



A multibrand company



INTERIM REPORT

AT 30 SEPTEMBER 2020



DIRECTORS' REPORT ON OPERATING PERFORMANCE
AT 30 SEPTEMBER 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 43,935,050.00

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

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

Angelo Mastrolia, Chairman of Newlat Food S.p.A., analyses the Group's performance in the third quarter of 2020, which shows solid revenue growth of 5.4% compared with the same period of the previous year, with the contribution from the former Delverde Industrie Alimentari S.p.A. (which was merged into Newlat Food S.p.A. in December 2019) helping revenues to climb by as much as 14.8% in the Pasta sector. Net of said contribution, the Group's organic growth was 4% overall and 9% in the Pasta sector.

Also of note was the double-digit organic revenue growth in the Bakery (+12.4%) and Special Products (+11.4%) sectors, thanks mainly to Mass Distribution, where we delivered growth of 8.7% across all divisions.

The other 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: +14.5% in the German market and +2.5% in Italy, while in other countries there was significant growth of +7.9%.

Lastly, at constant structure, financial data point to a business that is able to continually generate cash: EBITDA up by 55%, net financial debt falling by Euro 26.5 million and a cash conversion rate of 84.2%.

Against this background, the recently acquired Centrale del Latte d'Italia S.p.A. (hereinafter also "CLI") produced performances over and above forecasts, in terms of both improving margins and converting profit into cash.

With a view to continually improving Group performance, the mergers of Centrale del Latte della Toscana S.p.A. and Centrale del Latte di Vicenza S.p.A. into Centrale del Latte d'Italia S.p.A. were completed on 20 July 2020, enabling more effective management and streamlining of overheads and structural costs.

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

BOARDS AND OFFICERS

Board of Directors

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

(*) Independent director, pursuant to article 148 of the Italian Consolidated Law on Finance (TUF) and article 3 of the Corporate Governance Code, who took office on the date that Newlat Food's shares started trading on the MTA. Member of the *Control and Risks Committee*, member of the *Remuneration and Appointments Committee*, member of the *Related Party Transactions Committee*.

(**) Executive director.

(***) Non-executive director.

Board of Statutory Auditors

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

Remuneration and Appointments Committee

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

Control and Risks Committee

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

Related Party Transactions Committee

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

Financial Reporting Officer

Rocco Sergi

Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

General information

Newlat Food S.p.A. (hereinafter also “Newlat”, the “Company” or the “Parent Company” and, together with its subsidiaries, the “Newlat Group” or the “Group”) is incorporated in Italy in the form of a public limited company that 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 61.65% of the share capital, while the remaining part (38.35%) is held mainly by investors.

The acquisition of the Centrale del Latte d’Italia Group, and the subsequent Public Purchase and Exchange Offer (“PPEO”), took effect for financial and accounting purposes only from 1 April 2020. In order to paint a clearer picture of the performance of current Newlat Group companies during the opening nine months of 2020 and 2019, this Report on Operations contains annotated aggregated and proforma financial information for the Newlat Group at 30 September 2020 and 30 September 2019.

PREPARATION CRITERIA

This Report on Operations was prepared using aggregated and proforma data in order to best represent, including retrospectively, the assets, liabilities, revenues and costs of the Newlat Group for its scope of consolidation as at 1 April 2020. In particular, the inclusion was carried out by aggregating the relevant amounts to the original Newlat Group structure of reference, eliminating the statement of financial position and income statement data relating to transactions between the Newlat Group and other Group companies.

The aggregated data come from:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, of Newlat Food S.p.A. for the nine-month periods ended 30 September 2020 and 30 September 2019;
- the IFRS-compliant data of Newlat GmbH for the nine-month period ended 30 September 2019;
- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, of Centrale del Latte d’Italia S.p.A. for the nine-month periods ended 30 September 2020 and 30 September 2019.

The proforma data come from:

- the IFRS-compliant consolidated data of Newlat Food S.p.A. for the year ended 31 December 2019, reflecting 12 months of operations of the former Delverde Industrie Alimentari S.p.A., which was purchased on 9 April 2019 and thus consolidated only for the final nine months in the consolidated income statement at 31 December 2019;
- the IFRS-compliant consolidated data of Newlat GmbH for the year ended 31 December 2019, reflecting 12 months of operations of the German subsidiary Newlat GmbH, which was purchased on 29 October 2019 and thus consolidated only for the final two months in the consolidated income statement of Newlat Food at 31 December 2019;
- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, of Centrale del Latte d’Italia S.p.A. for the year ended 31 December 2019.

The aggregated and proforma data contained in this Report on Operations has not been audited on a complete or limited basis by PricewaterhouseCoopers S.p.A.

In relation to the criteria for aggregating financial information, it should be noted that Newlat Food S.p.A.’s acquisition of Newlat GmbH in October 2019 was an ‘under common control’ transaction since both were subsidiaries of Newlat Group S.A. and, as such, was recognised in accordance with document OPI No. 1 R (preliminary guidance on IFRS from ASSIREVI, the Italian association of auditors). Substantially, this transaction was a corporate reorganisation within the existing Newlat Group. 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 vis-à-vis the consolidated financial statements of the ultimate parent. 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 recognised as a distribution of the purchasing entity Newlat Food S.p.A.’s shareholders’ equity.

Alternative performance indicators

The following report on operations 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 to better understand the Group's results, assets and liabilities and cash flows. It should be noted that these 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:

- Gross operating income (EBITDA): the operating income (OI) before depreciation, amortisation and write-downs, as well as income from business combinations;
- 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 net fixed capital assets;
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.

Net financial debt is given by the algebraic sum of:

- Cash and cash equivalents;
- Current financial assets;
- Current and non-current financial liabilities;
- Current and non-current lease liabilities.

Reclassified statement of cash flows:

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

The Group presents the income statement by destination (otherwise known as "at cost of sales"), which is considered more representative than the so-called presentation by nature of expenditure, which is also partly illustrated in the explanatory notes to the attached Interim Report at 30 September 2020. The form chosen is, in fact, compliant with the internal reporting and business management methods.

Corporate governance

Corporate governance is the set of rules, systems and mechanisms designed to effectively implement the organisation's decision-making processes in the interest of all Group stakeholders. The parent company Newlat Food S.p.A. complies with the Corporate Governance Code for Listed Companies, effective as per the version approved in July 2018. A traditional governance system is in place which includes three structures: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

Board of Directors

The Board of Directors is the body charged with administering the company using the powers allocated to it by law and by the Articles of Association. It is structured and operates to ensure that its functions are performed efficiently and effectively. Directors act and make decisions to create value for shareholders, and they report on operations during the Shareholders' Meeting. With regard to appointing and replacing the entire Board of Directors and/or some of its members, the Company's Articles of Association require board members to be elected on the basis of candidate lists in accordance with the methods outlined in more detail in the Report on Corporate Governance and Ownership Structure and in compliance with existing legislation on gender representation. On and with effect from 8 July 2019, the Shareholders' Meeting appointed four members to the Board of Directors, with this number increasing to seven upon the Company's shares starting to trade on the Mercato Telematico Azionario. These directors will remain in office for three years, i.e. until the date of the Shareholders' Meeting held to approve the financial statements at 31 December 2021.

On 14 September 2020, the non-executive, independent director Emanuela Paola Banfi resigned on the grounds that, for personal and professional reasons, she could no longer perform her role with the necessary commitment and independence.

On 25 September 2020, the Newlat Food S.p.A. Board of Directors, pursuant to article 15 of its Articles of Association, coopted Maria Cristina Zoppo, born in Turin on 14 November 1971, as a non-executive, independent director.

Board of Directors Committees

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

The Company has not set up any committees that carry out the functions of two or more of the committees set out in the Corporate Governance Code, nor has it reserved these functions for the entire Board of Directors, under the coordination of the Chairman, or divided them differently to the way set out in the Corporate Governance Code.

The Board of Directors' internal committees, which were constituted and appointed on 9

August 2019 to take effect as of the Company's shares starting to trade on the Mercato Telematico Azionario, are described below:

- The Control and Risks Committee helps the Board of Directors to assess and make decisions regarding the Internal Control and Risk Management System, the approval of annual and half-year financial statements and relations between the Company and the independent auditor, where support is provided in the form of an adequate investigative phase. For this purpose, the Committee comprises three members with sufficient accounting and financial experience, namely: Valentina Montanari as Chair, Maria Cristina Zoppo and Eric Sandrin, all of whom are non-executive and independent directors.

- The Remuneration and Appointments Committee plays an advisory and recommendatory role, with investigative functions, in the assessments and decisions relating to the composition of the Board of Directors and to the remuneration of directors and managers with strategic responsibilities, overseeing their application and making general recommendations on the matter. The Remuneration and Appointments Committee is composed of three members, all of whom are non-executive and independent directors. All members have suitable financial and accounting experience and knowledge. With regard to determining remuneration for board members, the Shareholders' Meeting allots a salary for the duration of the mandate which may consist of a fixed portion and a variable portion commensurate with the achievement of certain targets and/or with the Company's financial results. To be able to list on the STAR segment, exchange regulations require the Remuneration and Appointments Committee to ensure that a significant share of the pay for executive directors and senior managers be incentive-linked.

Please see the report on remuneration approved and published on 19 March 2020 in accordance with article 123-ter of the Italian Consolidated Law on Finance (TUF) for information on the general remuneration policy and the remuneration of executive directors, managers with strategic responsibilities and non-executive directors. For this purpose, the Committee comprises three members with sufficient financial and accounting experience, namely Eric Sandrin as Chair, Maria Cristina Zoppo and Valentina Montanari.

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

Board of Statutory Auditors

Members of the Board of Auditors are selected on the basis of their ability to meet requirements of professionalism, independence and integrity in accordance with legislation and regulations. The Company's Board of Statutory Auditors, which was appointed by the Shareholders' Meeting on 8 July 2019, will remain in office for three years, i.e. until the date of the Shareholders' Meeting held to approve the financial statements at 31 December 2021.

Internal Control and Risk Management System

The Internal Control and Risk Management System (ICRMS) is the set of rules, procedures and organisational structures designed to enable the Company to conduct its business correctly and in line with set objectives, using a suitable process for identifying, measuring, managing and monitoring the main risks. The Board of Directors identified the nature and level of risk compatible with the Company's strategic objectives when it drew up its strategic, industrial and financial plans. This assessment included all and any risks that may become significant in terms of sustaining the Company's activities in the medium to long term. In support of the ICRMS and the Control and Risks Committee, on 8 July 2019 the Board of Directors appointed Angelo Mastrolia as the director responsible for the ICRMS who will perform the functions listed in point 7.C.4. of the Corporate Governance Code. With the help of the Control and Risks Committee, the Board of Directors has also drawn up guidelines for the ICRMS, identifying the system itself as a cross-sectional process integral to all business activities and based on the international principles of Enterprise Risk Management (ERM).

The purpose of the ICRMS is to help the Group achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives and classifying and controlling related risks by implementing specific containment actions.

There are various types of potential business risks - strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic/financial information), compliance (related to compliance with existing legislation and regulations to avoid damage to the company's reputation and/or financial losses). In view of this, the Internal Audit Department verifies the suitability of the ICRMS through an audit schedule that is approved by the Board of Directors and makes provision for regular reports containing sufficient information on the performance of its activities, as well as timely reports on events of particular importance. The Board of Directors annually assesses the effectiveness of the ICRMS and its suitability in view of the characteristics of the business based on information and evidence received with the support of the investigative activities performed by the Control and Risks Committee, the Head of Internal Audit and the Supervisory Board pursuant to Legislative Decree 231/2001.

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

The Newlat Food S.p.A. Board of Directors approved its Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001 on 30 March 2016, updating it most recently on 9 August 2019. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Legislative Decree 231/2001.

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

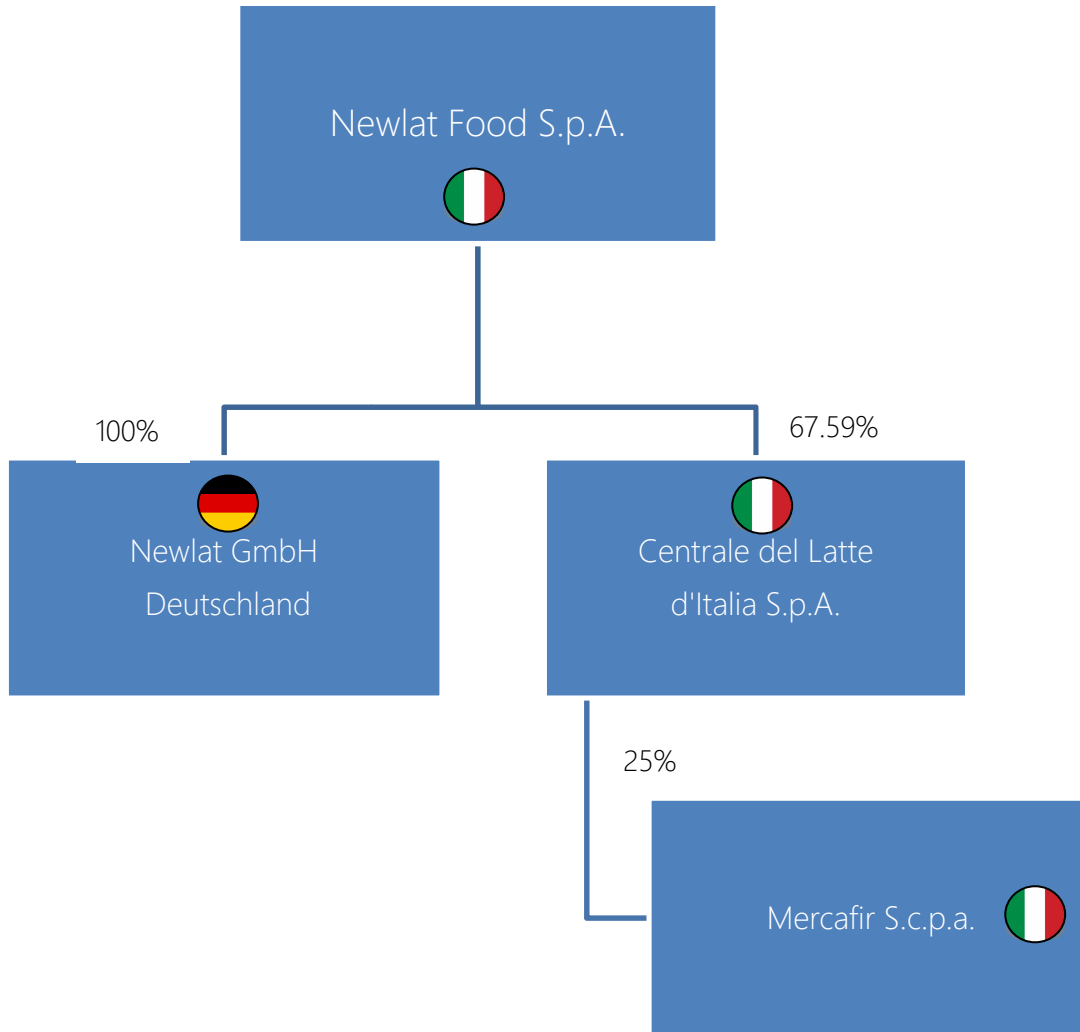
No reports of non-compliant behaviour or violations of the Code of Ethics were received during the year.

