	Total shareholders' equity
At 31 December 2019	40,780	40,455	10,311	91,545
Allocation of net profit/(loss) for the previous year	-	10,311	(10,311)	-
Net profit/(loss)	-	-	2,306	2,306
Actuarial gains/(losses) net of the related tax effect	-	(97)	-	(97)
Total comprehensive net profit/(loss) for the year	-	(97)	2,306	2,209
At 31 March 2020	40,780	50,669	2,306	93,755

Consolidated statement of cash flows at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2020	2019
Profit (loss) before taxes	3,193	1,904
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	3,400	3,255
Financial expense/(income)	96	(112)
Cash flow generated /(absorbed) by operating activities before changes in net working capital	6,689	5,047
Increase (decrease) in inventory	126	(3,153)
Change in trade receivables	(1,460)	14,228
Increase (decrease) in trade payables	(2,624)	(12,047)
Change in other assets and liabilities	2,022	3,376
Use of provisions for risks and charges and for employee benefits	(66)	(345)
Taxes paid	(99)	(482)
Net cash flow generated /(absorbed) by operating activities	4,182	6,624
Investments in property, plant and equipment	(607)	(481)
Investments in intangible assets	(70)	(14)
Net cash flow generated /(absorbed) by investment activities	(677)	(495)
New long-term financial debt	15,000	3,594
Repayments of long-term financial debt	(16,703)	(1,778)
Repayments of lease liabilities	(1,199)	(1,597)
Net interest expense	(96)	112
Net cash flow generated/(absorbed) by financing activities	(2,998)	331
Total changes in cash and cash equivalents	506	6,458
Cash and cash equivalents at start of year	100,884	61,786
Total changes in cash and cash equivalents	506	6,458
Cash and cash equivalents at end of year	101,390	68,245

Proforma Financial Statements at 31 March 2020

Proforma income statement at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March 2020	Proforma at 31 March 2019
Revenue from contracts with customers	80,339	76,374
Cost of sales	(66,946)	(64,563)
Gross operating profit/(loss)	13,393	11,810
Sales and distribution costs	(6,785)	(6,887)
Administrative costs	(3,592)	(3,651)
Net write-downs of financial assets	(350)	(243)
Other revenues and income	1,449	1,438
Other operating costs	(830)	(740)
Operating profit/(loss)	3,285	1,728
Financial income	192	263
Financial expenses	(284)	(518)
Profit (loss) before taxes	3,193	1,473
Income taxes	(887)	(799)
Net profit/(loss)	2,306	674

Financial statements and notes

Consolidated Statement of Financial Position at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Non-current assets		
Property, plant and equipment	30,806	31,799
Right-of-use assets	16,218	17,326
Intangible assets	24,983	25,217
Non-current financial assets measured at fair value through profit or loss	42	42
Financial assets at amortised cost	806	866
Prepaid tax assets	4,629	5,034
Total non-current assets	77,484	80,284
Current assets		
Inventories	25,754	25,880
Trade receivables	50,385	49,274
Current tax assets	716	716
Other receivables and current assets	3,443	4,701
Current financial assets measured at fair value through profit or loss	4	4
Cash and cash equivalents	101,390	100,884
Total current assets	181,692	181,459
TOTAL ASSETS	259,176	261,743
Shareholders' equity		
Share capital	40,780	40,780
Reserves	50,669	40,454
Net profit/(loss)	2,306	10,311
Total shareholders' equity	93,755	91,545
Non-current liabilities		
Provisions for employee benefits	10,549	10,646
Provisions for risks and charges	1,425	1,396
Deferred tax liabilities	3,823	3,850
Non-current financial liabilities	21,623	12,000
Non-current lease liabilities	11,744	13,032
Other non-current liabilities	600	600
Total non-current liabilities	49,764	41,524
Current liabilities		
Trade payables	82,968	85,592
Current financial liabilities	11,130	22,456
Current lease liabilities	4,904	4,776
Current tax liabilities	977	471
Other current liabilities	15,678	15,379
Total current liabilities	122,657	128,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	259,176	261,743

