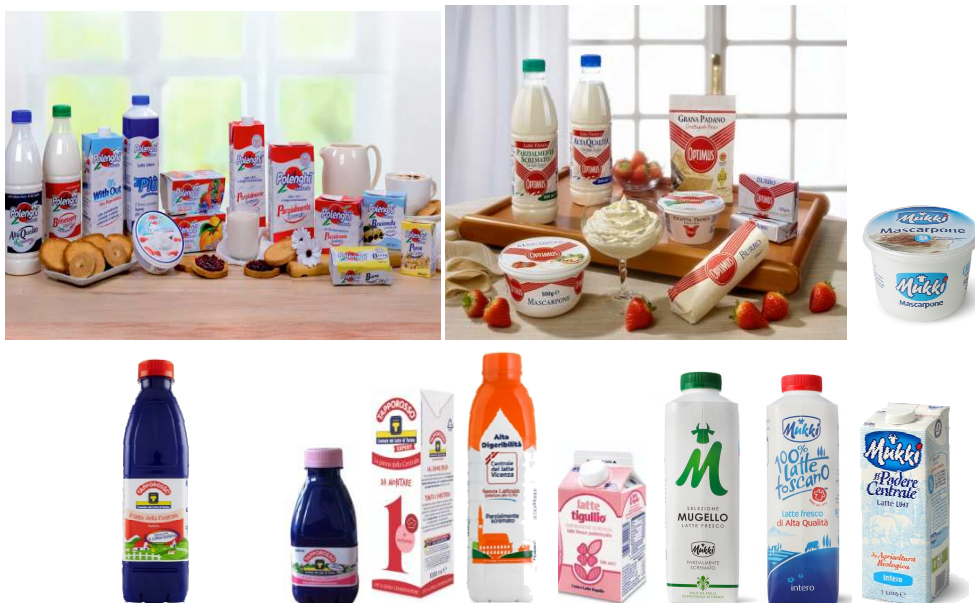




Centrale del Latte d'Italia



INTERIM REPORT AT 31 MARCH 2022



DIRECTORS' REPORT ON OPERATING PERFORMANCE
AT 31 MARCH 2022

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This report is available online at:

<https://centralelatteitalia.com/>

Centrale del Latte d'Italia S.p.A. | Head office: Via Filadelfia 220, 10137 Turin –

Secondary office: Via dell'Olmatello 20, 50127 Florence

Tax and VAT ID: 01934250018 | Registration in the Company Register – Official Archives
of the Chamber of Commerce of Turin | REA number: TO - 520409 | Share Capital: Euro
28,840,041.20

Boards and officers

BOARD OF DIRECTORS

C. E.	C. N. E.	C. I.
•		
•		
•		
•		
	•	
	•	•
	•	•

Angelo Mastrolia Chairman

Giuseppe Mastrolia Deputy Chairman

Edoardo Pozzoli Chief Executive Officer

Stefano Cometto Director

Benedetta Mastrolia Director

Anna Claudia Pellicelli Director

Valeria Bruni Giordani Director

C. C. R.	C. R.	C. P. C.	C. C. I.
		•	
	•		
•	•	•	•
•	•	•	•

E.D. = Executive Director
 I.D. = Independent Director
 N.E.D. = Non-Executive Director
 C.R.C. = Control and Risks Committee
 R.C. = Directors' Remuneration Committee
 R.P.C. = Related Party Transactions Committee
 I.D.C. = Independent Directors Committee

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. - Turin

BOARD OF STATUTORY AUDITORS

Deborah Sassorossi Chairperson
Ester Sammartino Standing Auditor
Giovanni Rayneri Standing Auditor

FINANCIAL REPORTING OFFICER

Fabio Fazzari CFO and Investor Relator

General information

Centrale del Latte d'Italia S.p.A. (hereinafter also referred to as "CLI") is a company incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at Via Filadelfia 220 in Turin.

The Company operates in the food sector with a large and structured product portfolio organised into the following business units: Milk Products, Dairy Products and Other Products.

67.74% of the Company's share capital is held directly by Newlat Food S.p.A. (hereinafter also referred to as "NLF"), while the remaining part (32.26%) is held by institutional investors.

This management report shows the financial information of the Company at 31 March 2022 compared to the financial statements at 31 March 2021 and the statement of financial position at 31 December 2021.

Alternative performance indicators

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

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

The alternative performance indicators listed below should be used as an information supplement to IFRS requirements to help users of the financial report to better understand the Company's results, assets and liabilities and cash flows. This may differ from the methods used by other companies.

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

- EBITDA: the operating result (OR) before depreciation, amortisation and write-downs of tangible and intangible assets and write-downs of financial 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
- Non-current financial assets, recorded under 'other non-current assets'
- Current financial assets, recorded under 'other receivables'
- Payables to banks
- Non-current financial liabilities, recorded under 'other non-current liabilities'

Reclassified statement of cash flows

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

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

Performance as at 31 March 2022

Operations as at 31 March 2022 show a positive pre-tax result of Euro 2,089 thousand and a total net result of Euro 1,506 thousand.