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

The SB sends the Board of Directors a written report every six months on how the Model 231 is being implemented and disseminated within each Company department. The implementation of adequate regular and/or sporadic information flows to the SB is another important tool helping it to fulfil its legal monitoring responsibilities and ensuring that the Model serves its purpose of preventing liability.

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

Group Structure



The structure of the Group at 30 September 2020 differs from that at 31 December 2019 due to the acquisition and PPEO that gave the Group a 67.59% stake in Centrale Latte d'Italia S.p.A. (hereinafter also "CLI"). These took place respectively on 1 April 2020 and 31 July 2020, by way of the purchase of the controlling stake in CLI from the parent Newlat Group S.A. following the latter's acquisition of the stake, at the same price, from third parties, previously the controlling shareholders of CLI.

The table below shows the main information regarding the subsidiaries of Newlat Food S.p.A.:

Name	Registered Office	Currency	Share capital at 30 September 2020	Control percentage	
				At 30 September 2020	At 31 December 2019
Newlat Food S.p.A.	Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Newlat GmbH	Franzosenstrasse 9, Mannheim (Germany)	EUR	1,025,000	100%	100%
Centrale del Latte d'Italia S.p.A.	Via Filadelfia 220, Turin	EUR	28,840,041	67.59%	

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 30 September 2020 and the equity and profit/loss data for the period for each subsidiary is provided below:

Name	Carrying amount of equity investment (in thousands of Euro)	Shareholders' equity (in thousands of Euro)	Profit/loss for the period (in thousands of Euro)
	30/09/2020	30/09/2020	30/09/2020
Newlat GmbH (at 100%)	68,324	29,571	4,090
Centrale del Latte d'Italia S.p.A. (at 67.59%)	25,537	60,276	3,240

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

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

Shareholders and financial markets

The Newlat Group maintains a constant dialogue with its shareholders through responsible and transparent communication carried out by the *Investor Relations* department, with the aim of facilitating an understanding of the Company's situation, outlook, Group strategies and the prospects for the reference market.

This department is also tasked with organising presentations, events and roadshows that enable a direct relationship to be established between the financial community and the Group's senior management.

For further information, and to consult the economic-financial data, corporate presentations, periodic publications, official communications and updates on the share price, visit the *Investor Relations* section of www.newlat.com.

The following is a graphical representation of the performance of Newlat Food stock over the period 1 January 2020 – 30 September 2020:

02/01/2020 - 30/09/2020

■ Newlat Food SpA Open: **6.02** | High: **6.04** | Low: **3.99** | Close: **5.12**



The share's official closing price on 30 September 2020 was Euro 5.12.

The market capitalisation on the same date was Euro 224,947,456.

All shares issued were fully paid up.

INTERIM REPORT AT 30 SEPTEMBER 2020

**DIRECTORS' OBSERVATIONS ON PERFORMANCE
AT 30 SEPTEMBER 2020**

INTRODUCTION TO THE REPORT ON OPERATIONS

On 30 March 2020, Newlat Group S.A., the parent company of Newlat Food S.p.A., entered into a purchase and sale agreement, as the buyer, with Finanziaria Centrale del Latte di Torino S.p.A., Lavia – Partnership, Luigi Luzzati, Marco Fausto Luzzati, Carla Luzzati and Sylvia Loew, as the sellers, under which Newlat Group S.A. purchased 6,473,122 ordinary shares of Centrale del Latte d'Italia S.p.A. (a company listed on the STAR segment of the stock exchange and known hereinafter also as "CLI"), representing 46.24% of the share capital and voting rights and therefore the control of CLI, against the payment, for every three CLI shares subject to purchase and sale, of a total consideration of Euro 3.00 and 1 ordinary share of Newlat Food S.p.A. held by Newlat Group S.A., corresponding to a unit price for each share subject to purchase and sale of Euro 1.00 and 0.33 Newlat Food ordinary shares. The transaction allowed the sellers to become shareholders of Newlat Food S.p.A. with a total shareholding of 5.30% before the subsequent share capital increase servicing the public purchase and exchange offer. The operation was not subject to any conditions precedent. Newlat Group S.A. and the sellers executed the purchase and sale agreement on 1 April 2020.

Later on 1 April 2020, Newlat Group S.A. assigned to Newlat Food S.p.A. the shares subject to purchase and sale, within the meaning of the aforementioned agreement, as well as an additional 187,120 ordinary shares of Centrale del Latte d'Italia S.p.A., representing 1.34% of its share capital already held by Newlat Group S.A., for a total of 6,660,242 ordinary shares, representing 47.57% of the share capital and enough to ensure control over CLI (the "Major Interest in Centrale del Latte d'Italia S.p.A.") under the same financial terms as the agreement entered into with the previous sellers and, therefore, against payment of a cash consideration by Newlat Food S.p.A.

As a result of the acquisition of the Major Interest in Centrale del Latte d'Italia S.p.A., Newlat Food S.p.A. 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 S.A. (as well as the same Consideration paid by Newlat Group S.A. to the sellers) and, therefore, equal to 0.33 newly issued Newlat Food S.p.A. ordinary shares and Euro 1 for each Centrale del Latte d'Italia S.p.A. ordinary share attached to the PPEO.

On 30 July 2020, the final results of the take-up of Newlat Food S.p.A.'s offer to the shareholders of Centrale del Latte d'Italia S.p.A. was announced. Based on these results, 2,803,460 ordinary Centrale del Latte d'Italia S.p.A. shares were signed up to the offer, accounting for 20.02% of CLI's share capital and 38.19% of the ordinary shares targeted by the offer. Also taking into account the 6,660,242 ordinary Centrale del Latte d'Italia S.p.A. shares making up the offerer's existing majority stake, the final results show that at 30 July 2020, Newlat Food S.p.A. owned a total of 9,463,702 ordinary Centrale Latte d'Italia S.p.A. shares, equal to 67.59% of its share capital. Newlat Food S.p.A. paid to each shareholder who took up the offer a consideration of Euro 1 and 0.33 newly issued

ordinary Newlat Food S.p.A. shares, which resulted from the share capital increase approved by Newlat's Shareholders' Meeting on 25 June 2020. Payment of the consideration for the shares that were signed up to the offer during the take-up period took place on 31 July 2020. The aforementioned shares were recognised at their market value on 31 July 2020.

In order to represent the assets and liabilities, results and cash flows of the Newlat Group after the acquisition of CLI for the periods under review in this Report on Operations, it was appropriate to include aggregated financial information. For more details, please see "Preparation criteria" above.

The primary indicators at 30 September 2020 were obtained by excluding from the income statement the non-recurring income from the business combinations described in the explanatory notes.

SIGNIFICANT EVENTS DURING THE PERIOD

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 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 the Interim Management Report at 30 September 2020, 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 and operating margins achieved in the first nine months of 2020:

- full production capacity: all the establishments of the Company and the Group continued 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 in the fourth quarter of 2020 and in 2021, which is the same as the period up to 30 September 2020. Similarly, there are no problems in the logistics services used;
- distribution channels: Newlat Food S.p.A. generates approximately 70.5% of its turnover (61.7% from its own brands and 8.8% from private labels) through the mass distribution channel, 10.2% through the B2B channel via long-term contracts with multinationals, and 16.5% through small shops, located mainly in

the centre and south of Italy. Revenues from sales related to the HoReCa segment, which were particularly impacted from March 2020 by the large decrease in footfall, both from tourists and locals, are less than 3% of the total revenues of the Company.

Updates on the COVID-19 pandemic

As the restrictive measures were gradually lifted during the third quarter of 2020, the Group continued to display the growth levels already seen in the first half of the year, driven by the Pasta, Bakery and Special Products lines, which continued to grow sharply, particularly in the Mass Distribution segment, while Food Services, which saw a significant slowdown in the opening six months of the year (-13.3%), recovered slowly thanks to tourist destinations, with revenues up 6.4% between July and September.

Towards the end of the quarter, a second wave of the pandemic began in Italy and in many other areas of the world. The various countries affected, which had lifted their lockdowns over the summer, have recently reintroduced new restrictions to ensure that people continue to take every necessary precaution and adhere to the safety guidelines, including wearing face coverings and respecting social distancing rules.

The rise in infections following the lifting of restrictions has not been confined to Europe. The United States, Mexico, Brazil, Argentina, Peru and Russia are among the other countries to have witnessed a spike in COVID-19 cases.

COVID-19 and the restrictive measures reintroduced by the governments of affected countries in an attempt to contain the second wave have caused uncertainty as to what extent and how quickly the economy can recover to pre-pandemic levels. Reducing social contact partly by way of closing bars and restaurants early, these measures have been particularly detrimental to the Food Services channel.

However, throughout this volatile climate, the Group's production plants have continued to work at full capacity, guaranteeing exceptional levels of quality and service. The Group has implemented rigorous measures to ensure safety in the workplace, confirming our strong commitment to respecting health protocols and regulations, and continuing to monitor and assess the evolution of the pandemic and its effects on the macroeconomic climate and on the markets where the Group operates.

REPORT ON OPERATIONS

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

The Newlat Group is mainly active in the pasta, dairy and baked goods sectors, as well in special products such as health & wellness, gluten free and baby food. The Newlat Group's product range is divided into the following business units:

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

The following table contains the combined income statement:

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 30 September			
	2020	%	2019	%
Revenue from contracts with customers	372,664	100.0%	353,595	100.0%
Cost of sales	(288,479)	(77.4%)	(283,338)	(80.1%)
Gross operating profit/(loss)	84,185	22.6%	70,257	19.9%
Sales and distribution costs	(46,756)	(12.5%)	(45,792)	(13.0%)
Administrative costs	(19,626)	(5.3%)	(19,947)	(5.6%)
Net write-downs of financial assets	(1,095)	(0.3%)	(1,250)	(0.4%)
Other revenues and income	6,341	1.7%	6,001	1.7%
Income from business combinations	19,271	5.2%	-	
Other operating costs	(4,375)	(1.2%)	(3,712)	(1.0%)
Operating profit/(loss) (EBIT)	37,946	10.2%	5,557	1.6%
Financial income	497	0.1%	579	0.2%
Financial expenses	(2,993)	(0.8%)	(2,596)	(0.7%)
Profit (loss) before taxes	35,450	9.5%	3,539	1.0%
Income taxes	(4,921)	(1.3%)	(1,390)	(0.4%)
Net profit/(loss)	30,529	8.2%	2,149	0.6%

Operating income amounted to Euro 37.9 million, an increase compared with the same period of 2019. Even net of the non-recurring income from the CLI business combination, operating income was up by a considerable 236% on the same period of the previous year.

Net of the non-recurring income from the business combination, EBITDA totalled Euro 36,031 thousand, an increase of 55.0% compared with the nine months of 2019 (EBITDA was Euro 23,246 thousand at 30 September 2019). Consequently, the EBITDA margin rose from 6.6% at 30 September 2019 to 9.7% at 30 September 2020.

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

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to customers. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, contributions should be recognised as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products on shelves. Revenue from contracts with customers totalled Euro 372.6 million in the first nine months of 2020, up by Euro 19.1 million (+5.4%) compared with the corresponding period of 2019. The sections below display the revenue changes by business unit, sales channel and geographical area.

Segment reporting

The following table 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 30 September				Changes	
	2020	%	2019	%	2020 vs 2019	%
Pasta	104,706	28.1%	91,168	25.8%	13,538	14.8%
Milk Products	183,863	49.3%	182,563	51.6%	1,300	0.7%
Bakery Products	29,229	7.8%	26,002	7.4%	3,227	12.4%
Dairy Products	20,334	5.5%	20,004	5.7%	330	1.6%
Special Products	23,850	6.4%	21,410	6.1%	2,440	11.4%
Other Products	10,682	2.9%	12,448	3.5%	(1,766)	(14.2%)
Revenue from contracts with customers	372,664	100.0%	353,595	100.0%	19,069	5.4%

Revenues from the **Pasta** segment were up compared with the same period of the previous year because of higher sales volumes, particularly in Germany, and the greater contribution of products from the Delverde factory.

Revenues from the **Milk Products** segment were up because of higher sales volumes and an increase in average prices, particularly with regard to the subsidiary Centrale del Latte d'Italia S.p.A.

Revenues from the **Bakery Products** segment were up because of higher sales volumes.

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

Revenues related to the **Special Products** segment increased mainly due to the renegotiation of price lists with Kraft-Heinz, as well as to the acquisition of new customers.

Revenues from the **Other Products** segment fell because of lower sales volumes in the traditional food service sector, which was hit by the COVID-19 pandemic crisis.

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

(In thousands of Euro and percentage)	At 30 September				Changes	
	2020	%	2019	%	2020 vs 2019	%
Mass Distribution	230,074	61.7%	211,675	59.9%	18,399	8.7%
B2B partners	38,094	10.2%	36,873	10.4%	1,222	3.3%
Normal trade	61,310	16.5%	61,353	17.4%	(43)	(0.1%)
Private labels	32,916	8.8%	32,667	9.2%	249	0.8%
Food services	10,270	2.8%	11,026	3.1%	(756)	(6.9%)
Revenue from contracts with customers	372,664	100.0%	353,595	100.0%	19,069	5.4%

Revenues from the **Mass Distribution** channel increased, primarily due to higher demand.

Revenues from the **B2B partners** channel were broadly in line with the previous period in terms of contribution.

Revenues from the **Normal trade** channel were largely unchanged, albeit down slightly because of the COVID-19 pandemic.

Revenues from the **Private label** channel were largely unchanged.

Revenues from the **Food Services** channel decreased because of lower "Other Products" sales volumes in the HoReCa sector.

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

(In thousands of Euro and percentage)	At 30 September				Changes	
	2020	%	2019	%	2020 vs 2019	%
Italy	251,381	67.5%	245,238	69.4%	6,143	2.5%
Germany	75,660	20.3%	66,088	18.7%	9,572	14.5%
Other countries	45,623	12.3%	42,268	12.0%	3,355	7.9%
Revenue from contracts with customers	372,664	100.0%	353,595	100.0%	19,070	5.4%

Revenues from **Italy** increased, primarily due to higher demand.

