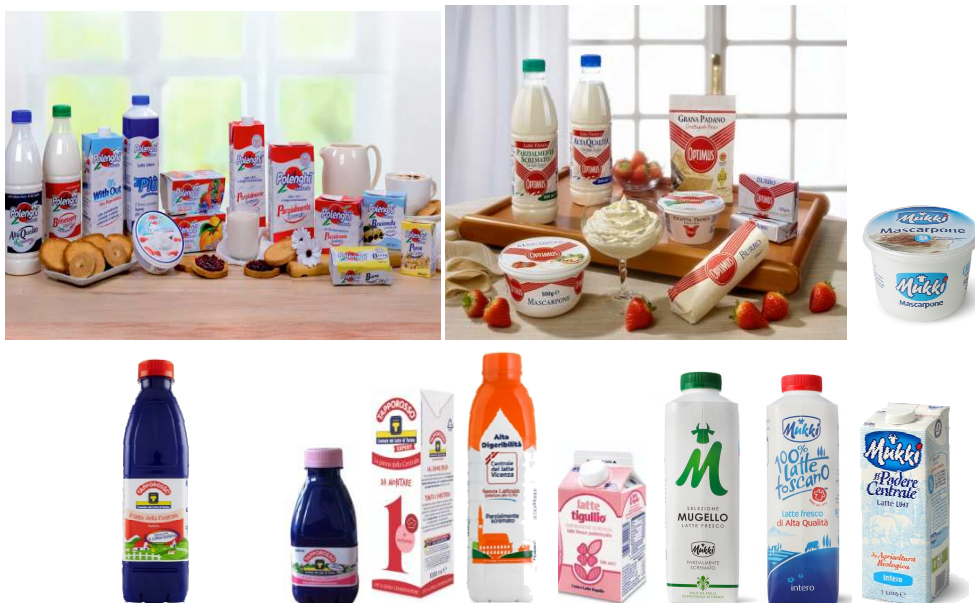




# Centrale del Latte d'Italia



## INTERIM REPORT AT 30 September 2022





**DIRECTORS' REPORT ON OPERATIONS  
AT 30 September 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'Olmaticello 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

E. D.	N.E.D.	I. D.
•		
•		
•		
	•	
	•	
	•	•
	•	•

**Angelo Mastrolia** Chairman

**Giuseppe Mastrolia** Vice  
Chairman

**Stefano Cometto** Chief  
Executive Officer

**Edoardo Pozzoli** Director

**Benedetta Mastrolia** Director

**Anna Claudia Pellicelli**  
Director

**Valeria Bruni Giordani**  
Director

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

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”), 12.31% by the Municipality of Florence, 5.62% by the Municipality of Pistoia and the remainder (14.33%) held by other minor shareholders.

This management report shows the financial information of the Company at 30 September 2022 compared to the financial statements at 30 September 2021 and the statement of financial position at 31 December 2021.

## Alternative performance indicators

The following interim 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.

The alternative performance indicators listed below constitute additional information beyond IFRS requirements to help users of this interim report to better understand the Company's results, assets and liabilities and cash flows. Note that the method used by the Company to calculate these indicators, which is consistent from one year to the next, may differ from the methods used by other companies.

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

- EBITDA: the operating result (EBIT) 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
- Current financial assets
- Current and non-current payables to banks.
- Current and non-current financial lease 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. The form chosen is, in fact, compliant with the internal reporting and business management methods.

## Performance as at 30 September 2022

Operations as at 30 September 2022 show a positive pre-tax result of Euro 3,094 thousand and a total net result of Euro 2,197 thousand.

During the first nine months, the Company recorded an increase in turnover (+ 7.6% compared to the same period of the previous year), thanks to the ability to acquire new customers in the Dairy sector and to an increase in the average selling price as a consequence of the strong inflation that characterized the first nine months of 2022.

The Company has therefore shown that it is able to cope with the significant increase in costs that hit the market, managing, consequently, to sustain its own margins, despite the slight reduction in the same compared to that recorded in the same period of the previous year (EBITDA margin equal to 8.04% at 30 September 2022, against 9.57% at 30 September 2021).

In particular, there was a strong increase in some costs for the procurement of goods and services, first of all those relating to the cost of raw material, packaging material, as well as transport. Personnel costs marked an important improvement following some retirements and resignations, which were not followed up by new entrants at the moment

It is believed that the strategy of safeguarding the existing customer base coupled with an appropriate selection of new customers implemented during the year will allow the Company to create value in the medium to long term, albeit at the expense of short-term margins.

In short, the highlights of the first nine months can be summarised as follows:

- 1) Exercise of the option to renew the "Milk & Dairy" business unit lease (hereinafter also referred to as the "Business Unit") - On 21 December 2020 a lease agreement for the Milk & Dairy business unit was stipulated between CLI and the parent company Newlat Food S.p.A., the main characteristics of which are as follows:
  - Start:** 1 January 2021.
  - Duration:** two years with provision for automatic renewal for a further year in the absence of prior termination.
  - Fee - fixed component:** Euro 2.0 million (to be paid in quarterly instalments in advance).
  - Fee - variable component:** 1.5% of the quarterly turnover generated by the BU.
  - Plants:** The BU refers in particular to the production sites in Reggio Emilia, Salerno and Lodi as well as to the warehouses in Reggio Emilia, Lodi, Pozzuoli, Rome and Lecce.
  - Takeover:** As a result of the contract, the Lessee takes over relations with customers and agents/brokers and ongoing contracts from the Lessor. Specifically with regard

to the leases of the buildings in Reggio Emilia and Eboli entered into between the Grantor and the company New Property S.p.A.

**Status of the assets:** CLI agrees to return the assets at the expiry of the Contract, being liable only for deterioration due to improper use.