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

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

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

Against this backdrop of uncertainty, the Company recorded a decrease in its margin (EBITDA margin of 8.86% as at 31 March 2022, 10.2% as at 31 March 2021) despite an increase in revenue of 5.8%.

Below are the highlights of Q1 2022:

- 1) The publication of the new price lists and the re-negotiation of the main sales conditions was able to counteract the sudden, constant increase of the main raw material components.
- 2) The increase in turnover (+5.8%) was the result of a clear corporate decision to build loyalty in its customers in the prospect of a reduction in the speculative wave that characterised the first quarter of 2022.
- 3) The margins recorded in the first quarter were in line with the company's expectations and still showed a positive result.
- 4) In a highly unstable environment, and in general with a very weak domestic market, we must note that the first quarter performance (+5.8% compared to 31 March 2022) is a result that can be deemed exceptional considering the difficulties in the sector.
- 5) The more traditional normal trade and HO.RE.CA. channel continues in a state of operational and economic weakness, even though there are important signs of recovery from the second quarter onwards, which bode well for the end of the financial year.

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

Outlook

Considering the short period of time historically covered by the Company's order backlog and the difficulties and uncertainties of the current global economic situation, it is not easy to forecast the results for the end of the year, which nevertheless appears positive considering the policies implemented by the Company (price increases and changes to the main sales conditions).

The company will continue to pay particular attention to cost controls and financial management in order to maximise the generation of free cash flow, to be allocated both to organic growth externally and to the remuneration of Shareholders.

Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Company feels it is fair and 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 Company's solid financial structure as described below:

- The considerable level of cash reserves available at 31 March 2022.
- The Company's constant ability to generate cash from operations.
- The presence of authorised and unused credit lines.
- The presence of the Newlat Group as the majority shareholder and the continual support provided by major banks, partly because of its status as a market leader.

Note that notwithstanding the conflict in Ukraine and the wave of speculation that characterised the first quarter, not to mention the difficulties of certain sectors that are still severely affected by the pandemic, the Company's economic and financial performance recorded at 31 March 2022 was in line with budget forecasts. It should also be noted that the cash and cash equivalents at 31 March 2022, amounting to Euro 28 million, the credit lines currently available and the cash flows that will be generated by operational management are considered more than sufficient to fulfil obligations and finance the Company's operations.

EVENTS AFTER 31 MARCH 2022

After 31 March 2022 there were no atypical or unusual transactions requiring changes to the interim report on operations.

MANAGEMENT REPORT

The Company is mainly active in the dairy products sectors, specifically:

- Milk Products
- Dairy Products
- Other Products

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March					
	2022	%	2021	%	2022 v. 2021	%
Revenue from contracts with customers	71,351	100.0%	67,465	100.0%	3,886	5.8%
Cost of sales	(54,955)	(77.0%)	(51,469)	(76.3%)	(3,485)	6.8%
Gross operating profit/(loss)	16,396	23.0%	15,996	23.7%	400	2,5%
Sales and distribution costs	(12,431)	(17.4%)	(10,352)	(15.3%)	(2,079)	20.1%
Administrative costs	(1,838)	(2.6%)	(2,979)	(4.4%)	1,141	(38.3%)
Net write-downs of financial assets	(57)	(0.1%)	(129)	(0.2%)	72	(55.6%)
Other revenues and income	1,080	1.5%	851	1.3%	229	27.0%
Other operating costs	(636)	(0.9%)	(468)	(0.7%)	(168)	35.9%
Operating profit/(loss) (EBIT)	2,513	3.5%	2,917	4.3%	(404)	(13.9%)
Financial income	11	-	1	(0.0%)	10	1,070.9%
Financial expenses	(435)	(0.6%)	(444)	(0.7%)	8	(1.9%)
Profit/(loss) before taxes	2,089	2.9%	2,475	3.7%	(386)	(15.6%)
Income taxes	(583)	(0.8%)	(717)	(1.1%)	134	(18.7%)
Net profit/(loss)	1,506	2.1%	1,758	2.6%	(251)	(14.3%)

Operating income amounted to Euro 2.5 million, down compared to the same period of 2021.

EBITDA, the details of which can be found in the following section of the sector report, is down (-8.1%).

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Company 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, Centrale is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.

SEGMENT REPORTING

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March	
	2022	2021
Milk products	59,496	57,536
Dairy products	9,077	7,130
Other products	2,777	2,799
Total revenue from contracts with customers	71,351	67,465

Revenues from the **Milk Products** segment were up due to an increase in average sales prices because of an increase in the average cost of purchasing milk.

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

Revenues from the **Other Products** segment were in line with the same period of the previous year.