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

Revenues from **Other Countries** increased because of higher sales volumes in the Pasta sector.

Operating costs

The following table lists the operating costs by destination:

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 30 September					
	2020	%	2019	%	2020 vs 2019	%
Cost of sales	288,479	77.4%	283,338	80.1%	5,141	1.8%
Sales and distribution costs	46,756	12.5%	45,792	13.0%	964	2.1%
Administrative costs	19,626	5.3%	19,947	5.6%	(322)	-1.6%
Total operating costs	354,860	95.2%	349,078	98.7%	5,783	2.3%

Cost of sales represented 77.4% of turnover (80.1% at 30 September 2019). In absolute terms, the increase in the cost of sales is directly linked to the higher sales volumes recorded in 2020. The decrease as a share of sales revenues is because of a series of policies implemented by the Group in order to optimise the procurement process and an increase in average sales prices.

Sales and distribution costs were lower as a share since they are closely tied to the food services market, which was more affected by the COVID-19 pandemic than any other channel.

Administrative costs were broadly in line with the same period of the previous year, albeit down slightly both in absolute terms and as a share.

EBITDA amounted to Euro 36.0 million (9.7% of sales) compared with Euro 23.2 million at 30 September 2019 and represented 6.6% of sales, up by 55%.

The following table shows EBITDA by activity segment:

At 30 September 2020							
<i>(in thousands of Euro)</i>	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other Products	Combined income statement
Revenue from contracts with customers	104,706	183,863	29,229	20,334	23,850	10,682	372,664
EBITDA (*)	8,041	17,600	4,405	2,981	2,624	379	36,031
EBITDA margin	7.7%	9.6%	15.1%	14.7%	11.0%	3.6%	9.7%
Amortisation, depreciation and write-downs	(3,401)	(9,215)	(1,259)	(251)	(1,602)	(534)	(16,260)
Net write-downs of financial assets						(1,095)	(1,095)
Income from business combinations						19,271	19,271
Operating profit/(loss)	4,641	8,386	3,147	2,731	1,022	18,021	37,947
Financial income	-	-	-	-	-	497	497
Financial expenses	-	-	-	-	-	(2,993)	(2,993)
Profit (loss) before taxes	4,641	8,386	3,147	2,731	1,022	15,525	35,451
Income taxes	-	-	-	-	-	(4,921)	(4,921)
Net profit/(loss)	4,641	8,386	3,147	2,731	1,022	10,604	30,529

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

At 30 September 2019							
<i>(in thousands of Euro)</i>	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other Products	Combined income statement
Revenue from contracts with customers	91,168	182,564	26,002	20,004	21,410	12,448	353,596
EBITDA (*)	6,598	7,677	3,603	2,647	2,256	464	23,246
EBITDA margin	7.2%	4.2%	13.9%	13.2%	10.5%	3.7%	6.6%
Amortisation, depreciation and write-downs	(3,480)	(9,415)	(1,232)	(213)	(1,530)	(571)	(16,440)
Net write-downs of financial assets						(1,250)	(1,250)
Operating profit/(loss)	3,118	(1,738)	2,372	2,434	726	(1,356)	5,556
Financial income	-	-	-	-	-	579	579
Financial expenses	-	-	-	-	-	(2,596)	(2,596)
Profit (loss) before taxes	3,118	(1,738)	2,372	2,434	726	(3,373)	3,539
Income taxes	-	-	-	-	-	(1,390)	(1,390)
Net profit/(loss)	3,118	(1,738)	2,372	2,434	726	(4,763)	2,149

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

Operating profit (EBIT) at 30 September 2020, net of non-recurring income from the CLI business combination, amounted to Euro 18.7 million (5% of sales), compared with Euro 5.6 million in the first nine months of 2019 (1.6% of sales), with a growth of 234%.

The tax rate for the period, net of the (non-taxable) income from the business combination, was 30.4%.

Net profit at 30 September 2020, excluding income from business combinations, was approximately Euro 11.3 million, a vast improvement compared with the nine months to 30 September 2019.

Gross operating result and operating result

The increase in gross operating profit during the periods under review (net of income from business combinations) is due to higher sales volumes and better supply chain management.

The increase in ROS (return on sales) was attributable to an increase in operating profit, due mainly to the combined effect of higher sales volumes and an improvement in the procurement process.

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

<i>(In thousands of Euro and percentage)</i>	At 30 September	
	2020	2019
Operating profit/(loss) (EBIT)	18,675	5,557
Revenue from contracts with customers	372,664	353,595
ROS (*)	5.0%	1.6%

(*) 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. In order to standardise EBIT at 30 September 2020 for comparative purposes, extraordinary income from business combinations was ignored and the data at 30 September 2019 include Centrale del Latte d'Italia S.p.A. and Newlat GmbH. Please see "Preparation criteria" in the Report on Operations

The ROI (*return on investment*) increased mainly because of a considerable rise in operating income (EBIT).

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

<i>(In thousands of Euro and percentage)</i>	At 30 September	At 31 December
	2020	2019 Proforma
Operating profit/(loss) (EBIT)	22,375	9,257
Net invested capital (*)	158,370	171,917
ROI (*)	14.1%	5.4%

(*) 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 data at 31 December 2019 are shown on a proforma basis, while EBIT at 30 September 2020 was determined on a 12-month rolling basis without considering income from business combinations.

EBITDA

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 30 September 2020 and 2019 and 31 December 2019.

<i>(In thousands of Euro and percentage)</i>	At 30 September		At 31
	2020	2019	December 2019 Proforma
Operating profit/(loss) (EBIT)	18,675	5,557	9,257
Amortisation, depreciation and write-downs	16,260	16,440	23,681
Net write-downs of financial assets	1,095	1,250	1,850
EBITDA (*) (A)	36,031	23,246	34,788
Revenue from contracts with customers	372,664	353,595	496,053
EBITDA margin (*)	9.7%	6.6%	7.0%
Investments (B)	5,697	5,302	18,051
Cash conversion [(A) - (B)]/(A)	84.2%	77.2%	48.1%

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Group's financial statements when assessing the Group's results. For the purpose of a like-for-like comparison, the 2019 data are shown on a proforma basis including in the scope of consolidation the new acquisition and Newlat GmbH, while the data at 30 September 2020 have been standardised by not taking into account income from business combinations.

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

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 30 September			
	2020	%	2019	%
Pasta	8,041	7.7%	6,598	7.2%
Milk Products	17,600	9.6%	7,678	4.2%
Bakery Products	4,405	15.1%	3,603	13.9%
Dairy Products	2,981	14.7%	2,647	13.2%
Special Products	2,624	11.0%	2,256	10.5%
Other Products	379	3.6%	464	3.7%
EBITDA	36,031	9.7%	23,246	6.6%

EBITDA from the **Pasta** segment was up because of higher sales volumes, particularly in Germany.

EBITDA from the **Milk Products** segment was up, primarily because of an increase in sales volumes and in sales prices, especially at the subsidiary Centrale del Latte d'Italia S.p.A.

EBITDA from the **Bakery Products** segment increased mainly due to the combination of (i) higher sales volumes and (ii) better supply chain management.

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

EBITDA from the **Special Products** segment increased mainly due to the increase in sales volumes and the renegotiation of some existing contracts.

EBITDA from the **Other Products** segment was down because of lower sales volumes caused by the COVID-19 crisis.

Standardised EBITDA

The Group's management monitors performance through, among other things, the Standardised EBITDA, defined as the EBITDA of the period adjusted for income and expenses that, by their nature, are reasonably expected not to recur in future periods.

<i>(In thousands of Euro and percentage)</i>	At 30 September	
	2020	2019
EBITDA (*)	36,030	23,246
Non-recurring expense/(income)	1,796	699
Standardised EBITDA (*)	37,827	23,944
Revenue from contracts with customers	372,664	353,595
Standardised EBITDA margin (*)	10.2%	6.8%

(*) EBITDA, Standardised EBITDA and the Standardised EBITDA margin 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. For the purpose of a like-for-like comparison, the 2019 data are shown on a proforma basis including in the scope of consolidation the new acquisition and Newlat GmbH, while the data at 30 September 2020 have been standardised by not taking into account income from business combinations.

The Group's Standardised EBITDA increased by Euro 14,397 thousand (+61.4%). This change was due exclusively to the positive trend in operating margin.

The following table provides standardised EBITDA by business unit at 30 September 2020 and 2019:

<i>(In thousands of Euro and as a percentage of revenue from contracts with customers)</i>	At 30 September			
	2020	%	2019	%
Pasta	8,149	7.8%	6,598	7.2%
Milk Products	18,787	10.2%	8,225	4.5%
Bakery Products	4,405	15.1%	3,603	13.9%
Dairy Products	2,981	14.7%	2,647	13.2%
Special Products	2,734	11.5%	2,256	10.5%
Other Products	770	7.2%	614	4.9%
Standardised EBITDA	37,827	10.2%	23,944	6.8%

Net profit/(loss)

The table below provides a reconciliation of the ROE at 30 September 2020 and 2019, and 31 December 2019.

<i>(In thousands of Euro and percentage)</i>	At 30 September		At 31
	2020	2019	December 2019 Proforma
Net profit/(loss)	12,909	2,149	3,800
Shareholders' equity	130,313	120,276	124,076
ROE (*)	9.9%	1.8%	3.1%

(*) The ROE (*return on equity*) is an alternative performance indicator not identified as an accounting measure under IFRS and, therefore, should not be considered an alternative measure to those provided by the Group's financial statements when assessing the Group's results. For the purpose of a like-for-like comparison, the 2019 data are shown on a proforma basis including in the scope of consolidation the new acquisition and Newlat GmbH, while the data at 30 September 2020 have been standardised by not taking into account income from business combinations.

The significant increase in ROE related mainly to the increase in net profit.

Report on the performance and results of the Group's activities

To assess the Group's performance, management monitors, among other things, the alternative performance indicators pertaining to assets and liabilities, results and cash flows, which are summarised in the table below. Other indicators pertaining to assets and liabilities, results and cash flows at 30 September 2020, for the purpose of enabling like-for-like and comparable analysis, have been standardised by not taking into account income from the CLI business combination.

The comparative indicators at 30 September 2019 and 31 December 2019 take into account aggregated and proforma data, as displayed below:

<i>(In thousands of Euro and percentage)</i>	At 30 September		At and for the
	2020	2019	year ended 31 December 2019
Net non-current assets	190,114	63,478	63,792
Net operating working capital	(16,858)	(8,704)	(10,437)
Net working capital	(31,746)	(21,318)	(20,871)
Net invested capital	158,370	42,160	42,921
Net financial debt	8,785	18,664	(48,624)
Borrowings	158,370	42,171	42,921
Investments	5,697	5,302	4,659
Investments as a share of revenues	1.5%	1.5%	1.5%
Average days in inventory	39	42	37
Turnover rate of inventories	9.1	8.6	9.8
Average days for collection of trade receivables	46	68	52
Trade receivables turnover rate	7.8	5.3	6.9
Average days for payment of trade payables	140	138	130
Turnover rate of trade payables	2.6	2.6	2.8
Revenue from contracts with customers	372,664	353,595	320,902
EBITDA	36,031	23,246	28,325
EBITDA margin	9.7%	6.6%	8.8%
Cash conversion	84.2%	77.2%	83.6%
Cash flow conversion ratio	85.7%	84.3%	81.2%
Standardised EBITDA	37,827	23,944	28,692
Standardised EBITDA margin	10.2%	6.8%	8.9%
Operating profit/(loss) (EBIT)	18,675	5,557	14,559
Operating profit/(loss) (EBIT) margin	5.0%	1.6%	4.5%
Adjusted EBIT	20,471	5,740	14,926
Adjusted EBIT margin	5.5%	1.6%	4.7%
ROS	5.0%	1.6%	4.5%
Proforma ROI	14.1%	3.2%	5.4%
Adjusted ROI	12.9%		
Standardised proforma net profit/(loss)	12,909	2,149	4,167
Standardised proforma adjusted net profit/(loss)	14,705	2,333	3,800
Proforma ROE	8.6%	1.8%	6.6%

(*) The alternative performance indicators set out in this table are not identified as accounting measures under IFRSs and should therefore not be considered as alternative measures to those provided by the Group's financial statements when assessing the Group's financial position and results.

The following table shows the reclassified statement for "Sources and uses" of the combined consolidated statement of financial position and statement of cash flows:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Uses		
Net non-current assets (*)	190,114	63,128
Net working capital (*)	(31,746)	(20,207)
Net invested capital (*)	158,370	42,921
Sources		
Shareholders' equity	149,584	91,545
Net financial debt (*)	8,785	(48,624)
Total borrowings	158,370	42,921

(*) Net non-current assets, net working capital, net invested capital and net financial debt are alternative performance indicators not identified as accounting measures under IFRSs and should therefore not be considered as alternative measures to those provided by the Group's financial statements when assessing the Group's financial position.

The Euro 116,199 thousand increase in the Group's net invested capital at 30 September 2020, compared with 31 December 2019, was due to the acquisition of Centrale del Latte d'Italia Group.

The changes that affected shareholders' equity in the period ended 30 September 2020 related to the following effects:

- shareholders' equity increase totalling Euro 15,873 thousand as part of the acquisition of Centrale del Latte d'Italia Group;
- the net profit for the period attributable to the Group, in the amount of Euro 29,480 thousand;
- other negative minor changes in the amount of Euro 814 thousand;
- recognition of net equity attributable to third-party shareholders of CLI in the amount of Euro 13,501 thousand.

Net financial debt

The following is a detailed statement of the Group's net financial debt at 30 September 2020 and 31 December 2019 determined in accordance with CONSOB Communication DEM/6064293 of 28 July 2006 and in compliance with Recommendations ESMA/2013/319:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019 Proforma	At 31 December 2019
Net financial debt			
A. Cash	339	270	39
B. Other cash equivalents	163,188	112,904	100,845
C. Securities held for trading	4	4	4
D. Cash and cash equivalents (A)+(B)+(C)	163,531	113,178	100,888
E. Current financial receivables		-	-
F. Current bank payables	(11,742)	(25,665)	(17,575)
G. Current portion of non-current debt	(28,946)	(29,114)	(4,779)
H. Other current financial debt	(18,040)	(10,179)	(4,878)
I. Current financial debt (F)+(G)+(H)	(58,728)	(64,958)	(27,232)
J. Net current financial debt (I) + (E) + (D)	104,803	48,220	73,656
K. Non-current bank loans	(102,311)	(56,358)	(12,000)
L. Bonds issued		(11,872)	-
M. Other non-current financial debt	(11,277)	(15,316)	(13,032)
N. Non-current financial debt (K)+(L)+(M)	(113,588)	(83,546)	(25,032)
O. O. Net financial debt (J) + (N)	(8,785)	(35,326)	48,624

The Euro 57,408 thousand decrease at 30 September 2020 in the Group's net financial debt compared with 31 December 2019 was due to the acquisition of Centrale del Latte d'Italia Group.