**Inventory differences:** The difference between the amount of inventory at the beginning and at the end of the lease is settled in cash based on the initial and final book values of the Business Unit pursuant to articles 2561 and 2562 of the Italian Civil Code.

During 2022 the contract, which expired on 31 December 2022, was automatically renewed in the absence of termination for the entire calendar year 2023. This led to an increase in the value of right-of-use assets and corresponding lease liabilities by approximately Euro 3 million.

- 2) On 1 April the purchase of the assets connected with the Lylag's company was finalised for a total value of Euro 300 thousand. An initial valuation revealed capital gains in the acquired assets of about Euro 60 thousand allocated to plant and equipment, about Euro 20 thousand to intangible assets, and the remainder of Euro 220 thousand to goodwill. The purchase price allocation process is still being defined and may change over the coming months. Management expects to conclude the final valuation of the assets and liabilities at fair value by the end of the year as at 31 December 2022.
- 3) The Company's results once again show how the difficulties experienced in previous years have been overcome, also thanks to the synergies created by joining the Newlat Group, improving profitability and rationalising many management costs. The comparison with the plan shows a very positive trend, beyond expectations.
- 4) In a highly unstable context, and with a market generally characterized by strong inflation, we must note that the comparison with the same period of the previous quarter shows a slight decrease in margins (EBITDA of Euro 17.96 million, or 8.04% of revenues compared with Euro 19.9 million at 30 September 2021, or 9.57%). This result appears more significant if one considers inflationary effects in Italy, with continuous increases in the main cost components of the finished product. With this in mind, the company tried to keep its customer base intact by acquiring new customers with the aim of creating value in the medium to long term at the expense of its margins in the short term.

The third quarter of 2022 closed with a net profit after tax of Euro 2.2 million, down from Euro 8.9 million in Q3 2021.

This latter figure was positively influenced by the release of deferred taxes equal to Euro 5.1 million relating to the clearance of misalignments deriving from the merger

operation, as envisaged by Italian Decree Law 104/2020 (so-called “Decreto Agosto” - August Decree). These values were subsequently reinstated in the second half of 2021 following further clarifications by the Inland Revenue on the timing and method of deductibility of existing values.

## Outlook

Considering the short period of time historically covered by the Company's order book, the difficulties and uncertainties of the current global economic situation, it is not easy to make forecasts. However, the Company's reaction to the difficult market environment appears solid and determined, which is highlighted by the excellent performance of the third quarter, which also saw a recovery in the HO.RE.CA. linked to the normal trade and food services sector.

The Company will continue to pay particular attention to cost control and financial management, in order to maximize the generation of free cash flow.

Despite the ongoing conflict between Russia and Ukraine at the date of approval of this interim report, a source of considerable uncertainty both as regards the global macroeconomic situation and, in particular, the inflationary wave we are facing, the Directors believe that, based on the information available at the date of preparation of this interim report, significant negative impacts can reasonably be excluded.

At the date of approval of this interim report, the conflict between Russia and Ukraine that had broken out in February 2022 was still ongoing. Since the beginning of the conflict there has been a crisis in the Oil & Gas sector and in the procurement of raw materials that has injected a great deal of uncertainty into the world economy, not to mention a progressive increase in the prices of raw materials, packaging (both primary and secondary), transport and electricity, which is influencing the Company's commercial policies, leading to a redefinition of sales conditions with the main customers. In view of the above, the Company is unable to predict the extent to which these events might affect the outlook for the Company for 2022, but, based on the data available when this interim report was being prepared, the Directors believe they can reasonably exclude the possibility of significant negative impacts.

## Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the 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 30 September 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 the Company's economic and financial performance in the first nine months of 2022 was higher than budgeted. It should also be noted that the cash and cash equivalents, amounting to Euro 43.4 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 30 SEPTEMBER 2022**

After 30 September 2022 there were no atypical or unusual transactions requiring changes to the interim report on operations.

## Board of directors' 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>	At 30 September					
	2022	%	2021	%	2022 v. 2021	%
Revenue from contracts with customers	223,346	100.0%	207,560	100.0%	15,787	7.6%
Cost of sales	(178,787)	(80%)	(160,199)	(77.2%)	(18,588)	11.6%
<b>Gross operating profit/(loss)</b>	<b>44,559</b>	<b>20%</b>	<b>47,361</b>	<b>22.8%</b>	<b>(2,801)</b>	<b>(5.9%)</b>
Sales and distribution costs	(36,019)	(16.1%)	(33,414)	(16.1%)	(2,605)	7.8%
Administrative costs	(5,730)	(2.6%)	(6,133)	(3.0%)	403	(6.6%)
Net write-downs of financial assets	(67)	-	(742)	(0.4%)	675	(91.0%)
Other revenues and income	2,947	1.3%	3,212	1.5%	(265)	(8.3%)
Other operating costs	(1,426)	(0.6%)	(2,265)	(1.1%)	839	(37.1%)
<b>Operating profit/(loss) (EBIT)</b>	<b>4,265</b>	<b>1.9%</b>	<b>8,019</b>	<b>3.9%</b>	<b>(3,754)</b>	<b>(46.8%)</b>
Financial income	135	0.1%	103	0.1%	32	31.1%
Financial expenses	(1,306)	(0.6%)	(1,599)	(0.8%)	293	(18.3%)
<b>Profit/(loss) before taxes</b>	<b>3,094</b>	<b>1.4%</b>	<b>6,523</b>	<b>3.1%</b>	<b>(3,429)</b>	<b>(52.6%)</b>
Income taxes	(897)	(0.4%)	2,350	1.1%	(3,247)	(138.2%)
<b>Net profit/(loss)</b>	<b>2,197</b>	<b>1%</b>	<b>8,873</b>	<b>4.3%</b>	<b>(6,676)</b>	<b>(75.2%)</b>
EBITDA	17,955	8.04%	19,863	9.57%	(1,908)	(9.61%)

Operating profit of Euro 4.3 million and EBITDA of Euro 17.96 million, details of which can be found in the segment reporting section below, decreased slightly compared to the same period in 2021.