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March	
	2022	2021
Mass Distribution	47,545	45,087
B2B partners	2,654	2,573
Normal trade	14,678	13,542
Private labels	3,584	3,324
Food services	2,890	2,940
Total revenue from contracts with customers	71,351	67,465

Revenues from the **Mass Distribution** channel increased mainly due to an increase in the average sales price and higher sales volumes.

Revenues from the **B2B partners** channel were essentially in line with the same period of the previous year.

Revenues from the **Normal trade** channel increased mainly because of higher average sales prices.

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

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

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March	
	2022	2021
<i>Italy</i>	66,214	62,517
<i>Germany</i>	2,087	1,974
<i>Other countries</i>	3,050	2,975
Total revenue from contracts with customers	71,351	67,465

Revenues from *Italy* increased mainly because of higher average sales prices and higher sales volumes.

Revenues from *Germany* were broadly in line with the same period of the previous year. Revenues from **Other Countries** increased mainly because of higher average sales prices.

Operating costs

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March	
	2022	2022
Cost of sales	(54,955)	(51,469)
Sales and distribution costs	(12,431)	(10,352)
Administrative costs	(1,838)	(2,979)
Total operating costs	(69,224)	(64,801)

Cost of sales accounted for 77%. In absolute values, the increase in the cost of sales is a consequence of an increase in the main raw material components related to the dairy world.

Commercial sales and distribution expenses increased compared to the same period last year, mainly due to an increase in transport costs.

Administrative expenses were lower due to the rationalisation of some functions and the exit due to retirement of some figures. EBITDA amounted to Euro 6.3 million (8.9% of sales) compared with Euro 6.9 million at 31 March 2021 (10.2% of sales), down by 8%.

The following table shows income and balance sheet information by segment:

<i>(In thousands of Euro)</i>	First quarter as at 31 March 2022			Interim report total
	Milk products	Dairy products	Other assets	
Revenue from contracts with customers (third parties)	57,896	10,077	3,377	71,351
EBITDA (*)	4,866	1,325	129	6,320
EBITDA margin	8.40%	13.15%	2.69%	8.86%
Amortisation, depreciation and write-downs	3,596	83	70	3,750
Net write-downs of financial assets			57	57
Operating profit/(loss)	1,270	1,242	1	2,513
Financial income	-	-	11	11
Financial expenses	-	-	(435)	(435)
Profit/(loss) before taxes	1,270	1,242	(422)	2,089
Income taxes	-	-	(583)	(583)
Net profit/(loss)	1,270	1,242	(1,005)	1,506
Total assets	226,375	629	28,170	255,174
Total liabilities	95,922	357	94,247	190,526
Investments	467	-	-	467
Employees (number)	591	73	16	680

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March 2021			Interim report total
	Milk products	Dairy products	Other assets	
Revenue from contracts with customers (third parties)	54,743	9,529	3,193	67,465
EBITDA (*)	5,628	1,103	145	6,876
EBITDA margin	10.28%	11.58%	4.54%	10.2%
Amortisation, depreciation and write-downs	3,385	65	379	3,829
Net write-downs of financial assets			129	129
Operating profit/(loss)	2,243	1,038	(363)	2,918
Financial income			1	1
Financial expenses			(444)	(444)
Profit/(loss) before taxes	2,243	1,038	(806)	2,475
Income taxes			(717)	(717)
Net profit/(loss)	2,243	1,038	(1,523)	1,758
Total assets	208,363	582	57,372	266,316
Total liabilities	103,381	213	99,585	203,179
Investments	1,211	-	157	1,368
Employees (number)	589	72	16	677

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

EBIT amounted to Euro 2.1 million (3.5% of sales) compared with Euro 2.9 million at 31 March 2021 (4.3% of sales), down by 27%.

Net profit as at 31 March 2022 amounted to Euro 1.5 million, a slight decrease compared to 31 March 2021 (net profit of Euro 1.8 million).

EBITDA

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

<i>(In thousands of euros and in per cent)</i>	First quarter as at 31 March	
	2022	2021
Operating profit/(loss) (EBIT)	2,513	2,917
Amortisation, depreciation and write-downs	3,750	3,829
Net write-downs of financial assets	57	129
EBITDA (*) (A)	6,320	6,876
Revenue from contracts with customers	71,351	67,465
EBITDA margin (*)	8.9%	10.2%
investments (B)	2,278	1,211
Cash conversion [(A) - (B)]/(A)	64.0%	82.4%

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

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March			
	2022	%	2021	%
Milk Products	4,866	8.4%	5,628	10.3%
Dairy Products	1,325	13.1%	1,103	11.6%
Other assets	129	2.7%	145	4.5%
EBITDA	6,320	8.9%	6,876	10.2%

EBITDA from the **Milk Products** segment decreased mainly as a result of a deterioration in the purchase conditions linked to an increase in the average price, which only partially resulted in an increase in the price list and a revision of the main conditions of sale to end customers.

The EBITDA of the **Dairy Products** segment was slightly higher because of higher turnover and higher average sales prices.

EBITDA from the **Other products** segment was broadly in line with the same period of the previous year.