Comparison with the proforma data at 31 December 2019 demonstrates a significant improvement of Euro 26,541 thousand in the net financial position at 30 September 2020 thanks to the Newlat Group's ability to generate cash flows from operating activities.

At 30 September 2020, without considering lease liabilities under IFRS 16, net financial debt was as follows:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019 Proforma	At 31 December 2019
Net financial debt	(8,785)	(35,326)	48,624
Current lease liabilities	5,950	6,828	4,776
Non-current lease liabilities	11,277	15,316	13,032
Net Financial Position	8,442	(13,182)	66,432

Changes in net financial position during the nine-month period ended 30 September 2020 are shown below:

Proforma net financial position at 31 December 2019 (millions of Euro)	(35.3)
EBITDA	36
Net working capital	7.7
Acquisition of Centrale del Latte d'Italia (PPEO)	(2.8)
Interest	(2.5)
Investments	(10.8)
Other transactions	(1.1)
Net Financial Position at 30 September 2020	(8.8)

The net financial position at 30 September 2020 compared with the proforma data at 31 December 2019 has improved considerably by some Euro 26.5 million, due to the excellent performance of the business during the nine-month period ended 30 September 2020 and the Group's ability to generate cash from operating activities.

The following table shows some of the Group's solvency indicators at 30 September 2020 and 31 December 2019:

<i>(in thousands of Euro)</i>	At 30	At 31	At 31
	September	December	December
	2020	2019	2019
		Proforma	
Net financial debt / Equity	(0.06)	(0.25)	0.53
Net financial debt / EBITDA (*) (**)	(0.24)	(1.02)	1.72
EBITDA / financial expenses (*)	12.04	9.21	14.56

INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets at 30 September 2020:

<i>(In thousands of Euro and percentage)</i>	At 30 September	
	2020	%
Land and buildings	189	3.3%
Plant and machinery	3,360	58.1%
Industrial and commercial equipment	189	3.3%
Other assets	30	0.5%
Leasehold improvements	34	0.6%
Assets under construction and payments on account	1,669	28.9%
Investments in property, plant and equipment	5,471	94.7%
Patents and intellectual property rights	211	3.6%
Concessions, licences, trademarks and similar rights	52	0.9%
Other assets	51	0.9%
Investments in intangible assets	314	5.3%
Total investments	5,785	100%

During the reporting period, the Group made investments totalling Euro 5,785 thousand. The Group's investment policy is aimed at innovation and diversification in terms of product supply. In particular, the Group attaches importance to the development of new products, with the aim of continuously improving customer satisfaction. Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines. Investments in intangible assets relate mainly to the purchase and updating of software.

The following table provides a breakdown by business unit of the Group's investments:

<i>(In thousands of Euro and percentage)</i>	At 30 September	
	2020	%
Special Products	398	6.9%
Pasta	584	10.1%
Bakery Products	498	8.6%
Milk Products	4,255	73.6%
Dairy Products	48	0.8%
Other Products	2	0.0%
Total investments	5,785	100.0%

Investments in the Milk Products business unit refer mainly to improving production efficiency at the Centrale del Latte d'Italia Group plants and at Newlat's Reggio Emilia factory.

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

Investments in the Pasta business unit relate mainly to the new packaging facility for pasta products at the plants at Sansepolcro (AR), Cremona (CR) and Eboli (SA).

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

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to CONSOB Communication no. 6064293 of 28 July 2006, note that during the first nine months of 2020 no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets and safeguarding the minority shareholders. Previous explanations have been provided as to the accounting and financial effects of the extraordinary transactions that took place in the first nine months of 2020, namely the acquisition of a controlling stake in CLI Group on 1 April 2020 and the subsequent capital increase, in service of the PPEO launched on the remaining CLI shares not already held by the Company.

Treasury shares and shares of parent companies

As at 30 September 2020, the Company has 43,000 treasury shares.

The Company did not acquire any shares of the parent company Newlat Group S.A. during the nine-month period ended 30 September 2020, nor did it own any such shares on that date.

Transactions with related parties

The Group's transactions with related parties (hereinafter, "**Related Party Transactions**"), identified based on criteria defined by IAS 24 – Related Party Disclosures, are mainly of a commercial or financial nature and are carried out under normal market conditions. On 6 September 2019, the Board of Directors approved the text of and resolved to adopt the Procedure for Transactions with Related Parties with effect from the shares starting to trade on the Mercato Telematico Azionario and subject to the favourable opinion of the Related Party Transactions Committee, also taking into account the guidelines provided by the Related Party Regulations. The RPT Committee expressed this favourable opinion at its meeting of 13 November 2019.

The explanatory notes to the Interim Management Report refer to the income statement items at 30 September 2020 and 30 September 2019 and the statement of financial position items at 31 December 2019 pertaining to related party transactions. This information has been extracted from the Interim Report and from calculations carried out based on the outcome of general and operational accounting work.

The Group did not carry out related party transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature or which have already been illustrated, except for the acquisition of Centrale del Latte d'Italia Group on 1 April 2020, as described previously.

The Group deals with the following related parties:

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

Outlook

Right from the beginning of the COVID-19 pandemic, the Group has shown that it is ready to deal with this situation, offering suitable product and service responses to the various demands that have arisen, particularly after the various stages of this experience, from the lockdown in March and April 2020 to the subsequent gradual reopening of commercial activities by some of the Group's clients.

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

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

Against this background, it is useful to stress that the commercial organisation and the production setup have played a crucial role in customer relations. Such an approach puts the end consumer at the centre of Group policies and guidelines while reinforcing brand loyalty.

The Mass Distribution channel enjoyed considerable growth of 8.7%, while the food services channels (restaurants, bars, hotels, etc.) saw sales dip by 6.9%. There have already been some improvements in the food service channel in the second quarter, and this continued into July and August, as a result of hotels and restaurants reopening and the Group managing to achieve sales in excess of the market average. October and November have been affected by a worsening of COVID-19 consequences, bringing about fresh restrictions on the movement of people and the partial closure of many commercial businesses.

Fortunately, the sector in which the Group operates is not affected by the restrictions and has been less affected by the pandemic overall, at the same time proving its robustness.

In October and November 2020, the Group continued to grow its revenues in spite of the difficulties faced by the HORECA industry associated with the Food Services channel. On account of these positive foundations, although there remains considerable uncertainty about what path the Coronavirus will take, Newlat Food S.p.A.'s directors remain fully confident in the continuation of the Group's organic growth plans.

At the date of preparation of this report, it is not possible to predict when the epidemic will cease to spread 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, as well as the movement of people, in such a way as to influence household consumption.

In view of the above, the Group is unable to predict the extent to which these events might affect the outlook for the Company and the Newlat Group for the final months of 2020 and for 2021, but, based on the data available when this report was being prepared, the Directors believe they can reasonably exclude the possibility of COVID-19 being significantly detrimental.

Business continuity

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Group feels it is reasonable to assume its status as a going concern in view of its ability to generate cash flows from operating activities and fulfil its obligations in the foreseeable future, particularly in the next 12 months, based on the Group's solid financial structure as described below:

- the considerable level of cash reserves available at 30 September 2020;
- the presence of authorised and unused lines of credit at 30 September 2020 from the Newlat Group, including some to the majority shareholder Newlat Group S.A.;
- the continual support given by the leading Italian and European banks to the Newlat Group, partly because of its market-leading status.

In addition to the factors mentioned above, the Group has recognised a commitment from government bodies to support the operators and entities that have been most affected by COVID-19 through protective measures that will be implemented in the coming months, of which the Group intends to avail itself where possible.

Events after the reporting date

At the time of writing, there have been no significant events after the reporting date of this Interim Report at 30 September 2020.

Reggio Emilia, 13 November 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 Italian Consolidated Law on Finance, that the accounting information contained in this Interim Report corresponds to the contents of accounting documents, books and records.

Reggio Emilia, 13 November 2020

Financial Reporting Officer
Rocco Sergi



Combined financial statements

Combined statement of financial position

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019 (*)	At 31 December 2019 proforma (**)
Non-current assets			
Property, plant and equipment	146,893	31,799	151,857
Right-of-use assets	17,052	17,326	21,630
<i>of which from related parties</i>	7,398	9,467	9,467
Intangible assets	44,458	25,217	44,872
Equity investments in associates	1,401		1,397
Non-current financial assets measured at fair value through profit or loss	698	42	698
Financial assets measured at amortised cost	806	866	867
<i>of which from related parties</i>	735	735	735
Prepaid tax assets	5,866	5,034	6,698
Total non-current assets	217,175	80,284	228,019
Current assets			
Inventories	44,006	25,880	36,635
Trade receivables	68,730	49,274	70,739
<i>of which from related parties</i>	19	19	19
Current tax assets	2,719	716	3,946
Other receivables and current assets	8,674	4,701	13,317
Current financial assets measured at fair value through profit or loss	4	4	4
Cash and cash equivalents	163,527	100,884	119,834
<i>of which from related parties</i>	55,933	45,338	45,338
Total current assets	287,659	181,459	244,475
TOTAL ASSETS	504,834	261,743	472,495
Shareholders' equity			
Share capital	43,935	40,780	40,780
Reserves	62,668	40,454	84,219
Net profit/(loss)	29,479	10,311	3,800
Total shareholders' equity attributable to the Group	136,083	91,546	128,799
Minority interests	13,501		19,817
Total consolidated equity	149,584	91,546	148,616
Non-current liabilities			
Provisions for employee benefits	15,055	10,646	16,502
Provisions for risks and charges	1,506	1,396	1,461
Deferred tax liabilities	9,900	3,850	9,939
Non-current financial liabilities	102,311	12,000	68,278
Non-current lease liabilities	11,277	13,032	15,316
<i>of which from related parties</i>	4,854	6,989	6,989
Other non-current liabilities	600	600	600
Total non-current liabilities	140,648	41,524	112,096
Current liabilities			

Trade payables	129,594	85,592	124,752
<i>of which from related parties</i>	228	149	149
Current financial liabilities	52,788	22,456	58,089
<i>of which from related parties</i>	981		
Current lease liabilities	5,950	4,776	6,828
<i>of which from related parties</i>	2,778	2,341	2,341
Current tax liabilities	3,139	471	483
Other current liabilities	23,141	15,379	21,630
Total current liabilities	214,601	128,674	211,782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	504,834	261,743	472,495

(*) the combined data at 31 December 2019 refer to the Newlat Food Group's annual financial report, with the sole inclusion in the structure being 12 months of operations of Newlat GmbH.

(**) as well as the aggregated data, the proforma data at 31 December 2019 include the Centrale del Latte d'Italia Group's financial information, assets and liabilities at 31 December 2019.

Combined income statement

<i>(in thousands of Euro)</i>	At 30 September	
	2020	2019
Revenue from contracts with customers	372,664	353,595
Cost of sales	(288,479)	(283,338)
<i>of which from related parties</i>	(2,042)	(1,863)
Gross operating profit/(loss)	84,185	70,257
Sales and distribution costs	(46,756)	(45,792)
Administrative costs	(19,626)	(19,947)
<i>of which from related parties</i>	(90)	(313)
Net write-downs of financial assets	(1,095)	(1,250)
Other revenues and income	6,341	6,001
Income from business combinations	19,271	
Other operating costs	(4,375)	(3,712)
Operating profit/(loss)	37,946	5,557
Financial income	497	579
<i>of which from related parties</i>	167	219
Financial expenses	(2,993)	(2,596)
<i>of which from related parties</i>	(157)	(198)
Profit (loss) before taxes	35,450	3,539
Income taxes	(4,921)	(1,390)
Net profit/(loss)	30,529	2,149
Profit (loss) attributable to minority interests	1,050	(1,029)
Group net profit/(loss)	29,479	3,178
Basic net profit/(loss) per share	0.72	0.08
Diluted net profit/(loss) per share	0.72	0.08

Combined consolidated statement of other comprehensive income

<i>(in thousands of Euro)</i>	Nine-month period ended 30 September	
	2020	2019
Net profit/(loss) (A)	30,529	2,149
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	(187)	(721)
Tax effect on actuarial gains/(losses)	56	195
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	(131)	(526)
Total other components of comprehensive income, net of tax effect (B)	(131)	(526)
Total comprehensive net profit/(loss) (A)+(B)	30,399	1,623
Profit (loss) attributable to minority interests	1,037	(1,080)
Group net profit/(loss)	29,362	2,703

Combined consolidated statement of changes in equity

<i>(in thousands of Euro)</i>	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity attributable to the Group	Shareholders' equity attributable to minority interests	Total
At 31 December 2018	27,000	30,588	5,952	63,540		63,540
Allocation of net profit/(loss) for the previous year	-	5,952	(5,952)	-	-	-
Aggregation of Newlat GmbH	-	(58,324)	-	(58,324)	-	(58,324)
Total transactions with shareholders	-	(58,324)	-	(58,324)	-	(58,324)
Share capital increase via IPO	13,780	-	-	13,780	-	13,780
Increase in the share premium reserve	-	66,147	-	66,147	-	66,147
IPO costs	-	(5,077)	-	(5,077)	-	(5,077)
Tax effect - IPO costs	-	1,416	-	1,416	-	1,416
IPO total	13,780	62,486	-	76,266		76,266
Net profit/(loss)	-	-	10,311	10,311	-	10,311
Actuarial gains/(losses) net of the related tax effect	-	(249)	-	(249)	-	(249)
Total comprehensive net profit/(loss) for the year	-	(249)	10,311	10,062		10,062
At 31 December 2019	40,780	40,454	10,311	91,545	-	91,546
Allocation of net profit/(loss) for the previous year	-	10,311	(10,311)	-	-	-
Acquisition of controlling stake in Centrale del Latte d'Italia S.p.A.	2,221	9,101		11,322	19,817	31,139
Acquisition of minority stakes in Centrale del Latte d'Italia S.p.A.	934	3,617		4,551	(7,354)	(2,803)
Capital increase costs	-	(693)	-	(693)	-	(693)
Tax effect - PPEO costs		208		208		208
Total capital increase	3,155	12,233		15,388	12,463	27,851
Purchase of treasury shares		(210)		(210)		(210)
Total treasury shares		(210)		(210)		(210)
Net profit/(loss)	-	-	29,479	29,479	1,050	30,529
Actuarial gains/(losses) net of the related tax effect	-	(118)	-	(118)	(13)	(131)
Total comprehensive net profit/(loss) for the year	-	(118)	29,479	29,361	1,037	30,399
At 30 September 2020	43,935	62,670	29,479	136,083	13,501	149,584