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 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 these operators, the Company 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 euros)</i>	At 30 September	
	2022	2021
<i>Milk products</i>	181,154	172,285
<i>Dairy products</i>	31,026	24,624
<i>Other products</i>	11,166	10,652
<b>Total revenue from contracts with customers</b>	<b>223,346</b>	<b>207,560</b>

Revenues from the **Milk Products** segment increased because of higher average sales prices and higher sales volumes due to the acquisition of new customers.

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

Revenues from the **Other Products** segment were up because of higher average sales prices.

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

<i>(In thousands of euros)</i>	At 30 September	
	2022	2021
Mass Distribution	138,475	130,816
B2B partners	8,934	8,108
<i>Normal trade</i>	53,603	48,902
<i>Private labels</i>	11,167	10,473
<i>Food services</i>	11,166	9,261
<b>Total revenue from contracts with customers</b>	<b>223,346</b>	<b>207,560</b>

Revenues from the **Mass Distribution** channel increased mainly because of the combined effect of higher demand and higher average sales prices.

Revenues from the **B2B Partners** channel increased because of higher average sales prices.

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

Revenues from the **Private label** channel were up because of higher average prices in the Dairy business unit.

Revenues from the **Food Services** channel increased mainly because of the combined effect of higher demand and higher average sales prices.

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

<i>(In thousands of euros)</i>	At 30 September	
	2022	2021
<i>Italy</i>	201,012	187,187
<i>Germany</i>	8,934	6,505
<i>Other countries</i>	13,400	13,868
<b>Total revenue from contracts with customers</b>	<b>223,346</b>	<b>207,560</b>

Revenues from **Italy** increased because of higher sales volumes due to the acquisition of new customers and higher average sales prices.

Revenues from **Germany** were up due to an increase in the average sales price.

Revenues from **Other Countries** were substantially in line with the same period of the previous year.

### Operating costs

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

<i>(In thousands of euros)</i>	2022	At 30 September		
		Inc.	2021	Inc.
Cost of sales	(178,787)	(80%)	(160,119)	(77%)
Sales and distribution costs	(36,019)	(16%)	(33,414)	(16%)
Administrative costs	(5,730)	(3%)	(6,133)	(3%)
<b>Total operating costs</b>	<b>(220,536)</b>	<b>(99%)</b>	<b>(199,746)</b>	<b>(96%)</b>

Cost of sales represented 80% of turnover (77% at 30 September 2021). In absolute values, the increase in the cost of sales is directly related to the increase in sales volumes recorded during the first nine months of 2022 and in general to an increase in the purchase cost of the main components of the finished product. The increase in sales and distribution expenses is due to an increase in logistics-related costs. Administrative expenses were lower compared to 30 September 2021 due to the rationalisation of some functions and the retirement and resignation of some personnel who for the moment were not replaced by new hires.

The comparison with the same period of the previous half-year shows a slight decrease in margins (EBITDA of Euro 17.96 million, or 8.04% of revenues compared with Euro 19.9 million at 30 September 2021, or 9.57%). This result appears more significant if one considers inflationary effects in Italy, with continuous increases in the main cost components of the finished product.

With this in mind, the company tried to keep its customer base intact by acquiring new customers with the aim of creating value in the medium to long term at the expense of its margins in the short term.



The following table shows EBITDA by activity segment:

<i>(In thousands of euros)</i>	At 30 September 2022			
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other products</i>	<b>Interim report total</b>
Revenue from contracts with customers (third parties)	181,154	31,026	11,166	<b>223,346</b>
EBITDA (*)	14,362	3,258	335	<b>17,955</b>
EBITDA margin	7.93%	10.50%	3%	<b>8.04%</b>
Amortisation, depreciation and write-downs	13,026	237	361	<b>13,623</b>
Net write-downs of financial assets	-	-	67	<b>67</b>
<b>Operating profit/(loss)</b>	<b>1,336</b>	<b>3,021</b>	<b>(93)</b>	<b>4,265</b>
Financial income	-	-	135	<b>135</b>
Financial expenses	-	-	(1,306)	<b>(1,306)</b>
<b>Profit/(loss) before taxes</b>	<b>1,336</b>	<b>3,021</b>	<b>(1,263)</b>	<b>3,094</b>
Income taxes	-	-	(897)	<b>(897)</b>
<b>Net profit/(loss)</b>	<b>1,336</b>	<b>3,021</b>	<b>(2,161)</b>	<b>2,197</b>

(\*) 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 euros)</i>	At 30 September 2021			
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other products</i>	<b>Interim report total</b>
Revenue from contracts with customers (third parties)	172,285	24,624	10,652	<b>207,560</b>
EBITDA (*)	15,872	3,689	302	<b>19,863</b>
EBITDA margin	9.21%	14.98%	2.69%	<b>9.57%</b>
Amortisation, depreciation and write-downs	10,558	251	359	<b>11,168</b>
Net write-downs of financial assets	-	-	676	<b>676</b>
<b>Operating profit/(loss)</b>	<b>5,314</b>	<b>3,439</b>	<b>(734)</b>	<b>8,019</b>
Financial income	-	-	103	<b>103</b>
Financial expenses	-	-	(1,599)	<b>(1,599)</b>
<b>Profit/(loss) before taxes</b>	<b>5,314</b>	<b>3,439</b>	<b>(2,229)</b>	<b>6,523</b>
Income taxes	-	-	2,350	<b>2,350</b>
<b>Net profit/(loss)</b>	<b>5,314</b>	<b>3,439</b>	<b>121</b>	<b>8,873</b>

(\*) 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 4.3 million (1.9% of sales) compared with Euro 8 million at 30 September 2021 (3.9% of sales), down by 2%.