Consolidated income statement at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2020	2019
Revenue from contracts with customers	80,339	50,904
Cost of sales	(66,946)	(43,777)
Gross operating profit/(loss)	13,393	7,127
Sales and distribution costs	(6,785)	(4,494)
Administrative costs	(3,592)	(2,388)
Net write-downs of financial assets	(350)	(220)
Other revenues and income	1,449	1,405
Other operating costs	(830)	(456)
Operating profit/(loss)	3,285	974
Financial income	192	174
Financial expenses	(284)	(331)
Profit (loss) before taxes	3,193	817
Income taxes	(887)	(237)
Net profit/(loss)	2,306	580
Basic net profit/(loss) per share	0.06	0.02
Diluted net profit/(loss) per share	0.06	0.02

Consolidated statement of comprehensive income at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2020	2019
Net profit/(loss) (A)	2,306	580
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	(139)	
Tax effect on actuarial gains/(losses)	42	
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	(97)	
Total other components of comprehensive income, net of tax effect (B)	(97)	
Total comprehensive net profit/(loss) (A) + (B)	2,208	580

Consolidated statement of changes in equity

<i>(in thousands of Euro)</i>	Share capital	Reserves	Net profit/(losses)	Total shareholders' equity
At 31 December 2019	40,780	40,455	10,311	91,545
Allocation of net profit/(loss) for the previous year	-	10,311	(10,311)	-
Net profit/(loss)	-	-	2,306	2,306
Actuarial gains/(losses) net of the related tax effect	-	(97)	-	(97)
Total comprehensive net profit/(loss) for the year	-	(97)	2,306	2,209
At 31 March 2020	40,780	50,669	2,306	93,755

Consolidated statement of cash flows at 31 March 2020

<i>(in thousands of Euro)</i>	At 31 March	
	2010	2019
Profit (loss) before taxes	3,193	817
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	3,400	2,703
Financial expense/(income)	96	(157)
Cash flow generated /(absorbed) by operating activities before changes in net working capital	6,689	3,363
Increase (decrease) in inventory	126	(1,537)
Change in trade receivables	(1,460)	(5,709)
Increase (decrease) in trade payables	(2,624)	2,795
Change in other assets and liabilities	2,022	1,455
Use of provisions for risks and charges and for employee benefits	(66)	(345)
Taxes paid	(99)	65
Net cash flow generated /(absorbed) by operating activities	4,182	86
Investments in property, plant and equipment	(607)	(335)
Investments in intangible assets	(70)	(56)
Net cash flow generated /(absorbed) by investment activities	(677)	(391)
New long-term financial debt	15,000	3,594
Repayments of long-term financial debt	(16,703)	(1,691)
<i>Repayments of lease liabilities</i>	(1,199)	(1,380)
Net interest expense	(96)	157
Net cash flow generated/(absorbed) by financing activities	(2,998)	680
Total changes in cash and cash equivalents	506	373
Cash and cash equivalents at start of year	100,884	37,683
Total changes in cash and cash equivalents	506	373
Cash and cash equivalents at end of year	101,390	38,057

Notes to the consolidated financial statements

Introductory notes

The comparative data in the consolidated interim report differ from the aggregated data in the management report in that they do not include Newlat Deutschland GmbH in the scope because consolidation in a business combination under common control takes place prospectively, i.e. from the date of the transfer of control. In very simple terms, the transfer of control means the completion of the transfer of shares, which took place when the securities began trading, i.e. on 29 October 2019, after the closing date of the first quarter of 2019.

Basis of preparation

The consolidated financial statements at 31 March 2020 were prepared in accordance with International Accounting Standards (IAS/IFRS) for interim financial statements. The consolidated interim financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The consolidated financial statements at 31 March 2020 should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2019.

The accounting standards and criteria adopted in the report as at 31 March 2020 may not coincide with the provisions of the IFRSs in force as at 31 December 2019, due to future guidance from the European Commission on the approval of international accounting standards or the issuance of new standards, interpretations or implementation guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of an interim report in accordance with IAS 34 Interim Financial Reporting requires judgements, estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities, and on the disclosures relating to contingent assets and liabilities at the reporting date. It should be noted that these estimates may differ from the actual results achieved in the future. Moreover, some measurement processes, especially the more complex ones such as establishing any impairment of non-current assets, are normally carried out fully only during the preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are impairment indicators that require an immediate assessment of possible losses in value. Similarly, the actuarial valuations necessary to calculate Employee Benefit Liabilities are normally prepared when drafting the annual report.

The consolidated report is presented in thousands of Euro. The report is prepared using the cost method.