Combined consolidated statement of cash flows

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Profit (loss) before taxes	35,450	13,195
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	17,356	13,692
Capital losses/(gains) on disposal	(5)	84
Financial expense/(income)	2,496	1,368
<i>of which from related parties</i>	10	273
Other non-monetary changes from business combinations	(19,286)	-
Other non-monetary changes	-	652
Cash flow generated /(absorbed) by operating activities before changes in net working capital	36,011	28,991
Change in inventory	(7,371)	1,184
Change in trade receivables	914	6,384
Change in trade payables	4,843	(10,821)
Change in other assets and liabilities	9,337	10,250
<i>of which from related parties</i>		10,000
Use of provisions for risks and charges and for employee benefits	(1,387)	(1,084)
Taxes paid	(2,558)	(1,171)
Net cash flow generated /(absorbed) by operating activities	39,789	33,733
Investments in property, plant and equipment	(5,145)	(4,460)
Investments in intangible assets	(314)	(499)
Deferred fee for acquisitions	-	(2,521)
Aggregation of Delverde Industrie Alimentari S.p.A.	-	(2,795)
Aggregation of Newlat GmbH	-	(58,324)
Aggregation of Centrale del Latte d'Italia S.p.A.	12,291	-
Net cash flow generated /(absorbed) by investment activities	6,832	(68,599)
New long-term financial debt	63,500	15,000
Repayments of long-term financial debt	(36,633)	(9,866)
Repayments of lease liabilities	(5,337)	(6,345)
<i>of which from related parties</i>	(2,232)	(2,940)
Net interest expense	(2,496)	(1,368)
IPO fee	-	76,544
Acquisition of minority interests	(2,803)	-
Purchase of treasury shares	(211)	-
Net cash flow generated/(absorbed) by financing activities	16,020	73,965
Total changes in cash and cash equivalents	62,642	39,099
Cash and cash equivalents at start of year	100,884	61,786
<i>of which from related parties</i>	45,338	61,429
Total changes in cash and cash equivalents	62,642	39,099
Cash and cash equivalents at end of year	163,527	100,884
<i>of which from related parties</i>	55,933	45,338

Financial statements and explanatory notes

Consolidated statement of financial position

<i>(in thousands of Euro)</i>	Notes	At 30 September 2020	At 31 December 2019
Non-current assets			
Property, plant and equipment		146,893	31,799
Right-of-use assets		17,052	17,326
<i>of which from related parties</i>		7,398	9,467
Intangible assets		44,458	25,217
Equity investments in associates		1,401	-
Non-current financial assets measured at fair value through profit or loss		698	42
Financial assets measured at amortised cost		806	866
<i>of which from related parties</i>		735	735
Prepaid tax assets		5,866	5,034
Total non-current assets	1	217,175	80,284
Current assets			
Inventories		44,006	25,880
Trade receivables		68,730	49,274
<i>of which from related parties</i>		19	19
Current tax assets		2,719	716
Other receivables and current assets		8,674	4,701
Current financial assets measured at fair value through profit or loss		4	4
Cash and cash equivalents		163,527	100,884
<i>of which from related parties</i>		61,933	45,338
Total current assets	2	287,659	181,459
TOTAL ASSETS		504,834	261,743
Shareholders' equity			
Share capital		43,935	40,780
Reserves		62,507	43,591
Group net profit/(loss)		29,980	7,173
Total shareholders' equity of the Group		136,423	91,545
Minority interests		13,160	
Total consolidated equity	3	149,584	91,546
Non-current liabilities			
Provisions for employee benefits		15,055	10,646
Provisions for risks and charges		1,506	1,396
Deferred tax liabilities		9,900	3,850
Non-current financial liabilities		102,311	12,000
Non-current lease liabilities		11,277	13,032
<i>of which from related parties</i>		4,854	6,989
Other non-current liabilities		600	600
Total non-current liabilities	4	140,648	41,524
Current liabilities			
Trade payables		129,594	85,592
<i>of which from related parties</i>		228	149

Current financial liabilities		52,778	22,456
<i>of which from related parties</i>		981	-
Current lease liabilities		5,950	4,776
<i>of which from related parties</i>		2,795	2,341
Current tax liabilities		3,139	471
Other current liabilities		23,141	15,379
Total current liabilities	5	214,601	128,674
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		504,834	261,743

Consolidated income statement

<i>(in thousands of Euro)</i>	At 30 September	
	2020	2019
Revenue from contracts with customers	325,686	185,076
<i>of which from related parties</i>	-	(15,368)
Cost of sales	(254,038)	(155,439)
<i>of which from related parties</i>	(2,040)	(1,863)
Gross operating profit/(loss)	71,647	29,637
Sales and distribution costs	(39,061)	(15,445)
Administrative costs	(16,319)	(8,311)
<i>of which from related parties</i>	(90)	(313)
Net write-downs of financial assets	(927)	(903)
Other revenues and income	5,428	2,837
Non-recurring income from business combinations	20,296	-
Other operating costs	(3,767)	(1,573)
Operating profit/(loss)	37,298	6,242
Financial income	447	233
<i>of which from related parties</i>	167	219
Financial expenses	(2,411)	(1,029)
<i>of which from related parties</i>	(157)	(198)
Profit (loss) before taxes	35,334	5,447
Income taxes	(4,555)	(1,715)
Net profit/(loss)	30,779	3,732
Profit (loss) attributable to minority interests	799	0
Group net profit/(loss)	29,980	3,732
Basic net profit/(loss) per share	0.72	0.14
Diluted net profit/(loss) per share	0.72	0.14

Consolidated statement of other comprehensive income

<i>(in thousands of Euro)</i>	At 30 September	
	2020	2019
Net profit/(loss) (A)	30,779	3,732
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	(544)	(721)
Tax effect on actuarial gains/(losses)	163	195
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	(381)	(526)
Total other components of comprehensive income, net of tax effect (B)	(381)	(526)
Total comprehensive net profit/(loss) (A)+(B)	30,398	3,206
Profit (loss) attributable to minority interests	697	
Group net profit/(loss)	29,701	3,206

Consolidated statement of changes in equity

<i>(in thousands of Euro)</i>	Share capital	Reserves	Net profit/(loss)	Shareholders' equity attributable to the Group	Shareholders' equity attributable to minority interests	Total
At 31 December 2018	27,000	20,359	3,361	50,720		50,720
Allocation of net profit/(loss) for the previous year	-	3,361	(3,361)	-		-
Net profit/(loss)	-		3,732			3,732
Actuarial gains/(losses) net of the related tax effect	-	(526)		(526)		(526)
At 30 September 2019	27,000	23,194	3,732	53,926	-	53,926
Aggregation of Newlat GmbH	-	(42,367)	-	(42,367)		(42,367)
Total transactions with shareholders	-	(42,367)	-	(42,367)		(42,367)
Share capital increase via IPO	13,780	-	-	13,780	-	13,780
Increase in the share premium reserve	-	66,147	-	66,147	-	66,147
IPO costs	-	(5,077)	-	(5,077)	-	(5,077)
Tax effect on IPO costs	-	1,416	-	1,416	-	1,416
IPO total	13,780	62,486	-	76,266	-	76,266
Net profit/(loss)	-	-	3,441	3,441	-	3,441
Actuarial gains/(losses) net of the related tax effect	-	278	-	278	-	278
Total comprehensive net profit/(loss) for the year	-	278	3,441	3,719		3,719
At 31 December 2019	40,780	43,593	7,173	91,544		91,544
Allocation of net profit/(loss) for the previous year	-	7,173	(7,173)	-	-	-
Acquisition of controlling stake in Centrale del Latte d'Italia S.p.A.	2,221	9,101		11,322	19,817	31,139
PPEO and acquisition of minority stake in Centrale del Latte d'Italia S.p.A.	934	3,617		4,551	(7,354)	(2,803)
Capital increase costs for PPEO	-	(693)	-	(693)	-	(693)
Tax effect on PPEO costs	-	208		208		208
Total for capital increase and CLI PPEO	3,155	12,233		15,388	12,463	27,851
Purchase of treasury shares		(211)		(211)		(211)
Total purchase of treasury shares		(211)		(211)		(211)
Net profit/(loss)	-		29,980	29,980	799	30,779
Actuarial gains/(losses) net of the related tax effect	-	(279)		(279)	(102)	(381)
Total comprehensive net profit/(loss) for the period	-	(279)	29,980	29,701	697	30,398
At 30 September 2020	43,935	62,508	29,980	136,423	13,160	149,584

Consolidated cash flow statement

<i>(in thousands of Euro)</i>	Notes	At 30 September	
		2020	2019
Profit (loss) before taxes		35,334	5,447
- Adjustments for:			
Amortisation, depreciation and write-downs	1	17,188	9,292
Capital losses/(gains) on disposal		(5)	(14)
Financial expense/(income)		1,964	796
<i>of which from related parties</i>		10	243
Other non-monetary changes from business combinations		(20,296)	-
Other non-monetary changes		(15)	711
Cash flow generated /(absorbed) by operating activities before changes in net working capital		34,170	16,231
Change in inventory	2	(7,380)	(1,337)
Change in trade receivables	2	6,224	(2,016)
Change in trade payables	5	4,381	3,131
Change in other assets and liabilities	2-5	6,789	23,489
<i>of which from related parties</i>			20,000
Use of provisions for risks and charges and for employee benefits	4	(461)	(988)
Taxes paid	2-5	(2,036)	(498)
Net cash flow generated /(absorbed) by operating activities		41,687	38,372
Investments in property, plant and equipment	1	(3,908)	(3,412)
Investments in intangible assets	1	(338)	(264)
Investments in financial assets	1	56	-
Aggregation of Delverde Industrie Alimentari S.p.A.			(1,607)
Acquisition fees			(3,608)
Aggregation of Newlat GmbH			(45,000)
Acquisition of controlling stake in Centrale del Latte d'Italia S.p.A.		19,760	-
Net cash flow generated /(absorbed) by investment activities		15,570	(63,351)
New long-term financial debt	4-5	63,500	-
Repayments of long-term financial debt	4-5	(47,801)	(1,077)
Change in current financial debt		-	14,096
Repayments of lease liabilities	4-5	(5,337)	(4,036)
<i>of which from related parties</i>		(2,232)	(2,284)
Net interest expense		(1,964)	(716)
Acquisition of minority interests in CLI		(2,803)	
Purchase of treasury shares		(211)	
Net cash flow generated/(absorbed) by financing activities		5,384	8,268
Total changes in cash and cash equivalents		62,642	(16,712)
Cash and cash equivalents at the beginning of the period		100,884	37,682
<i>of which from related parties</i>		45,338	37,345
Total changes in cash and cash equivalents		62,642	(16,712)
Cash and cash equivalents at the end of the period		163,527	12,874
<i>of which from related parties</i>		55,933	-

Notes to the Interim Management Report

Introductory notes

The data in the Interim Management Report at 30 September 2020 differ from the aggregated data shown in the previous report on operations insofar as they include in the scope of consolidation the income statement data of Centrale del Latte d'Italia S.p.A. only from 1 April 2020, i.e. the date when control of said company was acquired.

The comparative data at 30 September 2019 do not include Newlat GmbH because, in a business combination under common control consolidation is done prospectively, i.e. as of the transfer of control, which occurred after the reporting date of 30 September 2019 when Newlat's shares began to trade on the stock exchange, namely 29 October 2019.

Basis of preparation

The Interim Management Report at 30 September 2020 was prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union in relation to interim reporting (IAS 34). The financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The Interim Management Report at 30 September 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 financial statements as at 30 September 2020 may not coincide with the provisions of the IFRSs in force as at 31 December 2020, 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 interim financial statements in accordance with IAS 34 - Interim Financial Reporting requires judgements, estimates and assumptions that have an effect on the values of revenues, costs and assets and liabilities, and on the disclosures relating to contingent assets and liabilities at the reporting date. It should be noted that these estimates may differ from the actual results achieved in the future. The financial statement items that most require greater subjectivity on the part of the Directors when producing the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables, the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the determination of the fair value of the assets and liabilities acquired as part of business combinations.

As at the reporting date of this Interim Report, the Group's management has considered possible changes to the assumptions made at the end of 2019 as a result of the COVID-

19 crisis but did not find that there were grounds for such changes. For more details on this matter, please see the report on operations.

Business continuity

In view of the contents of the “Business continuity” section of the Report on Operations, the Directors believe that during the final quarter of 2020 and 2021, operations can continue broadly as outlined in the budget and multi-year plan. Moreover, even taking into account the complexity of a rapidly evolving market due to the COVID-19 pandemic, the Company feels it is reasonable to assume its status as a going concern in view of its ability to fulfil its obligations in the foreseeable future, particularly in the next 12 months, based on the Group’s solid financial structure as described below:

- the considerable level of cash reserves available at 30 September 2020 and today;
- the significant credit lines agreed and unused at 30 September 2020;
- the support from the leading Italian and European banks because of Newlat Group’s market-leading status.

In addition to the factors mentioned above, the Group has recognised a commitment from government bodies to support the operators and entities that have been most affected by COVID-19 through protective measures that will be implemented in the coming months, of which the Group intends to avail itself where possible.

For more details, please see the report on operations.

Measurement criteria

The measurement criteria used for the preparation of the consolidated financial statements for the nine-month period ended 30 September 2020 are the same as those used to prepare the consolidated financial statements at 31 December 2019, except for the new accounting standards, amendments and interpretations applicable from 1 January 2020, which are described below and which did not have a material impact on the Group’s results, assets and liabilities and cash flows:

- Changes to IAS 1 and IAS 8. These changes, published by the IASB on 31 October 2018, provide for a new definition of “material”, namely: *“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”*.
- Amendments to the *Conceptual Framework for Financial Reporting*, published by the IASB on 29 March 2018. The main changes compared with the 2010 version are: i) a new chapter on measurement; ii) improved definitions and guidance, in particular the definition of a liability; iii) clarifications in important areas, such as stewardship, prudence and measurement uncertainty.

- Amendments to IFRS 9, IAS 39 and IFRS 7 (Interest Rate Benchmark Reform). 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 hedging relationships that are directly affected by these uncertainties.
- Amendments to IFRS 3 - Business Combinations. These amendments, issued by the IASB on 22 October 2018, are aimed at resolving the problems that arise when an entity needs to determine whether it has acquired a business or a group of assets.