The tax rate used by the Company in the quarter in question is 29%.

The net profit for the six months ended 30 September 2022 amounted to Euro 2.2 million, a decrease compared to 30 September 2021 (net profit of Euro 8.9 million), which benefited from the provisional tax effect of 5.1 million for the release of deferred tax liabilities related to the clearance of misalignments arising from the merger transaction, as envisaged by Italian Decree-Law 104/2020 (the so-called "Decreto Agosto" - August Decree), as previously reported.

EBITDA

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 30 September 2022 and 2021.

<i>(In thousands of euros and as a percentage)</i>	At 30 September	
	2022	2021
Operating profit/(loss) (EBIT)	4,265	8,019
Amortisation, depreciation and write-downs	13,623	11,168
Net write-downs of financial assets	67	742
<b>EBITDA (*) (A)</b>	<b>17,955</b>	<b>19,929</b>
Revenue from contracts with customers	223,346	207,560
<b>EBITDA margin (*)</b>	<b>8.04%</b>	<b>9.57%</b>
investments (B)	2,174	3,970
<b>Cash conversion [(A)-(B)]/(A)(*)</b>	<b>87.9%</b>	<b>80.1%</b>

(\*) 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 Company'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>	At 30 September			
	2022	%	2021	%
<i>Milk Products</i>	14,362	7.9%	15,872	9.2%
<i>Dairy Products</i>	3,258	10.5%	3,689	15.0%
<i>Other products</i>	335	3%	302	2.7%
<b>EBITDA</b>	<b>17,955</b>	<b>8.04%</b>	<b>19,863</b>	<b>9.57%</b>

EBITDA related to the **Milk Products** segment decreased, mainly due to a worsening of the economic conditions of the main product cost components and in particular related to raw materials.

EBITDA related to the **Dairy Products** segment decreased, mainly due to a worsening of the economic conditions of the main product cost components as well as a business decision to increase the loyalty of newly acquired customers.

EBITDA from the **Other Products** segment was in line with the same period of 2021.

Net financial debt

The following table shows the breakdown of the net financial debt of the Company as at 30 September 2022 and 31 December 2021, determined in accordance with the Guidelines on disclosure obligations pursuant to Regulation EU 2017/1129 and in accordance with Recommendations ESMA32-382-1138, as per CONSOB notice no. 5/21 of 29 April 2021:

<i>(In thousands of euros)</i>	At 30 September 2022	At 31 December 2021
<b>Net financial debt</b>		
A. Cash and cash equivalents	43,439	57,372
B. Other current financial assets	1	1
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>43,440</b>	<b>57,373</b>
D. Current financial payables	(18,331)	(31,874)
E. Current portion of non-current financial debt	(17,678)	(14,726)
<b>F. Current financial indebtedness (D)+(E)</b>	<b>(36,009)</b>	<b>(46,600)</b>
<b>G. Net current financial indebtedness (C)+(F)</b>	<b>7,431</b>	<b>10,772</b>
H. Non-current financial debt	(54,241)	(63,462)
I. Debt instruments	-	-
J. Trade and other non-current payables	-	-
<b>K. Non-current financial indebtedness (H)+(I)+(J)</b>	<b>(54,241)</b>	<b>(63,462)</b>
<b>L. Net financial indebtedness (G)+(K)</b>	<b>(46,810)</b>	<b>(52,690)</b>

The positive change in net financial debt at 30 September 2022 compared with 31 December 2021, totalling Euro 5.9 million, is mainly due to the Company's ability to generate cash from operations. At 30 September 2022, without considering lease liabilities, net financial debt was as follows:

<i>(In thousands of euros)</i>	At 30 September 2022	At 31 December 2021
<b>Net financial debt</b>	<b>(46,810)</b>	<b>(52,690)</b>
Current lease liabilities	4,457	4,058
Non-current lease liabilities	5,356	6,419
<b>Net financial debt</b>	<b>(36,997)</b>	<b>(42,213)</b>

Changes in net financial debt as of 30 September 2022 are shown below:

<b>Net financial debt at 31 December 2021 (millions of euros)</b>	<b>(52.69)</b>
EBITDA	17.95
Net working capital	(2.78)
Interest and taxes	(1.68)
Investments	(7.98)
Other minor operating costs	0.4
<b>Net financial debt at 30 September 2022 (millions of euros)</b>	<b>(46.78)</b>

### Covenant on debt positions

- Unicredit S.p.A. loan on behalf of Cassa Depositi e Prestiti and Unicredit S.p.A. loan pertaining to the supply chain agreement granted to the Company, both expiring on 31 December 2030: net financial debt to net equity ratio of 1.5 or less on 31 December of each year.
- Loan granted by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte d'Italia S.p.A., expiring on 30 June 2025: net financial debt to net equity ratio of 1.5 or less on 31 December of each year.
- Loan granted by Unicredit Banca d'Impresa S.p.A. to Centrale del Latte d'Italia S.p.A., expiring on 30 June 2025: net financial debt to net equity ratio of 1.25 or less on 31 December of each year.
- Contract granted by Mediocredito to Centrale del Latte d'Italia S.p.A., expiring on 28 June 2024: net financial debt to net equity ratio of 1.5 or less on 31 December of every year.
- Loan granted by MPS Capital Services S.p.A.: on 31 December and 30 June of each year the ratio of financial debt to EBITDA of less than 4 (from Newlat Food S.p.A. consolidated financial statement) and the ratio of Free Cash Flow to Debt Service greater than 1 (from Centrale del latte d'Italia S.p.A. financial statements).