Net financial debt

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

<i>(In thousands of Euro)</i>	At 31 March	At 31 December
Net financial debt	2022	2021
A. Other cash and cash equivalents	28,170	57,372
B. Other current financial assets	1	1
C. Cash and cash equivalents (A)+(B)+(C)	28,171	57,373
D. Current financial payables	(26,525)	(31,874)
E. Current portion of non-current financial debt	(15,767)	(14,726)
F. Current financial indebtedness (E)+(F)	(42,292)	(46,600)
G. Net current financial indebtedness (G)+(D)	(14,121)	10,773
H. Non-current financial debt	(60,958)	(63,462)
I. Debt instruments	-	-
J. Trade and other non-current payables	-	-
K. Non-current financial indebtedness (I)+(J)+(K)	(60,958)	(63,462)
L. Net financial indebtedness (H)+(L)	(75,080)	(52,690)

At 31 March 2022, without considering lease liabilities, net financial debt was as follows:

<i>(In thousands of Euro)</i>	At 31 March	At 31 December
Net financial debt	2022	2021
Current lease liabilities	4,060	4,058
Non-current lease liabilities	4,944	6,419
Net financial debt	(66,076)	(42,213)

Net financial debt worsened due to higher cash absorption generated by operations.

INVESTMENTS

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

<i>(In thousands of euros and in per cent)</i>	At 31 March	
	2022	%
Land and buildings	47	10.1%
Plant and machinery	170	36.4%
Industrial and commercial equipment	24	5.1%
Assets under construction and payments on account	222	47.5%
Investments in property, plant and equipment	463	99.1%
Patents and intellectual property rights	4	0.9%
Investments in intangible assets	4	0.9%
Total investments	467	100.0%

During the reporting period, the Company made investments totalling Euro 2,278 thousand.

The Company's investment policy is aimed at innovation and diversification in terms of product supply. In particular, the Company attaches importance to the development of new products, with the aim of continuously improving customer satisfaction.

Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines, as well as the automated warehouse at the Turin site.

The investments mainly refer to the streamlining of production facilities at the Turin and Vicenza plants and the new mascarpone plant at the Lodi site.

Positions or transactions deriving from atypical and/or unusual transactions

Pursuant to Consob Communication no. 6064293 of 28 July 2006, it is hereby disclosed that, at 31 March 2022, no atypical and/or unusual transactions occurred outside the Company's normal business that could give rise to doubts regarding the accuracy and completeness of the information in the financial statements, conflicts of interest, protection of assets and the safeguarding of minority shareholders. The accounting and financial effects of transactions occurring as at 31 March 2022 have been illustrated above.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that as at 31 March 2022 the Company did not trade in any treasury shares or shares of parent companies and does not, at 31 March 2022, hold any treasury shares or shares of parent companies.

Share performance

On the last trading day as at 31 March 2022 the company's stock closed at Euro 3.2 per share, which is equivalent to a market capitalisation of Euro 44.8 million.

Branch offices

A branch office was opened in Florence, in Via dell'Olmaticello 20.

Transactions with related parties

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

The Company did not carry out Related Party Transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature or which have already been illustrated. For information on the remuneration of members of corporate bodies and senior managers, see the explanatory notes to the interim financial statements as at 31 March 2022.

The Company deals with the following related companies:

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

Turin, 13 May 2022

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

Pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, the Financial Reporting Officer Fabio Fazzari declares that the accounting information contained in this document corresponds to the contents of accounting documents, books and records.