The main accounting standards, amendments and interpretations applicable to financial years after 2020 are listed below:

- IFRS 17 - Insurance Contracts This standard, issued on 18 May 2017, establishes the principles for recognising, measuring, presenting and representing the insurance contracts covered by the standard. The aim of IFRS 17 is to guarantee that an entity provides relevant information that faithfully reflects such contracts in order to provide readers of the financial statements with a basis for measuring how such contracts affect the entity's results, assets and liabilities and cash flows. On 21 June 2018, the IASB resolved to issue clarifications about IFRS 17 - “Insurance Contracts” to ensure that the interpretation of the standard reflects the decisions taken by the Board, particularly in relation to certain points of contracts subject to variable fees and aspects related to IFRS 3 - Business Combinations. The provisions of IFRS 17 shall take effect as of financial years beginning on or after 1 January 2021.
- The IASB has published amendments to IAS 1 - “Presentation of Financial Statements: Classification of Liabilities as Current or Non-current” with the aim of clarifying how to classify payables and other liabilities as short or long term. The amendments will come into force on 1 January 2022, but early adoption is permitted.

Notes to the Interim Management Report at 30 September 2020

Scope of consolidation

Name	Registered Office	Currency	Share capital at 30 September 2020	Control percentage at 30 September 2020
Newlat Food S.p.A.	Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company
Newlat GmbH	Franzosenstrasse 9, Mannheim, Germany	EUR	1,025,000	100%
Centrale del Latte d'Italia S.p.A.	Via Filadelfia 220, Turin	EUR	28,840,041	67.59%

The scope of consolidation at 30 September 2020 differs from those at 30 September and 31 December 2019 insofar as it includes the acquisition of Newlat GmbH on 29 October 2019 and that of Centrale del Latte d'Italia Group on 1 April 2020.

At 30 September 2019, the scope of consolidation also included Delverde Industrie Alimentari S.p.A. and Centrale del Latte di Salerno S.p.A. (subsequently merged by incorporation into Newlat Food S.p.A. in December 2019).

Such changes in the scope of consolidation considerably affect the comparability of the interim consolidated data at 30 September 2020 and the interim consolidated data at 30 September 2019.

Consolidation criteria and methodology

The Interim Report includes the statements of financial position, the income statements and the cash flow statements of Newlat Food S.p.A. and its subsidiaries, prepared in compliance with IFRS.

At 30 September 2020, both subsidiaries included in the scope were consolidated using the line-by-line method. In the case of Centrale del Latte d'Italia S.p.A., the controlling stake of 67.59% means that minority interests were recognised.

The associate Mercafir, in which an indirect stake of 25% is held through Centrale del Latte d'Italia S.p.A., was consolidated using the equity method.

When preparing the Interim Management Report, all balances and transactions between the companies included in the scope were eliminated.

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 Group performance at 30 September 2020, and the reconciliation of these items with respect to the corresponding amount included in the Interim Management Report:

At and for the period ended 30 September 2020							
<i>(in thousands of Euro)</i>	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other Products and Group items	Total
Revenue from contracts with customers	104,706	136,885	29,229	20,334	23,850	10,682	325,686
EBITDA (*)	8,041	13,200	4,405	2,981	2,624	379	31,631
EBITDA margin	7.7%	9.6%	15.1%	14.7%	11.0%	3.55%	9.7%
Amortisation, depreciation and write-downs	(3,401)	(6,657)	(1,259)	(251)	(1,602)	(534)	(13,702)
Net write-downs of financial assets						(927)	(927)
Income from business combinations						20,296	20,296
Operating profit/(loss)	4,641	6,544	3,147	2,731	1,022	19,214	37,298
Financial income	-	-	-	-	-	447	447
Financial expenses	-	-	-	-	-	(2,411)	(2,411)
Profit (loss) before taxes	4,641	6,544	3,147	2,731	1,022	17,250	35,334
Income taxes	-	-	-	-	-	(4,555)	(4,555)
Net profit/(loss)	4,641	6,544	3,147	2,731	1,022	12,695	30,779
Total assets	98,289	248,413	14,111	11,298	19,670	113,053	504,834
Total liabilities	84,318	106,613	12,288	7,552	12,230	132,249	355,250
Investments	584	4,255	498	48	398	2	5,785
Employees (number)	485	549	184	58	157	58	1,491

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

The table below shows the main income statement items at 30 September 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 Management Report:

At 31 December 2019 and for the period ended 30 September 2019							
(in thousands of Euro)	Pasta	Milk Products	Bakery Products	Dairy Products	Special Products	Other Products and Group items	Total
Revenue from contracts with customers (third parties)	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	5.0%	6.0%	13.9%	13.2%	10.5%	3.7%	7.9%
Amortisation, depreciation and write-downs	(1,820)	(2,267)	(1,232)	(213)	(1,530)	(568)	(7,631)
Net write-downs of financial assets						(903)	(904)
Operating profit/(loss)	887	832	2,371	2,434	726	(1,007)	6,242
Financial income	-	-	-	-	-	228	229
Financial expenses	-	-	-	-	-	(1,026)	(1,025)
Profit (loss) before taxes	887	832	2,371	2,434	726	(1,805)	5,447
Income taxes	-	-	-	-	-	(1,715)	(1,715)
Net profit/(loss)	887	832	2,371	2,434	726	(3,520)	3,732
Total assets	117,567	39,374	12,753	9,373	18,896	63,781	261,743
Total liabilities	77,657	28,149	14,266	16,477	10,518	23,129	170,197
Investments	2,335	644	1,042	122	229	287	4,659
Employees (number)	393	166	132	62	148	52	953

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

Acquisition of Centrale del Latte d'Italia S.p.A.

Centrale del Latte d'Italia Group, which produces and markets dairy products, has been consolidated since 1 April 2020. The transaction was booked using the acquisition method.

As at the date of first consolidation, the assets and liabilities were as follows:

<i>(in thousands of Euro)</i>	At 1 April 2020
Non-current assets	
Property, plant and equipment (A)	118,939
Right-of-use assets (A)	2,747
Intangible assets (A)	19,631
Non-current financial assets measured at fair value through profit or loss (A)	2,053
Current assets	
Inventories (A)	10,746
Trade receivables (A)	26,607
Current tax assets (A)	2,357
Other receivables and current assets (A)	10,781
Cash and cash equivalents (A)	26,420
Non-current liabilities	
Provisions for employee benefits (B)	4,930
Provisions for risks and charges (B)	66
Deferred tax liabilities (B)	6,089
Non-current financial liabilities (B)	61,049
Non-current lease liabilities (B)	1,909
Other non-current liabilities (B)	541
Current liabilities	
Trade payables (B)	39,621
Current financial liabilities (B)	39,348
Current lease liabilities (B)	890
Current tax liabilities (B)	504
Other current liabilities (B)	7,240
Total net assets acquired (A-B)	58,095
<i>Cash out (monetary component of the purchase price)</i>	(6,660)
Payment as future capital increase (Newlat shares component)	(11,322)
Fair value of minority interests at the Execution Date	(19,817)
(Non-recurring) income from business combinations	20,296

The transaction was booked in accordance with IFRS 3 – “Business Combinations” since it can be categorised as an acquisition. At 30 September 2020, the fair value measurement of the assets acquired and liabilities assumed was not yet complete. As per the accounting standard in question, management will complete the relevant measurements within 12 months of the purchase date. The goodwill calculated in this way is

recognised in the consolidated income statement as indicated in IFRS 3, paragraph 34 (MOA 29174) under “income from business combinations”.

The purchase price paid by the Issuer to the parent company Newlat Group S.A., which is the same as the one paid by said parent to the previous minority shareholders (hereinafter the “Price of the Centrale del Latte d’Italia S.p.A. Major Stake”), was calculated as shown in the table below:

<i>(in thousands of Euro)</i>	
Monetary component of the Consideration (in Euro)	1
Number of shares representing the CLI Major Holding	6,660,242
Monetary component of the CLI Major Holding Price (A)	6,660
<i>(in thousands of Euro)</i>	
Non-monetary component of the Consideration (no. of Newlat shares)	0.333
Fair value of non-monetary component of the Consideration as at the Execution Date (in Euro)	5.10
Number of shares representing the CLI Major Holding	6,660,242
Non-monetary component of the CLI Major Holding Price (B)	11,322
CLI Major Holding Price (C=A+B)	17,982

The price of the major stake, namely Euro 17,982 thousand, represents the book value of the interest at 1 April 2020 in Newlat Food S.p.A.’s separate financial statements.

The non-monetary component of the Price of the Centrale del Latte d’Italia Major Stake, namely Euro 11,322 thousand, was deemed a deferred consideration and had as a counter-entry an increase of shareholders’ equity at 1 April 2020 that reflects the amount of the subsequent Newlat Food S.p.A. capital increase freed up by the contribution in kind of the CLI Major Stake by Newlat Group S.A., together with the issue of 2,220,080 new ordinary shares of the Company.

The share of minority interests in the CLI shareholders’ equity, as per paragraph 19 of IFRS 3 for the application of the fair value approach, was calculated as follows:

<i>(in thousands of Euro)</i>	
CLI Major Holding Price (A)	17,982
CLI Group non-controlling interests as at the Execution Date (%) (B)	52.43%
Fair value of CLI Group’s net assets as at the Execution Date (C=A/(1-B))	37,799
Fair value of minority interests as at the Execution Date (D=C-A)	19,817

Newlat Food S.p.A.'s purchase and exchange offer to the shareholders of Centrale del Latte d'Italia S.p.A. finished on 31 July 2020. In all, 2,803,460 ordinary Centrale del Latte d'Italia S.p.A. shares were signed up to the offer, accounting for 20.02% of CLI's share capital and 38.19% of the ordinary shares targeted by the offer. Also taking into account the 6,660,242 ordinary Centrale del Latte d'Italia S.p.A. shares making up the offerer's existing controlling stake, the final results show that at 30 July 2020, Newlat Food S.p.A. owned a total of 9,463,702 ordinary Centrale Latte d'Italia S.p.A. shares, equal to 67.59% of its share capital. For every CLI share, Newlat Food S.p.A. paid to each shareholder who took up the offer a consideration of Euro 1 and 0.33 newly issued ordinary Newlat Food S.p.A. shares, which resulted from the share capital increase approved by Newlat's Shareholders' Meeting on 25 June 2020. Payment of the consideration for the shares that were signed up to the offer during the take-up period took place on 31 July 2020. As a result of the take-up, the 20.02% minority interest stake was acquired for a total of Euro 7,366 thousand, consisting of a Euro 4,551 thousand share capital increase with premium (taking into account the market value of Newlat shares on 31 July 2020) and a monetary consideration of Euro 2,815 thousand.

Notes to the principle Consolidated Statement of Financial Position items

1. Non-current assets

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Non-current assets		
Property, plant and equipment	146,893	31,799
Right-of-use assets	17,052	17,326
Intangible assets	44,458	25,217
Equity investments in associates	1,401	-
Non-current financial assets measured at fair value through profit or loss	698	42
Financial assets measured at amortised cost	806	866
Prepaid tax assets	5,866	5,034
Total non-current assets	217,175	80,284

Below is a description of the main items that make up the non-current assets at 30 September 2020:

Property, plant and equipment

The table below shows a breakdown of and changes in the item “Property, plant and equipment” at 30 September 2020 and 31 December 2019.

<i>(in thousands of Euro)</i>	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Leasehold improvements	Assets under construction and payments on account	Total
Historical cost at 31 December 2019	14,817	125,032	5,152	4,852	1,521	1,639	153,013
Investments	158	2,553	130	24	19	1,338	4,222
Disposals	-	(109)	(123)	(37)	-	(240)	(509)
Reclassifications		399	112		22	(533)	-
Change to the consolidation scope	77,784	110,938	18,441	-	358	11,318	218,839
Historical cost at 30 September 2020	92,759	238,813	23,712	4,839	1,920	13,522	375,565
Provision for depreciation at 31 December 2019	(6,834)	(104,762)	(4,882)	(4,587)	(149)	-	(121,214)
Amortisation	(891)	(6,094)	(657)	(50)	(15)	-	(7,708)
Disposals	-	37	84	28	-	-	149
Change to the consolidation scope	(22,880)	(61,300)	(15,411)	-	(309)	-	(99,900)
Provision for depreciation at 30 September 2020	(30,605)	(172,119)	(20,866)	(4,609)	(473)	-	(228,673)
Net carrying amount at 31 December 2019	7,983	20,270	270	265	1,372	1,639	31,799
Net carrying amount at 30 September 2020	62,154	66,694	2,845	230	1,447	13,522	146,893

The item “change to the consolidation scope” reflects the carrying amount of the property, plant and equipment acquired via the first consolidation of Centrale del Latte d’Italia Group on 1 April 2020.

“Investments” shows the purchases made during the period. Specifically, “assets under construction and payments on account” reflects work in progress in the factories of both Newlat Food S.p.A. and Centrale del Latte d’Italia, while the items “plant and machinery”, “leasehold improvements” and “industrial and commercial equipment” show the investments already up and running, primarily in the Milk Products sector.

The increases in “Other assets” refer mainly to the purchase of electronic office equipment, cars and industrial vehicles.

Right-of-use assets

The table below shows a breakdown of and changes in the item “Right-of-use assets” at 30 September 2020 and 31 December 2019.

<i>(in thousands of Euro)</i>	Right-of-use assets
Historical cost at 31 December 2019	29,388
Increases	2,003
Decreases	(20)
Change to the consolidation scope	4,064
Historical cost at 30 September 2020	35,435
Provision for depreciation at 31 December 2019	(12,062)
Amortisation	(5,015)
Disposals	13
Change in consolidation scope	(1,317)
Provision for depreciation at 30 September 2020	(18,381)
Net carrying amount at 31 December 2019	17,326
Net carrying amount at 30 September 2020	17,052

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce, Eboli (SA) Bologna and Corte de’ Frati (CR), leased to Newlat Food S.p.A. under the agreements entered into with the related party New Property S.p.A. At 30 September 2020, right-of-use assets also included the Delverde production plant in Fara San Martino (CH), which is operated under a finance lease with a bank.

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

The change compared with 31 December 2019 is due to CLI Group joining the scope of consolidation on 1 April 2020.

During the nine-month period ended 30 September 2020, the Newlat Group renewed some rental agreements relating to specific facilities, with an annual term compared with

the previous multi-year term; this is consistent with the strategies implemented by the Directors in the operating outlook for these assets.

Intangible assets:

The table below shows a breakdown of and changes in the item “Intangible assets” at 30 September 2020 and 31 December 2019.