### INVESTMENTS

The following table provides a breakdown of the Company's investments in property, plant and equipment and intangible assets at 30 September 2022:

<i>(In thousands of euros and as a percentage)</i>	At 30 September	
	2022	%
Land and buildings	74	3.4%
Plant and machinery	1,796	82.6%
Industrial and commercial equipment	81	3.7%
Assets under construction and payments on account	220	10.1%
<b>Investments in property, plant and equipment</b>	<b>2,171</b>	<b>99.8%</b>
Patents and intellectual property rights	3	0.2%
<b>Total investments</b>	<b>2,174</b>	<b>100%</b>

During the reporting period, the Company made investments totalling Euro 2,174 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 and Vicenza 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 30 September 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 30 September 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 30 September 2022 the Company did not trade in any treasury shares or shares of parent companies and does not, at 30 September 2022, hold any treasury shares or shares of parent companies.

### Share performance

The stock of Centrale del Latte d'Italia S.p.A., listed on the Italian Stock Exchange organised and managed by Borsa Italiana S.p.A., Euronext STAR Milan segment (High Requirement Security Segment), reached a maximum value of €3.50 per share in 2022, with a low of €2.54. On the last trading day as at 30 September 2022 it closed at Euro 2.64 per share, which is equivalent to a market capitalisation of Euro 36.96 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.

The lease of the business unit was subject to verification and approval by the Related Parties Committee as it was considered significant. No issues of note were found.

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, 11 November 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, 11 November 2022

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

## **Financial statements and explanatory notes**

## Statement of Financial Position

<i>(In thousands of euros)</i>	At 30 September 2022	At 31 December 2021
<b>Non-current assets</b>		
Property, plant and equipment	113,911	118,283
Right-of-use assets	8,028	8,852
<i>of which from related parties</i>	4,580	4,357
Intangible assets	19,770	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	1,626	1,098
<b>Total non-current assets</b>	<b>145,435</b>	<b>149,881</b>
<b>Current assets</b>		
Inventories	23,151	19,428
Trade receivables	35,074	28,438
<i>of which from related parties</i>	1,831	735
Current tax assets	793	263
Other receivables and current assets	8,022	10,933
<i>of which from related parties</i>	5,488	5,814
Current financial assets measured at fair value through profit or loss	1	1
Cash and cash equivalents	43,439	57,372
<i>of which from related parties</i>	35,977	18,399
<b>Total current assets</b>	<b>110,480</b>	<b>116,435</b>
<b>TOTAL ASSETS</b>	<b>255,915</b>	<b>266,316</b>
<b>Shareholders' equity</b>		
Share capital	28,840	28,840
Reserves	34,297	32,003
Net profit/(loss)	2,197	2,294
<b>Total shareholders' equity attributable to the Group</b>	<b>65,334</b>	<b>63,137</b>
<b>Non-current liabilities</b>		
Provisions for employee benefits	6,942	7,486
Provisions for risks and charges	1,249	1,183
Deferred tax liabilities	5,709	5,566
Non-current financial liabilities	49,784	59,404
Non-current lease liabilities	4,457	4,058
<i>of which from related parties</i>	3,180	307
<b>Total non-current liabilities</b>	<b>68,141</b>	<b>77,697</b>
<b>Current liabilities</b>		
Trade payables	72,023	69,881
<i>of which from related parties</i>	13,078	5,704
Current financial liabilities	30,653	40,181
<i>of which from related parties</i>	11,878	24,454
Current lease liabilities	5,356	6,419
<i>of which from related parties</i>	1,969	5,637
Current tax liabilities	1,305	-
Other current liabilities	13,102	9,001
<i>of which from related parties</i>	153	124
<b>Total current liabilities</b>	<b>122,440</b>	<b>125,482</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>255,915</b>	<b>266,316</b>



## Income statement

<i>(In thousands of euros)</i>	At 30 September	
	2022	2021
Revenue from contracts with customers	223,346	207,560
<i>of which from related parties</i>	911	1,695
Cost of sales	(178,787)	(160,199)
<i>of which from related parties</i>	(4,516)	(12,333)
<b>Gross operating profit/(loss)</b>	<b>44,559</b>	<b>47,361</b>
Sales and distribution costs	(36,019)	(33,414)
Administrative costs	(5,730)	(6,133)
<i>of which from related parties</i>	(88)	(55)
Net write-downs of financial assets	(67)	(742)
Other revenues and income	2,947	3,212
Other operating costs	(1,426)	(2,265)
<b>Operating profit/(loss)</b>	<b>4,265</b>	<b>8,019</b>
Financial income	135	103
<i>of which from related parties</i>	48	-
Financial expenses	(1,306)	(1,599)
<i>of which from related parties</i>	(12)	(26)
<b>Profit/(loss) before taxes</b>	<b>3,094</b>	<b>6,523</b>
Income taxes	(897)	2,350
<b>Net profit/(loss)</b>	<b>2,197</b>	<b>8,873</b>
Basic net profit/(loss) per share	0.16	0.63
Diluted net profit/(loss) per share	0.16	0.63

## Statement of comprehensive income

<i>(In thousands of euros)</i>	At 30 September	
	2022	2021
<b>Net profit/(loss) (A)</b>	<b>2,197</b>	<b>8,873</b>
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	-	-
Tax effect on actuarial gains/(losses)	-	-
<b>Total other components of comprehensive income that will not be subsequently reclassified to the income statement</b>	<b>-</b>	<b>-</b>
<b>Total other components of comprehensive income, net of tax effect (B)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive net profit/(loss) (A)+(B)</b>	<b>2,197</b>	<b>8,873</b>