Turin, 13 May 2022

Mr Fabio Fazzari
Officer in charge of preparing the
company's financial reports

Financial statements and explanatory notes

Balance Sheet as at 31 March

<i>(in euro units)</i>	At 31 March 2022	At 31 December 2021
Non-current assets		
Property, plant and equipment	116,817,901	118,283,183
Right-of-use assets	7,040,623	8,851,746
<i>of which from related parties</i>	<i>3,340,112</i>	<i>4,357,000</i>
Intangible assets	19,541,303	19,548,027
Equity investments in associates	1,396,719	1,396,719
Non-current financial assets measured at fair value through profit or loss	703,424	703,424
Deferred tax assets	1,097,983	1,097,983
Total non-current assets	146,597,954	149,881,083
Current assets		
Inventories	20,608,348	19,428,341
Trade receivables	36,416,674	28,438,046
<i>of which from related parties</i>	<i>891,911</i>	<i>735,000</i>
Current tax assets	262,968	262,823
Other receivables and current assets	15,973,169	10,933,251
<i>of which from related parties</i>	<i>5,814,352</i>	<i>5,814,352</i>
Current financial assets measured at fair value through profit or loss	1,068	1,068
Cash and cash equivalents	28,170,117	57,371,558
<i>of which from related parties</i>	<i>4,071,290</i>	<i>18,398,792</i>
Total current assets	101,432,344	116,435,087
TOTAL ASSETS	248,030,297	266,316,170
Shareholders' equity		
Share capital	28,840,041	28,840,041
Reserves	34,302,197	32,003,349
Net profit/(loss)	1,506,345	2,293,598
Total shareholders' equity attributable to the Group	64,648,583	63,136,988
Non-current liabilities		
Provisions for employee benefits	7,296,556	7,485,702
Provisions for risks and charges	1,174,651	1,183,279
Deferred tax liabilities	5,455,579	5,565,579
Non-current financial liabilities	56,898,545	59,403,988
Non-current lease liabilities	2,585,894	4,058,344
<i>of which from related parties</i>	<i>123,233</i>	<i>307,000</i>
Total non-current liabilities	73,411,226	77,696,892
Current liabilities		
Trade payables	57,293,378	69,881,105
<i>of which from related parties</i>	<i>6,631,977</i>	<i>5,704,000</i>
Current financial liabilities	37,348,499	40,180,751
<i>of which from related parties</i>	<i>21,894,391</i>	<i>24,454,000</i>
Current lease liabilities	6,418,000	6,419,177
<i>of which from related parties</i>	<i>5,142,025</i>	<i>5,637,000</i>
Current tax liabilities	665,145	-
Other current liabilities	8,245,466	9,001,257
<i>of which from related parties</i>	<i>124,348</i>	<i>124,348</i>
Total current liabilities	109,970,488	125,482,290
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	248,030,297	266,316,170

Income statement

<i>(in euro units)</i>	First quarter as at 31 March	
	2022	2021
Revenue from contracts with customers	71,350,727	67,465,023
Cost of sales	(54,954,875)	(51,469,411)
<i>of which from related parties</i>	<i>(8,827,566)</i>	<i>(8,751,033)</i>
Gross operating profit/(loss)	16,395,852	15,995,613
Sales and distribution costs	(12,430,919)	(10,352,173)
Administrative costs	(1,838,259)	(2,979,241)
<i>of which from related parties</i>	<i>(33,000)</i>	-
Net write-downs of financial assets	(57,441)	(129,328)
Other revenues and income	1,080,065	850,778
Other operating costs	(636,272)	(468,363)
Operating profit/(loss)	2,513,026	2,917,285
Financial income	11,475	980
Financial expenses	(435,256)	(443,520)
<i>of which from related parties</i>	<i>(21,097)</i>	
Profit/(loss) before taxes	2,089,244	2,474,745
Income taxes	(582,899)	(717,148)
Net profit/(loss)	1,506,345	1,757,598
Basic net profit/(loss) per share	0.11	0.13
Diluted net profit/(loss) per share	0.11	0.13

Statement of comprehensive income

<i>(in euro units)</i>	First quarter as at 31 March	
	2022	2021
Net profit/(loss) (A)	1,506,345	1,757,598
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	7,250	(295,098)
Tax effect on actuarial gains/(losses)	(2,000)	97,382
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	5,250	(197,716)
Total other components of comprehensive income, net of tax effect (B)	5,250	(197,716)
Total comprehensive net profit/(loss) (A)+(B)	1,511,595	1,559,882

Statement of changes in shareholders' equity

<i>(in euro units)</i>	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity attributable to the Group
At 31 December 2020	28,840,041	28,113,442	4,132,036	61,085,519
Allocation of net profit/(loss) for the previous year		4,132,036	(4,132,036)	-
Net profit/(loss)			1,757,598	1,757,598
Actuarial gains/(losses) net of the related tax effect		(197,716)		(197,716)
Other changes		(231,000)		(231,000)
Total comprehensive net profit/(loss) for the year	-	3,703,320	(2,374,438)	1,328,882
At 31 March 2021	28,840,041	31,816,762	1,757,598	62,414,401
Net profit/(loss)			536,000	536,000
Actuarial gains/(losses) net of the related tax effect		218,587		218,587
Other changes		(32,000)		(32,000)
Total comprehensive net profit/(loss) for the year	-	186,587	536,000	722,587
At 31 December 2021	28,840,041	32,003,349	2,293,598	63,136,988
Allocation of net profit/(loss) for the previous year		2,293,598	(2,293,598)	-
Net profit/(loss)			1,506,345	1,506,345
Actuarial gains/(losses) net of the related tax effect		5,250		5,250
Total comprehensive net profit/(loss) for the year	-	2,298,848	(787,253)	1,511,595
At 31 March 2022	28,840,041	34,302,197	1,506,345	64,648,583