<i>(in thousands of Euro)</i>	Goodwill	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other assets	Assets under development	Total
Historical cost at 31 December 2019	3,863	4,211	70,901	3,070	108	82,153
Investments	-	508	51	30	2	591
Disposals	-	-	(2)	-	-	(2)
Reclassifications	-	108	-	-	(108)	-
Change to the consolidation scope	350	-	40,942	927	-	42,219
Historical cost at 30 September 2020	4,213	4,827	111,892	4,026	2	124,960
Provisions for amortisation at 31 December 2019	-	(3,712)	(50,177)	(3,047)	-	(56,936)
Amortisation	-	(142)	(724)	(111)	-	(978)
Disposals	-	-	-	-	-	-
Change to the consolidation scope	-	-	(21,698)	(890)	-	(22,588)
Provisions for amortisation at 30 September 2020	-	(3,854)	(72,599)	(4,048)	-	(80,501)
Net carrying amount at 31 December 2019	3,863	499	20,724	23	108	25,217
Net carrying amount at 30 September 2020	4,213	973	39,293	(22)	2	44,459

The item “change to the consolidation scope” reflects the carrying amount of the intangible assets acquired upon the first consolidation of Centrale del Latte d’Italia Group on 1 April 2020.

Goodwill

Goodwill, which totalled Euro 4,213 thousand at 30 September 2020, breaks down as follows:

- Euro 3,863 thousand relating to Newlat's December 2015 acquisition of Centrale del Latte di Salerno S.p.A., which was merged by incorporation into Newlat Food S.p.A. in December 2019;
- Euro 350 thousand relating to CLI's acquisition of Centro Latte Rapallo in previous years.

As at the reporting date of this Interim Management Report, the Group's management has considered possible changes to the assumptions made at the end of 2019, for the analysis of impairment tests, but did not identify grounds for the book value of goodwill being greater than the recoverable value. Owing to the improvement in the Newlat Group's sales revenues and margins during 2020, and in the absence of negative indicators, no impairment tests have been carried out since the ones performed at 31 December 2019.

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 30 September 2020:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Trademarks with an indefinite useful life	37,976	18,844
Trademarks with a finite useful life	1,238	1,880
Other	90	0
Total net book value	39,304	20,724

Trademarks with an indefinite useful life

This item refers to the following trademarks held by the Group:

- the "Drei Glocken" and "Birkel" brands registered by the German subsidiary Newlat GmbH in 2014 following the acquisition of the relevant business unit from Ebro Foods, for a total of Euro 18,844 thousand. As at the reporting date for this Interim Financial Report, the Group's management has considered possible changes to the assumptions made at the end of 2019 but did not identify grounds for the book value being lower than the recoverable value.
- the "Centro Latte Rapallo - Latte Tigullio", "Centrale del Latte di Vicenza" and "Mukki" brands owned by CLI Group companies that were merged into CLI in July 2020, for a total of Euro 19,132 thousand. At the reporting date, these brands were not subjected to impairment tests either because – based on the improvement in revenues and operating margins during the first nine months of

2020 - there were no indicators of impairment.

As at the reporting date of this Interim Management Report, the Group's management has considered possible changes to the assumptions made at the end of 2019, for the analysis of impairment tests, but did not identify grounds for the book value of trademarks with an indefinite useful life being greater than the recoverable value. Owing to the improvement in the Newlat Group's sales revenues and margins during 2020, and in the absence of negative indicators, no impairment tests have been carried out since the ones performed at 31 December 2019.

Trademarks with a finite useful life

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

Equity investments in associates

Equity investments in associates totalled approximately Euro 1.4 million and referred to CLI's stake in Mercafir S.c.p.a. (Euro 1,397 thousand) and in Filat (Euro 4 thousand).

At 30 September 2020, the investment in Mercafir S.c.p.a. was adjusted by Euro 4 thousand under the equity method.

During the second quarter of 2020, Mercafir S.c.p.a. paid out Euro 75 thousand in dividends to CLI, which are recognised in other financial income.

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

The item "Non-current financial assets measured at fair value through profit or loss" totalled Euro 698 thousand (Euro 42 thousand at 31 December 2019); the increase compared with 31 December 2019 was due essentially to the change in consolidation scope and refers to CLI's minority interest of less than 5% in "Futura S.r.l." for a total of approximately Euro 657 thousand.

Financial assets measured at amortised cost

At 30 September 2020, this item totalled Euro 806 thousand (Euro 866 thousand at 31 December 2019) and referred mainly to security deposits paid in previous years by Newlat to the associate New Property S.p.A. under the aforementioned production premises lease agreements.

Prepaid tax assets

At 30 September 2020, this item totalled Euro 5,866 thousand (Euro 5,034 thousand in December 2019). Prepaid taxes refer mainly to the appropriation of taxed provisions, as well as to previous limited losses of the subsidiary CLI. Based on the approved multi-year business plans, which have not been revised as a result of COVID-19 because of the positive results achieved in the first nine months of 2020, management believes that these assets can be recovered through future taxable income.

2. Current assets

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Current assets		
Inventories	44,006	25,880
Trade receivables	68,730	49,274
Current tax assets	2,719	716
Other receivables and current assets	8,674	4,701
Current financial assets measured at fair value through profit or loss	4	4
Cash and cash equivalents	163,527	100,884
Total current assets	287,659	181,459

Inventories

Closing inventories, net of the change in consolidation scope for the acquisition of CLI equal to Euro 11,277 thousand, were up by Euro 6,849 thousand on 31 December 2019 because of an increase in warehouse stock to cover the sales levels expected in the final quarter of 2020.

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Raw materials, supplies, consumables and spare parts	23,815	14,735
Finished products and goods	20,843	12,048
Semi-finished products	63	-
Advance payments	231	41
Total gross inventories	44,952	26,824
Inventory write-down reserve	(946)	(944)
Total inventories	44,006	25,880

The change in the provision for inventory write-downs is shown below.

Balance at 31 December 2019	944
Provisions	86
Uses/Releases	(84)
Change to the consolidation scope	-
Balance at 30 September 2020	946

Trade receivables

Trade receivables at 30 September 2020 totalled Euro 68,730 thousand, compared with Euro 49,274 thousand at 31 December 2019.

Customer receivables at 30 September 2020, net of the change in consolidation scope for the acquisition of CLI in the amount of Euro 21,123 thousand, were broadly in line with the figure from 31 December 2019. 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.

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Trade receivables from customers	87,680	64,675
Trade receivables from related parties	19	19
Trade receivables (gross)	87,699	64,694
Provision for doubtful trade receivables	(18,969)	(15,420)
Total trade receivables	68,730	49,274

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

The provision for bad debts changed as follows during 2019 and the first nine months of 2020:

Balance at 31 December 2018	14,699
Provisions	500
Uses	(8)
Releases	-
Change to the consolidation scope	229
Balance at 31 December 2019	15,420
Provisions	927
Uses	(28)
Releases	-
Change within the consolidation scope for CLI	2,650
Balance at 30 September 2020	18,969

Current tax assets

Current tax assets totalled Euro 2,719 thousand (Euro 716 thousand at 31 December 2019). The change compared with 31 December 2019 was due mainly to the change in consolidation scope following the acquisition of CLI Group.

Current tax liabilities totalled Euro 3,139 thousand (Euro 471 thousand at 31 December 2019). The change compared with 31 December 2019 was due mainly to the new consolidation scope following the acquisition of CLI Group.

Other receivables and current assets

This item totalled Euro 8,674 thousand (Euro 4,701 thousand at 31 December 2019) and consisted of tax receivables, advances to suppliers, prepaid expenses and other short-term receivables. The increase was due essentially to the change in consolidation scope and in particular to the CLI Group's VAT receivables.

Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 30 September 2020 and 31 December 2019:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Pooled cash deposits	51,933	45,338
Bank and postal deposits	111,255	55,508
Cash at hand	339	38
Total cash and cash equivalents	163,527	100,884

"Cash and cash equivalents" consist mainly of sight current accounts with banks.

At 30 September 2020, cash and cash equivalents were not subject to restrictions or constraints. Some Euro 51,933 thousand of the available cash relates to cash pooled with the parent company Newlat Group S.A.

Please see the statement of cash flows for changes in the "Cash and cash equivalents" item during the periods under review.

Liabilities

3. Shareholders' equity

Share capital

As at 30 September 2020, the Company's fully subscribed and paid-up share capital totalled Euro 43,935,050, divided into 43,935,050 ordinary shares that were dematerialised as a result of the IPO operation completed on 29 October 2019.

As reported in the statement of changes in consolidated equity, the changes during the nine-month period ended 30 September 2020 related to:

- a capital increase via the issue of new shares to the shareholder Newlat Group S.A. totalling Euro 11,322 thousand as part of the acquisition of control of the Centrale del Latte d'Italia Group on 1 April 2020 (see the comment below);
- a capital increase, excluding the option right, following the take-up of the PPEO for CLI by former CLI shareholders, via the issue of 934,487 new ordinary shares, totalling Euro 4,551 thousand;
- the Group net profit for the period, in the amount of Euro 29,980 thousand;
- actuarial losses attributable to the Group, in the amount of Euro 279 thousand, relating to the discounting of the Group employee severance indemnity provision;
- the ancillary costs relating to the share capital increase as part of the PPEO for Centrale del Latte d'Italia Group, booked as a direct reduction in shareholders' equity of Euro 485 thousand, net of the related tax benefit of Euro 208 thousand;
- recognition of net equity and profit attributable to third parties (i.e. the minority shareholders of CLI) in the amount of Euro 13,160 thousand.

The non-monetary component of the Price of the Centrale del Latte d'Italia Major Stake, namely Euro 11,322 thousand, was deemed a deferred consideration and had as a counter-entry an increase of shareholders' equity that reflects the amount of the Newlat Food S.p.A. capital increase freed up by the contribution in kind of the CLI Major Stake by the parent company Newlat Group S.A., together with the subsequent issue of 2,220,081 ordinary shares of the Company.

4. Non-current liabilities

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Non-current liabilities		
Provisions for employee benefits	15,055	10,646
Provisions for risks and charges	1,506	1,396
Deferred tax liabilities	9,900	3,850
Non-current financial liabilities	102,311	12,000
Non-current lease liabilities	11,277	13,032
Other non-current liabilities	600	600
Total non-current liabilities	140,648	41,524

Provisions for employee benefits

At 30 September 2020, this item totalled Euro 15,055 thousand, up from Euro 10,646 thousand at 31 December 2019 primarily because of the change in consolidation scope following the acquisition of CLI Group.

Provisions for risks and charges

The table below shows a breakdown of and changes in the item:

<i>(in thousands of Euro)</i>	Provision for agents' indemnities	Provision for legal risks	Other provisions for risks and charges	Total provisions for risks and charges
Balance at 31 December 2018	939	69	-	1,008
Provisions	128	-	-	128
Uses	-	-	-	-
Releases	(34)	-	-	(34)
Change to the consolidation scope	139	155	-	294
Balance at 31 December 2019	1,172	224	-	1,396
Provisions	44	-	-	44
Uses	-	-	-	-
Releases	-	-	-	-
Change to the consolidation scope	-	-	66	66
Balance at 30 September 2020	1,216	224	66	1,506

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

Deferred tax liabilities

These refer in the amount of Euro 3,823 thousand to the “Birkel e Drei Glocken” brands registered by Newlat GmbH and in the amount of Euro 6,077 thousand to the previously mentioned brands owned by Centrale del Latte d’Italia Group, pertaining to the fair value measurement of the brands, not recognised for tax purposes, as at the date of acquisition of the subsidiaries or business units that owned said brands.

Non-current and current financial liabilities

The table below contains a break down of “Current and non-current liabilities”:

<i>(in thousands of Euro)</i>	At 30 September 2020		At 31 December 2019	
	Current portion	Non-current portion	Current portion	Non-current portion
Payables to Newlat Group S.A. for cash pooling	981	-	-	-
Total financial debt to Newlat Group S.A.	981	-	-	-
UniCredit loan agreement (Newlat Food S.p.A.)	427	-	1,690	-
UniCredit loan agreement (Newlat Deutschland)	-	-	89	-
Deutsche Bank loan agreement	3,000	9,750	3,000	12,000
BPM loan agreement	3,096	10,364	-	-
BPER loan agreement	1,957	7,554	-	-
Trade credit facilities	8,714	-	10,575	-
Other lines of credit	7,000	-	7,000	-
Current account overdrafts	35	-	102	-
BANCA CARIGE	423	128	-	-
UNICREDIT BANCA D'IMPRESA	2,763	4,128	-	-
ICREA BANCA D'ALBA	400	1,000	-	-
MEDIOCREDITO	433	1,250	-	-
CREDEM	503	-	-	-
UBI BANCA	381	-	-	-
INTESA SANPAOLO	1,035	-	-	-
BANCA POPOLARE DI SONDRIO (SWITZERLAND)	878	547	-	-
UNICREDIT CDP	472	3,998	-	-
UNICREDIT FILIERA	463	4,512	-	-
BANCO BPM	2,399	8,408	-	-
INVITALIA LOAN ACCOUNT	102	3,633	-	-
CARIPARMA	503	444	-	-
CREDITO COOP CENTROVENETO	1,347	169	-	-
BANCA CAMBIANO 1884	993	2,027	-	-
BNL GRUPPO BNP PARIBAS	284	-	-	-
MPS CAPITAL SERVICES BANCA PER LE IMPRESE	1,429	13,787	-	-
CHIANTI BANCA	397	1,019	-	-
BANCA PASSADORE	662	1,011	-	-
BANCO DESIO	489	1,470	-	-
MPS and Deutsche Bank	4,109	27,112	-	-
Other CLI lines of credit	7,114	-	-	-
Total financial debt to banks and other lenders	52,778	102,311	22,456	12,000
Total financial liabilities	52,778	102,311	22,456	12,000

The Euro 15 million debenture loan issued by Centrale del Latte d'Italia S.p.A. and expiring on 1 December 2024 was repaid early during the third quarter of 2020.

Covenants of the MPS/Deutsche Bank 2020 - 2026 loan agreement with which Newlat Food's consolidated financial statements must comply:

- Net debt to EBITDA ratio of less than 4;
- DSCR of more than 1.

Covenants on debt positions relating to the Centrale del Latte d'Italia S.p.A. financial statements:

- UniCredit S.p.A. loan on behalf of Cassa Depositi e Prestiti and UniCredit S.p.A. loan pertaining to the supply chain agreement, awarded to Centrale del Latte d'Italia S.p.A. and to the former Centrale del Latte di Vicenza S.p.A., both expiring on 31 December 2030 and with a total outstanding debt of Euro 4.5 million at 30 September 2020: net financial debt to net equity ratio of 1.5 or less on 31 December of every year;
- Loan awarded by UniCredit Banca d'Impresa S.p.A. to the former Centrale del Latte di Vicenza S.p.A., expiring on 30 June 2025 and with outstanding debt of Euro 2.9 million at 30 September 2020: borrower's net financial debt to net equity ratio of 1.5 or less on 31 December of every year;
- Unsecured loan awarded by BNL (BNP Paribas Group) to the former Centrale del Latte della Toscana S.p.A., expiring on 30 November 2020 and with an outstanding debt of Euro 0.3 million at 30 September 2020: on 31 December of every year, net financial debt to net equity ratio of less than 6; net financial expenses to revenues ratio of less than 2%;
- Unsecured loan awarded by Intesa Sanpaolo S.p.A. to the former Centrale del Latte della Toscana S.p.A., expiring on 31 March 2021 and with an outstanding debt of Euro 0.3 million at 30 September 2020: on 31 December of every year, gross operating margin to financial expenses ratio of 1 or more; no losses for two consecutive years;
- Loan awarded by Mediocredito to Centrale del Latte d'Italia S.p.A., expiring on 28 June 2024 and with outstanding debt of Euro 1.7 million at 30 September 2020: net financial debt to net equity ratio of 1.5 or less on 31 December of every year.