Accounting standards

Accounting standards not yet applicable, as they have not been endorsed by the European Union

At the date of approval of this Interim Report, the competent bodies of the European Union have not yet concluded the endorsement process required for the adoption of the following accounting standards and amendments:

Accounting standard/amendment	Endorsed by the EU	Effective date
<i>IFRS 17 Insurance Contracts</i>	NO	1 January 2021 (possible extension to 1 January 2022)
<i>Amendment to IFRS 3 Business Combinations</i>	NO	1 January 2020
<i>Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020)</i>	NO	N. A.

Accounting standards, amendments and interpretations endorsed by the EU but not yet adopted by the Company

At the date of approval of this Interim Report, the competent bodies of the European Union have endorsed the adoption of the following accounting standards and amendments, but they are yet to be adopted by the Company:

Accounting standard/amendment	Description	Effective date
<i>Amendments to IAS 1 and IAS 8: Definition of Material</i>	These amendments, in addition to clarifying the concept of materiality, focus on ensuring that the definition of material is consistent across the various accounting standards, and incorporate the guidelines included in IAS 1 on immaterial information.	1 January 2020
<i>Amendments to References to the Conceptual Framework in IFRS Standards</i>	These amendments focus on updating certain definitions and references in the various standards and their interpretations.	1 January 2020
<i>Amendments to IFRS 9, IAS 39, IFRS 7 (Interest Rate Benchmark Reform)</i>	These changes focus on hedge accounting in order to clarify the potential effects arising from the uncertainty caused by the "Interest Rate Benchmark Reform". They also require companies to provide further information to investors about their hedging relationships that are directly affected by these uncertainties.	1 January 2020

Notes to the consolidated financial statements at 31 March 2020

Scope of consolidation and goodwill

Newlat Food S.p.A.

Registered office: Reggio Emilia, Italy

Share capital: EUR 40,780,482

Sector: Pasta, Milk, Dairy, Bakery, Special Products and Other Products.

Newlat GmbH Deutschland

Registered office: Mannheim, Germany

Share capital: EUR 1,025,000.00

Stake held: 100%

Sector: Pasta and Other Products

The scope of consolidation at 31 March 2020 differs from the comparative data at 31 March 2019 in that it includes the acquisition of Newlat GmbH Deutschland and Delverde Industrie Alimentari S.p.A. (subsequently merged by incorporation into Newlat Food S.p.A.).

The company Centrale del Latte di Salerno included in the consolidation scope at 31 March 2019 was merged by incorporation into Newlat Food S.p.A. on 1 January 2019.

Sectoral information

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

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are reviewed regularly by the entity's chief operating decision maker;
- for which discrete financial information is available.

For the purposes of IFRS 8, the Group's activity is identifiable in the following business segments: Pasta, Milk Products, Bakery Products, Dairy Products, Special Products and Other Products.

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Group's performance at and for the interim period ended 31 March 2020, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

<i>(in thousands of Euro)</i>	At 31 March 2020						Consolidated Report total
	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other Products	
Revenue from contracts with customers (third parties)	37,647	16,329	9,479	5,502	8,372	3,010	80,339
EBITDA (*)	2,249	1,184	1,327	829	946	151	6,685
EBITDA margin	6.0%	7.2%	14.0%	15.1%	11.3%	5.0%	8.3%
Amortisation, depreciation and write-downs	1,273	569	367	75	523	243	3,050
Net write-downs of financial assets						350	350
Operating profit/(loss)	976	615	960	754	423	(442)	3,285
Financial income	-	-	-	-	-	192	192
Financial expenses	-	-	-	-	-	(284)	(284)
Profit (loss) before taxes	976	615	960	754	423	(534)	3,193
Income taxes	-	-	-	-	-	(887)	(887)
Net profit/(loss)	976	615	960	754	423	(1,422)	2,305
Total assets	117,019	39,049	11,988	9,259	18,381	63,381	259,076
Total liabilities	76,033	26,914	13,512	15,623	10,160	23,079	165,322
Investments	132	315	113	81	36		677
Employees (number)	543	166	132	62	148	52	1,103

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

The table below shows the main income statement items at 31 March 2019 and the main statement of financial position items at 31 December 2019 examined by the chief operating decision maker in order to assess the Group's performance, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

