Newlat FOOD SpA

A multibrand company

ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2022

This document constitutes a copy, in Pdf format, of the Annual Financial Report of Newlat Food S.p.A as at 31 December 2022 and does not constitute the document in ESEF format required by the ESEF Technical Standards referred to in the Delegated Regulation (EU) 2019/815 (socalled 'ESEF Regulation').

The Annual Financial Report of Newlat Food S.p.A as at 31 December 2022 in ESEF format required by the ESEF Regulation is available in the Company's website https://corporate.newlat.it/en/investor-relations/financial-reports/ and in the eMarket Storage's website www.emarketstorage.com.

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Directors' report on operating performance

LETTER TO THE SHAREHOLDERS

Dear stakeholders,

2022 was a year of many successes for the Newlat Food Group.

Despite the many challenges that 2022 dealt us in terms of volatility, geopolitical instability and reduced visibility, today Newlat Food is able to present results that exceed our expectations.

This year the Newlat Food Group achieved a turnover of Euro 741.1 million, an increase of 18.5% compared to 2021. All segments saw exceptional growth, especially the pasta segment which surged by 40.8%, exceeding Euro 211 million in total turnover and setting a volume record in Germany, where we recorded exceptional growth of 23.8%.

We are proud to see that just three years after listing, Group turnover has more than doubled and our business has evolved, not only operationally but also culturally. These results are even more significant considering the difficult context we had to deal with to achieve them. This past year we were able to maintain EBIT, EBITDA and Net Profit levels substantially in line with the previous year despite the sharp increase in costs that we had to cope with, confirming the considerable amount of work put into negotiating the price increase during the year.

2022 saw the completion of a further acquisition, that of EM Foods, which allowed the Group to establish itself in a new market – France – and to expand its range of sweets. This acquisition represents a new opportunity for us to be present in the French market both through existing products and brands and with the products of the Minuto line, which is already popular in Germany and which we plan to launch throughout Europe. An interesting market for growth prospects, which fits well with the category of instant products and preparations already present in Symington's. In this regard, this year saw the launch of Naked products in Italy and Germany, with undisputed success in both markets, with exceptional growth and market penetration reaching around 50% less than a year after launch.

Moreover, new milestones were achieved this year in the area of ESG, an increasingly important and central focus for the Group. In fact, 2022 saw the consolidation of our ESG strategy, which for the second year in a row allowed us to be recognised as one of the "most climate-conscious companies" thanks to the significant reduction in the ratio of CO2 emissions to turnover, a result that confirms the effectiveness of the policies we have adopted and encourages us to continue on the path of continuous improvement.

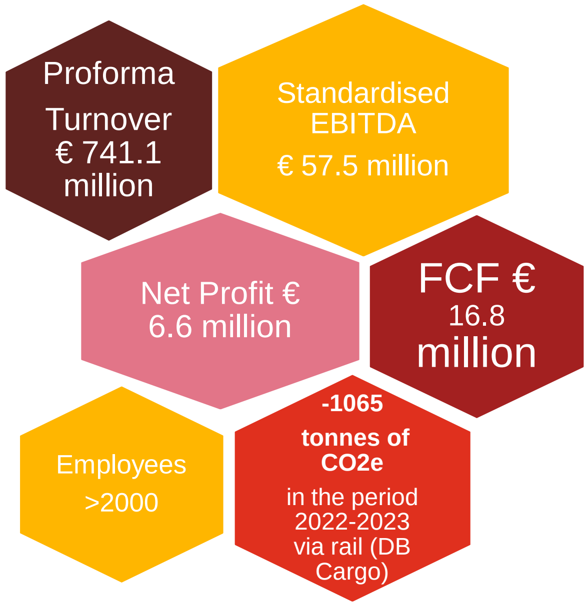
In this regard, we have initiated projects aimed at creating shared practices and behaviours that allow us to efficiently implement our corporate commitment, taking as a point of reference best practices, guidelines and national and international standards such as the Universal Declaration of Human Rights and the Ten Principles of the Global Compact proposed by the United Nations, and we see the Sustainable Development Goals as a guide we can look to orient our medium- and long-term strategies.

Finally, it is important to emphasise that the group's focus on M&A operations continues to be very high. The current market environment and its rising interest rates and a credit market less inclined to endorse heavily leveraged structures makes the M&A market less hectic and more linear in terms of both processes and valuations. Newlat Food is now involved in some very important sales processes. The first target in terms of strategic importance is a foreign company with a turnover exceeding one billion and several business divisions that are highly complementary to Newlat's current portfolio, with considerable synergies that can be realised immediately. This acquisition would allow the group to exceed Euro 2 billion in consolidated turnover and become one of the most important players in the European food industry. The second process concerns a company with a leading brand name in the "special products" category. In addition to consolidating our position in some specific product categories, the group would benefit from important synergies and potential for development and better exploitation of a brand with a great *tradition. Furthermore, we spent much of 2022 engaged in the process of selling the operations of a large European multinational for a category that is highly complementary to the group's existing portfolio. The ongoing processes and the profiles of the mentioned targets represent the great determination and ambition of a group that is strongly oriented towards growth and value creation.*