Statement of cash flows

<i>(In thousands of Euro)</i>	First quarter as at 31 March	
	2022	2021
Profit/(loss) before taxes	2,089,244	2,474,745
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	3,807,155	3,959,239
Financial expense/(income)	423,781	442,540
<i>of which from related parties</i>	21,097	-
Cash flow generated /(absorbed) by operating activities before changes in net working capital	6,320,181	6,876,524
Change in inventory	(1,180,007)	(7,081,915)
Change in trade receivables	(8,036,070)	(14,156,563)
Change in trade payables	(12,587,727)	20,429,464
Change in other assets and liabilities	(5,795,709)	(918,368)
Use of provisions for risks and charges and for employee benefits	(192,524)	(80,506)
Taxes paid	(27,900)	-
Net cash flow generated /(absorbed) by operating activities	(21,499,755)	5,068,636
Investments in property, plant and equipment	(466,586)	(1,211,000)
Investments in intangible assets	-	(157,000)
Net cash flow generated /(absorbed) by investment activities	(466,586)	(1,368,000)
Repayments of long-term financial debt	(5,337,694)	(3,665,961)
Repayments of lease liabilities	(1,473,627)	(1,108,171)
<i>of which from related parties</i>	(673,000)	-
Net interest expense	(423,781)	(442,540)
Net cash flow generated/(absorbed) by financing activities	(7,235,102)	(5,216,672)
Total changes in cash and cash equivalents	(29,201,443)	(1,516,036)
Cash and cash equivalents at start of year	57,371,558	46,821,800
<i>of which from related parties</i>	18,398,792	-
Total changes in cash and cash equivalents	(29,201,443)	(1,516,036)
Cash and cash equivalents at end of year	28,170,117	45,305,763
<i>of which from related parties</i>	4,071,290	-

Explanatory notes

Basis of preparation

The interim report at 31 March 2022 were prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union for interim financial statements (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 financial statements at 31 March should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2021.

These notes are presented in summary form in order not to duplicate information that has already been published, as required by IAS 34. Specifically, note that the comments refer exclusively to those components of the income statement and balance sheet whose composition or whose variation in amount, nature or unusual character are essential for the understanding of the Company's economic, financial and equity situation.

The preparation of interim financial statements in accordance with IAS 34 Interim Financial Reporting requires judgements, estimates and assumptions that have an effect on the values of revenues, costs and assets and liabilities, and on the disclosures relating to contingent assets and liabilities at the reporting date. It should be noted that these estimates may differ from the actual results achieved in the future. The financial statement items that most require greater subjectivity on the part of the directors when producing the estimates and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial statements are: goodwill, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables, the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees, payables for the purchase of equity investments contained in the other liabilities and the determination of the fair value of the assets and liabilities acquired as part of the business combinations.

Measurement criteria

The measurement criteria used for the preparation of the financial statements as at 31 March 2022 are the same as those used for the annual financial statements at 31 December 2021, except for the new accounting standards, amendments and interpretations applicable from 1 January 2021, which are described below and which it is noted did not have a material impact on the Company's current results, assets and liabilities and cash flows.

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

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

Notes to the Report as at 31 March 2022

Criteria and methods

The interim report as at 31 March 2022 includes the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the changes in Shareholders' Equity and the Company's Cash Flow Statement and related Explanatory Notes, prepared on the basis of the relative accounting situation in accordance with IFRS accounting standards.

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 Company's activity is identifiable in the following business segments: Milk Products, Dairy Products and Other Products. Note that these last three sectors have been in place since 1 January 2021, the effective date of the lease agreement for the Milk & Dairy business unit signed in December 2020 with the parent company Newlat Food, as discussed previously. The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Company's performance at and for the interim period ended 31 March 2022, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

<i>(In thousands of Euro)</i>	First quarter as at 31 March 2022			
	Milk products	Dairy products	Other assets	Interim report total
Revenue from contracts with customers (third parties)	57,896	10,077	3,377	71,351
EBITDA (*)	4,866	1,325	129	6,320
EBITDA margin	8.40%	13.15%	2.69%	8.86%
Amortisation, depreciation and write-downs	3,596	83	70	3,750
Net write-downs of financial assets			57	57
Operating profit/(loss)	1,270	1,242	1	2,513
Financial income	-	-	11	11
Financial expenses	-	-	(435)	(435)
Profit/(loss) before taxes	1,270	1,242	(422)	2,089
Income taxes	-	-	(583)	(583)
Net profit/(loss)	1,270	1,242	(1,005)	1,506
Total assets	226,375	629	28,170	255,174
Total liabilities	95,922	357	94,247	190,526
Investments	467	-	-	467
Employees (number)	591	73	16	680

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

<i>(In thousands of Euro)</i>	First quarter as at 31 March 2021			
	Milk products	Dairy products	Other assets	Interim report total
Revenue from contracts with customers (third parties)	54,743	9,529	3,193	67,465
EBITDA (*)	5,628	1,103	145	6,876
EBITDA margin	10.28%	11.58%	4.54%	10.2%
Amortisation, depreciation and write-downs	3,385	65	379	3,829
Net write-downs of financial assets			129	129
Operating profit/(loss)	2,243	1,038	(363)	2,918
Financial income			1	1
Financial expenses			(444)	(444)
Profit/(loss) before taxes	2,243	1,038	(806)	2,475
Income taxes			(717)	(717)
Net profit/(loss)	2,243	1,038	(1,523)	1,758
Total assets	208,363	582	57,372	266,316
Total liabilities	103,381	213	99,585	203,179
Investments	1,211	-	157	1,368
Employees (number)	589	72	16	677

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

Non-current assets

<i>(In thousands of Euro)</i>	At 31 March 2022	At 31 December 2021
Non-current assets		
Property, plant and equipment	116,817	118,283
Right-of-use assets	7,041	8,852
Intangible assets	19,541	19,548
Equity investments in associates	1,397	1,397
Non-current financial assets measured at fair value through profit or loss	703	703
Deferred tax assets	1,098	1,098
Total non-current assets	146,598	149,881

Below is a description of the main items that make up the non-current assets.