## Statement of changes in shareholders' equity

<i>(In thousands of euros)</i>	Share capital	Reserves	Net profit/(loss)	Total net equity
<b>At 31 December 2020</b>	<b>28,840</b>	<b>28,114</b>	<b>4,132</b>	<b>61,086</b>
Allocation of net profit/(loss) for the previous year	-	4,132	(4,132)	-
Net profit/(loss)	-	-	8,873	<b>8,873</b>
Actuarial gains/(losses) net of the related tax effect	-	-	-	-
Other changes	-	(263)	-	(263)
<b>Total comprehensive net profit/(loss) for the year</b>	<b>-</b>	<b>(263)</b>	<b>8,873</b>	<b>8,610</b>
<b>At 30 September 2021</b>	<b>28,840</b>	<b>31,983</b>	<b>8,873</b>	<b>69,697</b>
Net profit/(loss)	-	-	(6,579)	(6,579)
Actuarial gains/(losses) net of the related tax effect	-	21	-	21
Other changes	-	-	-	-
<b>Total comprehensive net profit/(loss) for the year</b>	<b>-</b>	<b>21</b>	<b>(6,579)</b>	<b>(6,558)</b>
<b>At 31 December 2021</b>	<b>28,840</b>	<b>32,004</b>	<b>2,294</b>	<b>63,137</b>
Allocation of net profit/(loss) for the previous year	-	2,294	(2,294)	-
Net profit/(loss)	-	-	2,197	<b>2,197</b>
<b>At 30 September 2022</b>	<b>28,840</b>	<b>34,297</b>	<b>2,197</b>	<b>65,334</b>

## Statement of cash flows

<i>(in euro units)</i>	Cash flow statement as at 30 September	
	2022	2021
Profit/(loss) before taxes	3,094	6,523
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	13,690	11,844
Financial expense/(income)	1,171	1,496
<i>of which from related parties</i>	<i>(12)</i>	<i>(26)</i>
<b>Cash flow generated /(absorbed) by operating activities before changes in net working capital</b>	<b>17,955</b>	<b>19,863</b>
Change in inventory	(3,723)	(7,778)
Change in trade receivables	(6,703)	(2,495)
Change in trade payables	2,142	11,284
Change in other assets and liabilities	7,012	(3,495)
Use of provisions for risks and charges and for employee benefits	(1,509)	3,504
Taxes paid	(507)	(1,396)
<b>Net cash flow generated /(absorbed) by operating activities</b>	<b>14,668</b>	<b>19,487</b>
Investments in property, plant and equipment	(2,171)	(3,927)
Investments in intangible assets	(3)	(43)
Divestment of financial assets	(300)	(0)
<b>Net cash flow generated /(absorbed) by investment activities</b>	<b>(2,474)</b>	<b>(3,971)</b>
Repayments of long-term financial debt	(19,148)	-
Change in financial payables	-	4,410
Repayments of lease liabilities	(5,809)	(4,675)
<i>of which from related parties</i>	<i>(1,860)</i>	<i>(2,643)</i>
Net interest expense	(1,171)	(1,496)
<b>Net cash flow generated/(absorbed) by financing activities</b>	<b>(26,128)</b>	<b>(1,761)</b>
<b>Total changes in cash and cash equivalents</b>	<b>(13,933)</b>	<b>13,756</b>
<b>Cash and cash equivalents at start of year</b>	<b>57,372</b>	<b>46,822</b>
<i>of which from related parties</i>	<i>18,399</i>	<i>13,031</i>
Total changes in cash and cash equivalents	(13,933)	13,756
<b>Cash and cash equivalents at end of year</b>	<b>43,438</b>	<b>60,578</b>
<i>of which from related parties</i>	<i>35,977</i>	<i>21,328</i>

## Explanatory notes

### ***Basis of preparation***

The interim report at 30 September 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 report at 30 September 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 30 September 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 2022, 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:

***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".

These amendments have now been approved following their publication in the Official Journal of the European Union on 02/07/2021.

***IFRS accounting standards, amendments and interpretations not yet approved by the European Union***

At the date of this document, the competent bodies of the European Union have not yet concluded the endorsement process required for the adoption of the amendments and standards described below.

- On 23/01/2020, the IASB issued "Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current" to clarify the requirements for classifying liabilities as "current" or "non-current". More specifically, the amendments (i) specify that conditions existing at the end of the reporting period are those that should be used to determine whether a right to defer settlement of a liability exists; (ii) specify that management's expectations about events after the balance sheet date are not relevant; and (iii) clarify the situations that should be considered as settling a liability. The amendments enter into force on 01/01/2023.
- On 18/05/2017, the IASB issued the standard "IFRS 17 – Insurance Contracts", which is intended to replace the current "IFRS 4 – Insurance Contracts". Applicable for financial years beginning on or after 01/01/2023, the new standard governs the accounting treatment of insurance contracts issued and reinsurance contracts held.
- On 12/02/2021, the IASB issued the document "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies".

The objective of the amendments is to develop guidance and examples to assist companies in applying a judgement of materiality in disclosing accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to disclosures about accounting policies. The amendments are effective for financial years beginning on or after 01/01/2023.

- On 12/02/2021 the IASB issued the document "Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". The amendments provide some clarification regarding the distinction between changes in accounting estimates and changes in accounting policies: the former are applied prospectively to future transactions and other future events, the latter are generally also applied retrospectively to past transactions and other past events. The amendments are effective from financial years beginning on or after 01/01/2023.