<i>(in thousands of Euro)</i>	At 31 March 2019						Consolidated Report total
	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other products	
Revenue from contracts with customers (third parties)	10,913	15,242	8,101	5,256	7,617	3,775	50,903
EBITDA (*)	65	1,067	1,099	580	686	181	3,677
EBITDA margin	0.6%	7.0%	13.6%	11.0%	9.0%	4.8%	7.2%
Amortisation, depreciation and write-downs	607	684	411	71	510	200	2,482
Net write-downs of financial assets						220	220
Operating profit/(loss)	(542)	383	688	509	176	(238)	975
Financial income	-	-	-	-	-	174	174
Financial expenses	-	-	-	-	-	(331)	(331)
Profit (loss) before taxes	(542)	383	688	509	176	(396)	817
Income taxes	-	-	-	-	-	(237)	(237)
Net profit/(loss)	(542)	383	688	509	176	(633)	580
Total assets	117,567	39,374	12,753	9,373	18,896	63,781	261,743
Total liabilities	76,578	28,149	14,266	16,477	10,518	24,209	170,198
Investments	158	167	142	-	17	12	495
Employees (number)	541	165	132	62	147	52	1,099

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

Non-current assets

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Non-current assets		
Property, plant and equipment	30,806	31,799
Right-of-use assets	16,218	17,326
Intangible assets	24,983	25,217
Non-current financial assets measured at fair value through profit or loss	42	42
Financial assets at amortised cost	806	866
Prepaid tax assets	4,629	5,034
Total non-current assets	77,484	80,284

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

Goodwill

The goodwill of Euro 3,863 thousand refers entirely to the acquisition of Centrale del Latte di Salerno S.p.A. The process of valuing the assets and liabilities of Centrale del Latte di Salerno S.p.A. was completed during 2015 and no higher values emerged on which to allocate the higher purchase price. Therefore, in line with international accounting standards, the Board of Directors decided to allocate the overall higher value to goodwill. The Group's management, as at the reporting date, considered possible changes in these assumptions without detecting causes that could result in the book value differing from the recoverable value.

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 March 2020:

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Trademarks with an indefinite useful life	18,844	18,844
Trademarks with a finite useful life	1,674	1,880
Total net book value	20,518	20,724

Trademarks with an indefinite useful life

This item refers exclusively to the Drei Glocken and Birkel brands registered by Newlat Deutschland in 2014 following the acquisition of the related business unit from Ebro Foods. The Group's management, as at the reporting date, considered possible changes in these assumptions without detecting causes that could result in the book value differing from the recoverable value.

Trademarks with a finite useful life

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

Right-of-use assets

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), leased to Newlat under the agreements entered into with New Property S.p.A., as well as to the plants in Bologna and Corte de' Frati (CR), rented out by Corticella Molini e Pastifici S.p.A. These leases fall within the scope of related party transactions. The right-of-use assets at 31 March 2020 also refer to the Delverde production plant, located at Fara San Martino (CH).

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

Current assets

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Current assets		
Inventories	25,754	25,880
Trade receivables	50,385	49,274
Current tax assets	716	716
Other receivables and current assets	3,443	4,701
Current financial assets measured at fair value through profit or loss	4	4
Cash and cash equivalents	101,390	100,884
Total current assets	181,691	181,459

Closing inventories are essentially in line with the data as at 31 December 2019.

The increase in trade receivables at 31 March 2020 compared with 31 December is mainly due to the increase in sales volumes. There are no significant changes in the

receipt conditions. Total Receivables are shown net of the provision for write-downs estimated prudentially on the basis of information held in order to adjust their value to the presumed realisable value.

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

“Cash and cash equivalents” consist of sight current accounts with banks. For details of the net financial position, please see the report on operations in this document.

Shareholders' equity

Share capital

As at 31 March 2020, the Company's fully subscribed and paid-up share capital totalled Euro 40,780,482, divided into 40,780,482 ordinary shares that were dematerialised as a result of the IPO operation.

Non-current liabilities

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Non-current liabilities		
Provisions for employee benefits	10,549	10,646
Provisions for risks and charges	1,425	1,396
Deferred tax liabilities	3,823	3,850
Non-current financial liabilities	14,623	12,000
Non-current lease liabilities	11,744	13,032
Other non-current liabilities	600	600
Total non-current liabilities	42,764	41,524

Non-current liabilities mainly refer to employee provisions, the portion of lease payables and the portion of payables to banks for taking out new loans.