Fixed assets, plant and equipment

The category "Tangible assets under construction and payments on account" shows work in progress in the factories of Turin, Vicenza and Lodi, while the items "Plant and machinery", "Leasehold improvements" and "Industrial and commercial equipment" show investments made primarily in the Milk products sector.

Right-of-use assets

The changes highlighted in the item right-of-use assets refer almost exclusively to the effects deriving from the signing of the lease agreement of the Milk & Dairy business unit with Newlat Food.

Intangible assets

Goodwill

Goodwill of Euro 350 thousand refers to the effect of the merger between Centrale del Latte d'Italia S.p.A. and Centro Latte Rapallo in 2013. The difference was allocated to goodwill.

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 March 2022:

<i>(In thousands of Euro)</i>	At 31 March 2022	At 31 December 2021
Trademarks with an indefinite useful life	19,132	19,132

Total net book value	19,132	19,132
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Trademarks with an indefinite useful life

This item refers to the following trademarks:

- “Latte Rapallo”, “Latte Tigullio”, “Centrale del Latte di Vicenza” and “Mukki” for a total of Euro 19,132 thousand. At the reporting date they were not subjected to impairment tests because there were no indicators of impairment. In fact, as already described above, the margin is higher than what was forecast in the Business Plan that the Impairment Test of 31 December 2021 was based on.

Equity investments in associates

Investments in associate companies amounted to Euro 1,397 thousand.

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

The balance mainly includes the interest in Futura S.r.l. for a total of approximately Euro 689 thousand (less than 5% stake).

Deferred tax assets

At 31 March 2022, this item totalled Euro 1,098 thousand. Prepaid taxes refer mainly to the appropriation of taxed provisions. Based on the approved multi-year business plans, management believes that these receivables can be recovered with future taxable income.

Current assets

<i>(In thousands of Euro)</i>	At 31 March 2022	At 31 December 2021
Current assets		
Inventories	20,608	19,428
Trade receivables	36,417	28,438
Current tax assets	263	263
Other receivables and current assets	15,973	10,933
Current financial assets measured at fair value through profit or loss	1	1
Cash and cash equivalents	28,170	57,3712
Total current assets	101,432	116,435

Inventories

Closing inventories were up by Euro 1.2 million on 31 December 2021 because of an increase in warehouse stock and the average purchase cost.

Trade receivables

Trade receivables as at 31 March 2022 increased due to an increase substantially in line with the previous year. 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.

Current tax assets

Current tax assets totalled Euro 263 thousand, unchanged versus 31 December 2021.

Current tax liabilities amounted to Euro 665 thousand. The change compared with 31 December 2021 is due to the calculation of the tax for the period.

Other receivables and current assets

"Other receivables and current assets" consist of tax receivables, advances to suppliers, prepaid expenses and other short-term receivables. The increase compared to 31 December 2021 is mainly due to a higher VAT receivable of Euro 5 million

Cash and cash equivalents

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

At 31 March 2022, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents of Euro 4,071 thousand is attributable to cash pooled with the direct subsidiary Newlat Food.

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

Shareholders' equity

Share capital

As at 31 March 2022 the Company's fully subscribed and paid-up share capital totalled Euro 28,840,041.20, divided into 14,000,020 ordinary shares with no nominal value.

As reported in the statement of changes in shareholders' equity, the changes as at 31 March 2022 related to:

- The recognition of the total net profit for the period, in the amount of Euro 1,506 thousand.
- Actuarial gains of Euro 5 thousand.

Non-current liabilities

<i>(in euro units)</i>	At 31 March 2022	At 31 December 2021
Non-current liabilities		
Provisions for employee benefits	7,297	7,486
Provisions for risks and charges	1,175	1,183
Deferred tax liabilities	5,456	5,566
Non-current financial liabilities	56,899	59,404
Non-current lease liabilities	2,586	4,058
Total non-current liabilities	73,411	77,697

Provisions for employee benefits

At 31 March 2022, this item totalled Euro 7,297 thousand, down from Euro 189 thousand at 31 December 2021, mainly due to the departure of employees.

Provisions for risks and charges

As at 31 March 2022 these refer primarily to the provision for agents' indemnities, which represents a reasonable forecast of the charges that would be borne by the Company in the event of future interruption of agency relationships.