Checks on compliance with the aforementioned covenants are performed on the annual data at 31 December of the Newlat Group or of Centrale del Latte d'Italia S.p.A., whose financial statements are consolidated into the Newlat Group. The Group believes that these covenants will be respected at 31 December 2020 on the back of estimates based on the positive economic and financial performance recorded during the nine-month period ended 30 September 2020 and on the positive operational outlook for the final quarter of 2020.

Below is a breakdown of the medium-to-long-term bank loans:

Lender	Conditions	Amount loaned	Amount disbursed	Outstanding debt	Expiry	Guarantees given by CLI
Chianti Banca Credito Cooperativo s.c.	Rate: 6-month Euribor + 1.35%	2,000	2,000	1,415	10/02/2024	---
Intesa Sanpaolo S.p.A.	Rate: 3-month Euribor + 1.10%	5,000	5,000	250	01/10/2020	---
BNL (BNP Paribas Group)	Rate: 6-month Euribor + 2.2%	6,000	6,000	284	30/11/2020	---
UniCredit S.p.A.	Rate: 3.05%	10	10	1	31/12/2020	---
UniCredit S.p.A. rate	Rate: 3.05%	41	41	2	31/12/2020	---
Banca CARIGE S.p.A.	Rate: 6-month Euribor + 1.35%	1,000	1,000	169	31/12/2020	---
UBI Banca S.p.A.	Rate: 3-month Euribor + 2.50%	1,500	1,500	381	09/01/2021	---
Banca Popolare di Sondrio S.c.p.a.	Rate: 6-month Euribor + 0.60%	1,500	1,500	252	31/01/2021	---
Banca Popolare di Sondrio S.c.p.a.	Rate: 0.90%	1,500	1,500	378	01/02/2021	---
Intesa Sanpaolo S.p.A.	Rate: 3-month Euribor + 1.30%	2,000	2,000	255	31/03/2021	---
Credito Emiliano S.p.A.	Rate: 6-month Euribor + 1.5% spread	1,000	1,000	503	09/06/2021	---
Intesa Sanpaolo S.p.A.	Rate: 3-month Euribor + 1%	3,000	3,000	529	30/06/2021	---
Banco BPM S.p.A.	Rate: 3-month Euribor + 1.2%	1,500	1,500	256	30/06/2021	---
Banca del Centroveneto Cred. Coop s.c.	Rate: 3-month Euribor + 1.7%	2,500	2,500	846	30/07/2021	---
UniCredit S.p.A.	Rate: 6-month Euribor + 1.5%	3,000	3,000	1,517	31/10/2021	---
Banca CARIGE S.p.A.	Rate: 6-month Euribor + 1.3%	1,000	1,000	381	31/12/2021	---
Banco BPM S.p.A.	Rate: 1-month Euribor + 0.7%	1,500	1,500	144	31/12/2021	---
UniCredit S.p.A.	Rate: 3-month Euribor + 2%	1,500	1,500	758	31/12/2021	---
Credit Agricole Cariparma	Rate: 3-month Euribor + 0.85	1,500	1,500	663	29/05/2022	---
UniCredit Banca d'Impresa S.p.A.	Rate: 1%	1,500	1,500	757	31/05/2022	---
Credit Agricole Cariparma	Rate: 3-month Euribor + 1%	500	500	284	12/10/2022	---
Banco BPM S.p.A.	Rate: 3-month Euribor + 1%	3,000	3,000	1,941	31/12/2022	---
Banca Passadore S.p.A.	Rate: 3-month Euribor + 1.5%	2,000	2,000	1,673	01/01/2023	---
Banco BPM S.p.A.	Rate: 3-month Euribor + 2.1%	3,500	3,500	2,432	30/06/2023	---
Banca di Credito Cooperativo di Cambiano S.c.p.a.	Rate: 3-month Euribor + 1.35%	4,000	4,000	3,020	01/07/2023	---
Banca Popolare di Sondrio S.c.p.a.	Rate: 1-month Euribor + 1.10%	1,000	1,000	795	10/11/2023	---

ICREA Banca D'Alba	Rate: 3-month Euribor + 1.5%	2,000	2,000	1,400	31/03/2024	---
Banco Desio	Rate: 1.50%	2,000	2,000	1,960	18/08/2024	
UniCredit S.p.A.	Rate: 6-month Euribor + 1.80%	10,000	10,000	2,857	30/06/2025	Euro 20 million mortgage on owned property in Vicenza
UniCredit S.p.A.	Rate: 6-month Euribor + 2.75%	3,000	3,000	1,000	30/06/2025	Euro 20 million mortgage on owned property in Vicenza
MPS Capital Services Banca per le Imprese S.p.A.	Rate: 6-month Euribor + 1.75%	28,300	28,300	15,217	03/07/2028	Euro 60 million mortgage on owned property in Florence and Euro 28.3 million special lien on facilities
UniCredit S.p.A. on behalf of Cassa Depositi e Prestiti	Rate: 0.50% - discounted rate 2.95%	1,095	1,095	2,372	31/12/2030	Mortgage on owned property in Turin
UniCredit S.p.A.	Rate: 2.95%	1,095	1,095	2,591	31/12/2030	Mortgage on owned property in Turin
UniCredit S.p.A. on behalf of Cassa Depositi e Prestiti	Rate: 0.50% - discounted rate 2.95%	2,400	363	2,098	31/12/2030	Mortgage on owned property in Vicenza
UniCredit S.p.A.	Rate: 2.95%	2,400	363	2,384	31/12/2030	Mortgage on owned property in Vicenza
Invitalia S.p.A.	Rate: 0.124%	7,453	1,242	3,735	30/06/2031	Mortgage on owned properties in Turin, Casteggio and Rapallo
Mediocredito	Rate: 2.60%	2,000	2,000	1,683	28/06/2024	---
Banco BPM	Rate: 3-month Euribor + 1.2%	1,500	1,500	1,034	30/06/2024	---
Banca del Centroveneto Cred. Coop s.c.	Rate: 6-month Euribor + 1.40%	1,000,000	1,000,000	670	22/01/2022	Centrale del Latte d'Italia third-party general guarantee
Monte dei Paschi di Siena (POOL)	Rate: 6-month Euribor + 1.75%	31,500,000	31,500,000	31,221	30/06/2026	Current account pledge
Banco BPM S.p.A.	Rate: 1.20%	5,000,000	5,000,000	5,000	01/07/2026	Unsecured loan

Current and non-current lease liabilities.

Current and non-current lease liabilities amounted respectively to Euro 5,950 thousand (Euro 4,776 thousand at 31 December 2019) and Euro 11,277 thousand (Euro 13,032 thousand at 31 December 2019); these items include financial debt relating mainly to the multi-year lease agreements for properties at which Newlat's factories are located and to the lease of industrial machinery and facilities.

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

There are no payables due beyond five years.

The change compared with 31 December 2019 was due mainly to the new scope of consolidation for the acquisition of CLI.

Other non-current liabilities

Other non-current liabilities, totalling Euro 600 thousand (unchanged from 31 December 2019), refer to the non-current portion of Newlat GmbH's debt for the acquisition from Ebro Foods S.A. in 2014 of the business unit which included the brands Drei Glocken and Birkel.

5. Current liabilities

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Current liabilities		
Trade payables	129,594	85,592
Current financial liabilities	52,778	22,456
Current lease liabilities	5,950	4,776
Current tax liabilities	3,139	471
Other current liabilities	23,141	15,379
Total current liabilities	214,601	128,674

Trade payables

Trade payables refer mainly to purchases of services, raw materials and goods destined for production and sale by the Group, as shown below:

<i>(in thousands of Euro)</i>	At 30 September 2020	At 31 December 2019
Trade payables to suppliers	129,366	85,443
Trade payables to related parties	228	149
Total trade payables	129,594	85,592

There are no particular changes in payment times to suppliers. The increase was due mainly to the change in consolidation scope following the acquisition of CLI Group.

Current financial liabilities

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

Other current liabilities

Other current liabilities, totalling Euro 23,141 thousand (Euro 15,379 thousand at 31 December 2019) consisted mainly of withholding tax payables and payables to employees and social security and welfare bodies.

The change compared with 31 December 2019 was due essentially to the new consolidation scope following the acquisition of CLI Group.

Income statement

Given the significant change in consolidation scope versus the comparative data at 30 September 2019 following the acquisitions of Newlat GmbH on 29 October 2019 and of Centrale del Latte d'Italia S.p.A. on 1 April 2020, which materially affect the comparability of the consolidated income statement at 30 September 2020 (reflecting nine months of operations at Newlat Food S.p.A. and at Newlat GmbH and 6 months of operations at CLI) and the income statement at 30 September 2019 (reflecting just nine months of operations of Newlat Food S.p.A.), the report on operations and the combined accounting position provide a more representative analysis of the income statement items, carried out on a like-for-like basis at constant consolidation structure.

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:

<i>(in thousands of Euro)</i>	At 30 September	
	2020	2019
Profit for the year attributable to the Group	29,927	1,743
Weighted average number of shares in circulation	41,481,497	27,000,000
Earnings per share (in Euro)	0.72	0.06

Related party transactions

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

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

The Group deals with the following related parties:

- Newlat Group S.A., a direct parent company; and
- companies controlled by the direct parent company 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 30 September 2020 and 31 December 2019:

<i>(in thousands of Euro)</i>	<i>Parent company</i>	<i>Companies controlled by the parent companies</i>		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Group S.A.	New Property S.p.A.	Other companies controlled by the parent companies			
Right-of-use assets						
At 30 September 2020	-	7,398	-	7,398	17,052	43.4%
At 31 December 2019	-	9,467	-	9,467	17,326	54.6%
Non-current financial assets at amortised cost						
At 30 September 2020	-	735	-	735	806	91.2%
At 31 December 2019	-	735	-	735	866	84.9%
Trade receivables						
At 30 September 2020	-	-	19	19	68,730	0.0%
At 31 December 2019	-	-	19	19	49,274	0.0%
Cash and cash equivalents						
At 30 September 2020	51,933	-	-	51,933	163,527	31.8%
At 31 December 2019	45,338	-	-	45,338	100,884	44.9%
Non-current financial liabilities						
Non-current lease liabilities						
At 30 September 2020	-	4,854	-	4,854	11,277	43.0%
At 31 December 2019	-	6,989	-	6,989	13,032	53.6%
Trade payables						
At 30 September 2020	101	50	77	228	129,594	0.2%
At 31 December 2019	48	57	44	149	85,592	0.2%
Current financial liabilities						
At 30 September 2020	981	-	-	5,981	52,778	1.9%
At 31 December 2019	-	-	-	-	-	-
Current lease liabilities						
At 30 September 2020	-	2,795	-	2,795	5,950	47.0%
At 31 December 2019	-	2,341	-	2,341	4,776	40.8%

The following table provides a breakdown of the income statement items relating to the Group's transactions with related parties for the nine months ended 30 September 2020 and 2019:

<i>(in thousands of Euro)</i>	<i>Parent company</i>	<i>Companies controlled by the parent companies</i>		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Group S.A.	New Property S.p.A.	Other companies controlled by the parent companies			
Revenue from contracts with customers						
At 30 September 2020	-	-	-	-	372,664	0.0%
At 30 September 2019	-	-	15,398	15,398	222,539	6.9%
Cost of sales						
At 30 September 2020	-	1,771	271	2,042	258,185	0.8%
At 30 September 2019	-	1,748	115	1,863	155,439	1.2%
Administrative costs						
At 30 September 2020	90	-	-	90	17,723	0.0%
At 30 September 2019	313	-	-	313	8,311	3.8%
Financial income						
At 30 September 2020	167	-	-	167	417	40.0%
At 30 September 2019	219	-	-	219	233	94.0%
Financial expenses						
At 30 September 2020	-	157	-	157	2,369	6.60%
At 30 September 2019	-	198	-	198	1,029	19.2%

Reggio Emilia, 13 November 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 Italian Consolidated Law on Finance, that the accounting information contained in this Interim Report corresponds to the contents of accounting documents, books and records.

Reggio Emilia, 13 November 2020

Financial Reporting Officer
 Rocco Sergi



REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2020

To the Shareholders of Newlat Food SpA

Foreword

We have reviewed the accompanying interim consolidated financial statements of Newlat Food SpA (hereinafter also the “Company”) and its subsidiaries (hereinafter the “Newlat Group”) for the nine months period ended 30 September 2020, which comprise the statement of financial position, income statement, statement of other comprehensive income, statement of changes in equity, cash flow statement and related notes. The Directors of Newlat Food SpA are responsible for the preparation of the interim consolidated financial statements as of 30 September 2020 in accordance with International Accounting Standard 34 applicable to interim financial reporting as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated interim consolidated financial statements based on our review.

Scope of review

We conducted our work in accordance with International Standard on Review Engagements 2410 - “Review of interim financial information performed by the independent auditor of the entity”. Our review of the interim consolidated financial statements as of 30 September 2020 consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated financial statements as of 30 September 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements of the Newlat Group for the nine months period ended 30 September 2020 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting as adopted by the European Union.

PricewaterhouseCoopers SpA

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Emphasis of matter

We draw your attention to the information disclosed in the paragraph titled “Acquisition of Centrale del Latte d’Italia SpA” and in other paragraphs of the notes which illustrate the accounting and financial effects of the acquisition by Newlat Food SpA of control of the listed company Centrale del Latte d’Italia SpA (hereinafter “CLI”) on 1 April 2020, which affects the comparability of the interim consolidated financial statements as of 30 September 2020 with the accounting figures of the previous year, and of the subsequent public tender and exchange offer (“OPAS”), executed on 31 July 2020, which entailed a slight decrease in consolidated shareholders’ equity in connection with the acquisition of an additional equity interest in CLI. Our conclusion on the interim consolidated financial statements as of 30 September 2020 is not qualified for this matter.

Bologna, 13 November 2020

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

“This report has been translated into the English language from the original, which was issued in Italian language, solely for the convenience of international readers. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation.”