- On 07/05/2021, the IASB issued the document "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document addresses from a practical point of view the application of the exemption envisaged by paragraphs 15 and 24 of IAS 12 to transactions that give rise to both an asset and a liability upon initial recognition, and may result in temporary tax differences of the same amount. Under the proposed amendments, the exemption from initial recognition in IAS 12 would not apply to transactions that give rise to equal and offsetting amounts of taxable and deductible temporary differences when executed. The amendments are effective from financial years beginning on or after 01/01/2023.

The company will adopt these new standards, amendments and interpretations as per their expected date of application. Any impact on the annual financial statements resulting from the new standards/interpretations is still being assessed.

## Notes to the interim report at 30 September 2022

## Criteria and methods

The interim report as at 30 September 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 30 September 2022, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

<i>(In thousands of euros)</i>	At 30 September 2022			
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other products</i>	<b>Interim report total</b>
Revenue from contracts with customers (third parties)	181,154	31,026	11,167	<b>223,347</b>
EBITDA (*)	14,362	3,258	335	<b>17,955</b>
EBITDA margin	7.93%	10.50%	3%	<b>8.04%</b>
Amortisation, depreciation and write-downs	13,026	237	361	<b>13,623</b>
Net write-downs of financial assets	-	-	67	<b>67</b>
<b>Operating profit/(loss)</b>	<b>1,336</b>	<b>3,021</b>	<b>(93)</b>	<b>4,265</b>
Financial income	-	-	135	<b>135</b>
Financial expenses	-	-	(1,306)	<b>(1,306)</b>
<b>Profit/(loss) before taxes</b>	<b>1,336</b>	<b>3,021</b>	<b>(1,263)</b>	<b>3,894</b>
Income taxes	-	-	(897)	<b>(897)</b>
<b>Net profit/(loss)</b>	<b>1,336</b>	<b>3,021</b>	<b>(2,161)</b>	<b>2,196</b>
<b>Total assets</b>	<b>211,760</b>	<b>716</b>	<b>43,439</b>	<b>255,915</b>
<b>Total liabilities</b>	<b>109,806</b>	<b>338</b>	<b>80,437</b>	<b>190,581</b>
Investments	2,174	-	-	<b>2,174</b>
Employees (number)	589	72	16	<b>677</b>



The table below shows the main income statement items at 30 September 2021 and the main statement of financial position items at 31 December 2021 examined by the chief operating decision maker in order to assess the Company's performance, and the reconciliation of these items with respect to the corresponding amount included in the Interim Management Report:

<i>(In thousands of euros)</i>	At 30 September 2021			
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other products</i>	<i>Interim report total</i>
Revenue from contracts with customers (third parties)	172,285	24,624	10,652	207,560
EBITDA (*)	15,872	3,689	302	19,863
EBITDA margin	9.21%	14.98%	2.69%	9.57%
Amortisation, depreciation and write-downs	10,558	251	359	11,168
Net write-downs of financial assets	-	-	676	676
<b>Operating profit/(loss)</b>	<b>5,314</b>	<b>3,439</b>	<b>(734)</b>	<b>8,019</b>
Financial income	-	-	103	103
Financial expenses	-	-	(1,599)	(1,599)
<b>Profit/(loss) before taxes</b>	<b>5,314</b>	<b>3,439</b>	<b>(2,229)</b>	<b>6,523</b>
Income taxes	-	-	2,350	2,350
<b>Net profit/(loss)</b>	<b>5,314</b>	<b>3,439</b>	<b>121</b>	<b>8,873</b>
<b>Total assets</b>	<b>208,363</b>	<b>582</b>	<b>57,372</b>	<b>266,769</b>
<b>Total liabilities</b>	<b>103,381</b>	<b>213</b>	<b>99,585</b>	<b>197,074</b>
Investments	3,970	-	-	3,970
Employees (number)	534	65	15	614

## Non-current assets

<i>(In thousands of euros)</i>	At 30 September 2022	At 31 December 2021
<b>Non-current assets</b>		
Property, plant and equipment	113,991	118,283
Right-of-use assets	8,028	8,852
Intangible assets	19,770	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	1,626	1,098
<b>Total non-current assets</b>	<b>145,435</b>	<b>149,881</b>

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

### Fixed assets, plant and equipment

At 30 September 2022, this item totalled Euro 113,991 thousand (Euro 118,283 thousand in December 2021). Investments for the period totalled Euro 2.2 million and relate mainly to plant and machinery of the Milk Products business unit.

### Right-of-use assets

At 30 September 2022, this item totalled Euro 8,028 thousand (Euro 8,852 thousand in December 2021). The changes shown under right-of-use assets refer almost exclusively to the effects arising from the lease agreement for the Milk & Dairy business unit signed with Newlat Food S.p.A., and in particular those related to the Directors' decision to exercise the option to renew the lease agreement originally due to expire on 31 December 2022 for the entire calendar year 2023.

Additional changes recorded under the investment item refer mainly to the lease of machinery used in the production process.

### Intangible assets

#### Goodwill

Goodwill of Euro 570 thousand, of which 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, and Euro 220 thousand to the purchase of assets linked to the Lylag brand.

#### Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 30 September 2022:

<i>(In thousands of euros)</i>	At 30 September 2022	At 31 December 2021
Trademarks with an indefinite useful life	19,132	19,132
<b>Total net book value</b>	<b>19,132</b>	<b>19,132</b>

#### Trademarks with an indefinite useful life

This item mainly refers to the following trademarks:

- "Latte Rapallo", "Latte Tigullio", "Centrale del Latte di Vicenza" and "Mukki" for a total of Euro 19,132 thousand.