Deferred tax liabilities

Deferred tax liabilities refer to the higher values recognised upon the acquisition and subsequent merger of Centrale del Latte Toscana and Centrale del Latte di Vicenza.

Non-current and current financial liabilities

These refer to the non-current portion of the loans stipulated by the Company.

The verification of compliance with covenants is performed on the annual data at 31 December

The Company maintains that it is likely that these covenants will be complied with during the current year.

For an analysis of the net financial position, please see the report on operations.

As at 31 March 2022, part of the liabilities consisted of the cash pooling balance with the indirect parent company Newlat Group SA in the amount of Euro 21,894 thousand.

Current and non-current lease liabilities

This item includes the financial debt related to the right-of-use values recorded under fixed assets.

The change compared with 31 December 2021 was due mainly to the refund of lease fees during the first quarter of 2022.

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

There are no payables due beyond five years.

Current liabilities

<i>(in euro units)</i>	At 31 March 2022	At 31 December 2021
Current liabilities		
Trade payables	57,294	69,881
Current financial liabilities	37,348	40,181
Current lease liabilities	6,418	6,419
Current tax liabilities	665	-
Other current liabilities	8,245	9,001
Total current liabilities	108,496	125,482

Trade payables

Trade payables refer mainly to balances deriving from transactions for the purchase of goods destined for sale.

There are no particular changes in payment times to suppliers.

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.

For an analysis of the net financial position, please see the report on operations.

Current lease liabilities

This item includes short-term financial debt relating mainly to multi-year lease agreements for properties and to the lease of industrial facilities and machinery.

Other current liabilities

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

Income statement

Please refer to the management report for a uniform analysis of the Company's economic situation.

Earnings per share

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

<i>(in euro units)</i>	At 31 March	
	2022	2021
Profit for the year attributable to the Company in thousands of euros	1,506	1,758
Weighted average number of shares in circulation	14,000	14,000
Earnings per share (in Euro)	0.11	0.13

Related party transactions

The Company's transactions with related parties, identified based on criteria defined by IAS 24 – Related Party Disclosures, are mainly of a commercial or financial nature and 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 Company deals with the following related parties:

- Newlat Food S.p.A. and Newlat Group SA, respectively direct and indirect parent company.
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("Companies controlled by the parent companies").

<i>(In thousands of Euro)</i>	Direct parent company	Indirect parent company	Companies controlled by the parent companies	Total	Total statement of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property			
Right-of-use assets						
At 31 March 2022	2,530		810	3,340	7,041	47.4%
At 31 December 2021	3,373		984	4,357	8,852	49.2%
Trade receivables						
At 31 March 2022	892			892	36,417	2.4%
At 31 December 2021	735			735	28,438	2.6%
Other receivables and current assets						
At 31 March 2022	5,814			5,814	15,973	36.4%
At 31 December 2021	5,814			5,814	10,933	53.2%
Cash and cash equivalents						
At 31 March 2022						
At 31 December 2021	4,071			4,071	28,170	14.5%
At 31 December 2020	18,399		-	18,399	57,372	32.1%
Non-current lease liabilities						
At 31 March 2022			123	123	2,586	4.8%
At 31 December 2021			307	307	4,058	7.6%
Trade payables						
At 31 March 2022	6,621	11		6,632	57,293	11.6%
At 31 December 2021	5,693	11		5,704	69,881	8.2%
Current financial liabilities						
At 31 March 2022		21,894		21,894	37,348	58.6%
At 31 December 2021		24,454		24,454	40,181	60.9%
Current lease liabilities						
At 31 March 2022	4,412		730	5,142	6,418	80.1%
At 31 December 2021	4,912		725	5,637	6,419	87.8%
Other current liabilities						
At 31 March 2022	124			124	8,245	1.5%
At 31 December 2021	124			124	9,001	1.4%

<i>(In thousands of Euro)</i>	Direct parent company	Indirect parent company	Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property	Other companies controlled by the parent companies			
Cost of sales							
At 31 March 2022	8,607		156	64	8,827	54,955	16.1%
At 31 March 2021	8,512	-	239		8,751	51,469	17.0%
Administrative costs							
At 31 March 2022		33			33	1,838	1.8%
Financial expenses							
At 31 March 2022	7	-	14		21	435	4.8%

Disputes, contingent liabilities and contingent assets

The Company is a party to some disputes concerning relatively small amounts. However, it is considered that the resolution of such disputes is unlikely to generate significant liabilities for the Company for which specific risk provisions are not already allocated. Furthermore, there are no substantial changes to the situations regarding disputes or contingent liabilities from 31 March 2022.

Turin, 13 May 2022

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

Pursuant to paragraph 2, article 154-bis of the Italian Consolidated Law on Finance, the Financial Reporting Officer Fabio Fazzari declares that the accounting information contained in this Interim Report corresponds to the contents of accounting documents, books and records.

Turin, 13 May 2022

Mr Fabio Fazzari
Financial Reporting Officer