The increase in non-current financial liabilities is mainly related to taking out a new loan of Euro 15,000 thousand with BPM. For details of the net financial position, please see the report on operations in this document.

Deferred tax liabilities are attributable to the Drei Glocken and Birkel brands belonging to Newlat Deutschland.

Other non-current liabilities refer to the non-current portion of Newlat Deutschland's

debt for the acquisition from Ebro Foods SA of the business unit which included the brands Drei Glocken and Birkel.

Current liabilities

<i>(in thousands of Euro)</i>	At 31 March 2020	At 31 December 2019
Current liabilities		
Trade payables	82,968	85,592
Current financial liabilities	11,130	22,456
Current lease liabilities	4,904	4,776
Current tax liabilities	471	471
Other current liabilities	15,678	15,379
Total current liabilities	122,657	128,674

There are no particular changes in payment times to suppliers.

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

Other current liabilities consist mainly of tax payables and payables to employees or social security institutions.

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:

	At 31 March	
	2020	2019
Profit for the year attributable to the Group in Euro thousands	2,306	580
Weighted average number of shares in circulation	40,780,482	27,000,000
Earnings per share (in Euro)	0.06	0.02

Related party transactions

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

Despite this, there is no guarantee that, if these transactions had been conducted

between or with third parties, said third parties would have negotiated and entered into the relevant contracts, or executed the transactions themselves, under the same conditions and in the same manner.

The Group deals with the following related parties:

- Newlat Group, a direct or indirect parent company; and
- companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates (“Companies controlled by the parent companies”).

The table below provides a detailed breakdown of the statement of financial position items relating to the Group's transactions with related parties at 31 March 2020 and 31 December 2019.

<i>(in thousands of Euro)</i>	<i>Parent company</i>	<i>Companies controlled by the parent companies</i>		<i>Total</i>	<i>Total statement of financial position items</i>	<i>% of statement of financial position item</i>
	Newlat Group	New Property	Other companies controlled by the parent companies			
Right-of-use assets						
At 31 March 2020	-	8,778	-	8,778	16,218	54.1%
At 31 December 2019	-	9,467	-	9,467	17,326	54.6%
Non-current financial assets at amortised cost						
At 31 March 2020	-	735	-	735	806	91.2%
At 31 December 2019	-	735	-	735	866	84.9%
Trade receivables						
At 31 March 2020	-	-	19	19	50,385	0.0%
At 31 December 2019	-	-	19	19	49,274	0.0%
Cash and cash equivalents						
At 31 March 2020	43,726	-	-	43,726	101,390	43.1%
At 31 December 2019	45,338	-	-	45,338	100,884	44.9%
Non-current financial liabilities						
Non-current lease liabilities						
At 31 March 2020	-	6,679	-	6,679	11,744	56.9%
At 31 December 2019	-	6,989	-	6,989	13,032	45.3%
Trade payables						
At 31 March 2020	60	31	38	129	82,968	0.2%
At 31 December 2019	48	57	44	149	85,592	0.2%
Current lease liabilities						
At 31 March 2020	-	2,341	-	2,341	4,904	47.7%
At 31 December 2019	-	2,341	-	2,341	4,776	40.8%

The table below provides a breakdown of the income statement items relating to the Group's transactions with related parties for the interim periods ended 31 March 2020 and 2019.

	Parent company	Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
<i>(in thousands of Euro)</i>	Newlat Group	New Property	Other companies controlled by the parent companies			
Cost of sales						
At 31 March 2020	-	690	29	718	66,946	1.1%
At 31 March 2019	-	690	29	718	60,576	1.2%
Administrative costs						
At 31 March 2020	30	-	-	30	6,785	0.4%
At 31 March 2019	113	-	-	113	6,260	1.8%
Financial income						
At 31 March 2020	162	-	-	162	192	84.4%
At 31 March 2019	199	-	-	199	227	87.7%
Financial expenses						
At 31 March 2020	2	56	-	58	284	20.4%
At 31 March 2019	190	66	-	256	339	75.4%

Disputes, contingent liabilities and contingent assets

The Parent Company and some of its subsidiaries are parties to some disputes concerning relatively small amounts. However, it is considered that the resolution of such disputes is unlikely to generate significant liabilities for the Group for which specific risk provisions are not already allocated. Furthermore, there are no substantial changes to the situations regarding disputes or contingent liabilities from 31 December 2019.