During 2022, in accordance with IAS 36, the Company verified the non-existence of specific impairment triggers with particular respect to trademarks with an indefinite useful life. Despite the absence of specific impairment indicators, a sensitivity of the impairment test carried out as part of the year-end closing process at 31 December 2021 was prepared to assess the recoverability of values in the event of changes in macroeconomic and market scenarios compared to those that were expected.

#### Equity investments in associates

As at 30 September 2022 this item amounted to Euro 1,397 thousand and refer exclusively to the 24.9% share held in the company Mercafir.

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

At 30 September 2022 this item amounted to Euro 703 thousand and mainly includes the interest in Futura S.r.l. for a total of Euro 689 thousand (less than 5% stake).

### Deferred tax assets

At 30 September 2022, this item totalled Euro 1,626 thousand (Euro 1,098 thousand in December 2021). 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 euro units)</i>	At 30 September 2022	At 31 December 2021
<b>Current assets</b>		
Inventories	23,151	19,428
Trade receivables	35,074	28,438
Current tax assets	793	263
Other receivables and current assets	8,022	10,933
Current financial assets measured at fair value through profit or loss	1	1
Cash and cash equivalents	43,439	57,372
<b>Total current assets</b>	<b>110,480</b>	<b>116,435</b>

### Inventories

At 30 September 2022, this item totalled Euro 23,151 thousand (Euro 19,428 thousand in December 2021). Closing inventories were up by Euro 3.7 million on 31 December 2021 because of an increase in warehouse stock and the average purchase cost.

### Trade receivables

At 30 September 2022, this item totalled Euro 35,074 thousand (Euro 28,438 thousand in December 2021). The increase in trade receivables as at 30 September 2022 of Euro 6.6 million is directly related to the increase in turnover in the first nine months of 2022. 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 and liabilities

Current tax assets totalled Euro 793 thousand, up versus 31 December 2021.

Current tax liabilities amounted to Euro 1,305 thousand, up from 31 December 2021 due to the recognition of taxes for the period.

### Other receivables and current assets

At 30 September 2022, this item totalled Euro 8,022 thousand (Euro 10,933 thousand in December 2021). "Other receivables and current assets" consist of tax receivables, advances to suppliers, prepaid expenses and other short-term receivables.

### Cash and cash equivalents

At 30 September 2022, this item totalled Euro 43,439 thousand (Euro 57,372 thousand in December 2021). "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 30 September 2022, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents of Euro 35,977 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 30 September 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 30 September 2022 relate solely to the recognition of the net comprehensive income for the period in the amount of Euro 2,197 thousand and the allocation to reserves of the Profit realised in the year ended 31 December 2021.

## Non-current liabilities

<i>(in euro units)</i>	At 30 September 2022	At 31 December 2021
<b>Non-current liabilities</b>		
Provisions for employee benefits	6,942	7,486
Provisions for risks and charges	1,249	1,183
Deferred tax liabilities	5,709	5,566
Non-current financial liabilities	49,784	59,404
Non-current lease liabilities	4,457	4,058
<b>Total non-current liabilities</b>	<b>68,141</b>	<b>77,697</b>

### Provisions for employee benefits

At 30 September 2022, this item totalled Euro 6,942 thousand, down from Euro 7,486 thousand at 31 December 2021, mainly because of the decrease in employees due to resignations and retirements.

### Provisions for risks and charges

At 30 September 2022, this item totalled Euro 1,249 thousand (Euro 1,183 thousand in December 2021). Provisions for risks and charges as at 30 September 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

At 30 September 2022, this item totalled Euro 5,709 thousand (Euro 5,566 thousand in December 2021). Deferred tax liabilities mainly refer to the allocation of capital gains from the acquisition of Centrale del Latte Toscana, the fair value valuation of the Mukki, Rapallo-Tigullio and Vicenza trademarks, and the fair value valuation of the Centrale del Latte land.

### Non-current financial liabilities

At 30 September 2022, this item totalled Euro 49,784 thousand (Euro 59,404 thousand in December 2021). Non-current financial liabilities 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.

### Non-current lease liabilities

At 30 September 2022, this item totalled Euro 4,457 thousand (Euro 4,058 thousand in December 2021). 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 effects of the renewal of the lease agreement for the Milk & Dairy business unit, stipulated with the parent company Newlat Food for a further year (expiry 31 December 2023).

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 30 September 2022	At 31 December 2021
<b>Current liabilities</b>		
Trade payables	72,023	69,881
Current financial liabilities	30,653	40,181
Current lease liabilities	5,356	6,419
Current tax liabilities	1,305	-
Other current liabilities	13,102	9,001
<b>Total current liabilities</b>	<b>122,440</b>	<b>125,482</b>

### Trade payables

At 30 September 2022, this item totalled Euro 72,023 thousand (Euro 69,881 thousand in December 2021). 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

At 30 September 2022, this item totalled Euro 30,653 thousand (Euro 40,181 thousand in December 2021). 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

At 30 September 2022, this item totalled Euro 5,356 thousand (Euro 6,419 thousand in December 2021). 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

At 30 September 2022, this item totalled Euro 13,102 thousand (Euro 9,001 thousand in December 2021). 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 more 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 30 September	
	2022	2021
Profit for the year attributable to the Company in thousands of euros	2,197	8,873
Weighted average number of shares in circulation	14,000	14,000
<b>Earnings per share (in Euro)</b>	<b>0.16</b>	<b>0.63</b>

## 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**").

## 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 30 September 2022.

Turin, 11 November 2022

Angelo Mastrolia  
Chairman of the BoD

Fabio Fazzari  
Financial Reporting Officer

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, 11 November 2022

Angelo Mastrolia  
Chairman of the BoD

Fabio Fazzari  
Financial Reporting Officer