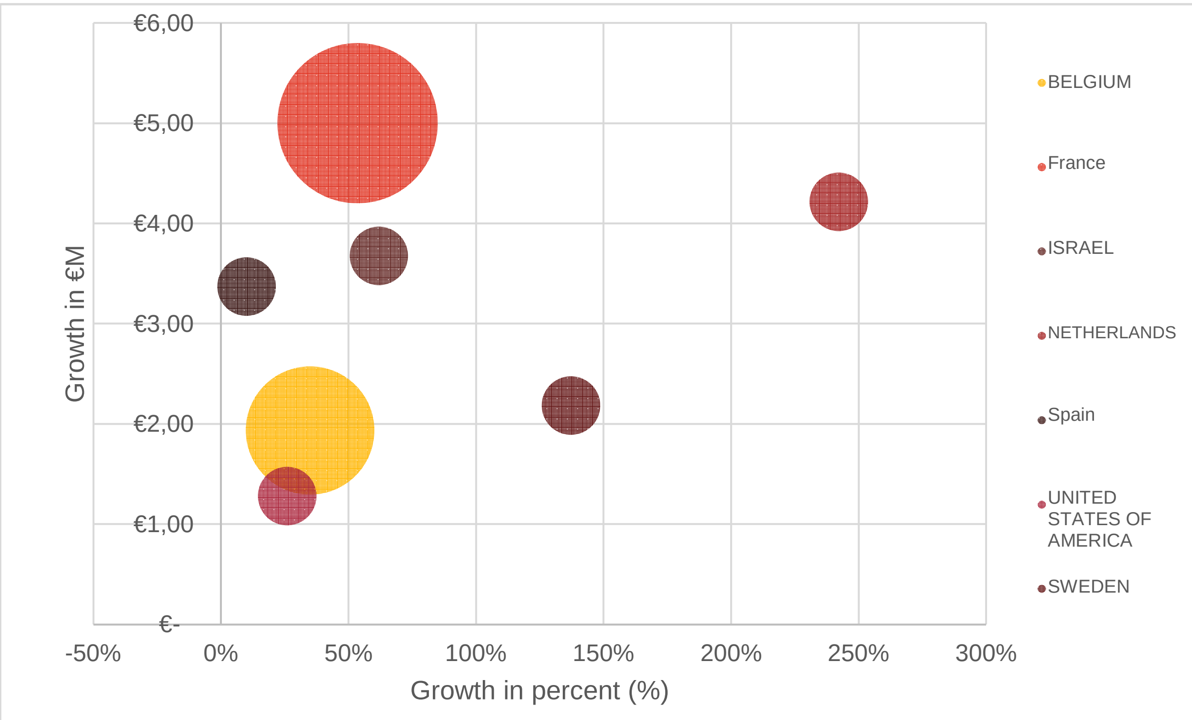
Our expectations for 2023 are positive and we are ready to tackle it with great determination, certain to arrive at the end of the year with new and exciting prospects for development.

MAIN GROUP HIGHLIGHTS IN 2022

Key Figures



SALES IN OTHER COUNTRIES 2022 vs. 2021



GROUP HISTORY

Year 2004

- Acquisition of the Guacci pasta factory by the Mastrolia family.

Year 2005

- Acquisition of the Eboli plant for the production of pasta and the Pezzullo brand.

Year 2006

- Acquisition of the factories and the brand for the production of Corticella branded pasta from Euricom Group.

Year 2008

- Acquisition of the Sansepolcro factory for the production and licensed sale of Buitoni pasta and baked goods.
- Acquisition of Newlat SpA operating in the dairy division through the Giglio, Polenghi, Torre in Pietra and Fior di Salento brands.

Year 2009

- Expansion of the brands in the dairy division through the acquisition of the Ala and Optimus brands.

Year 2013

- Acquisition of the German company for the production and sale of Birkel and 3Glocken branded pasta.

Year 2014

- Purchase of Centrale del Latte di Salerno S.p.A. and its brand, engaged in the production and sale of dairy products.

Year 2015

- Acquisition of the plant in Ozzano Taro (PR) for the production and sale of products belonging to the baby food and protein- and gluten-free food sectors through a co-packaging contract with Kraft-Heinz.

Year 2019

- Acquisition of Industrie Alimentari Delverde S.p.A., owner of the Delverde brand in the pasta market;
- Access to the capital market through the placement of equity instruments for trading on the STAR segment of the Mercato Telematico Azionario stock market organised and managed by Borsa Italiana.

Year 2020

- Acquisition of the company Centrale del Latte d'Italia S.p.A. listed in the STAR segment of the Mercato Telematico Azionario stock market organised and managed by Borsa Italiana.

Year 2021

- Purchase of 100% of the ordinary shares and voting rights of the Symington's Group, comprising Symington's Limited, Symington's (Holdings) Limited and Symington's Australia PTY Limited, operating mainly in the UK and producing – both under its own brands and for third-party brands – a wide range of instant noodles (Naked) where it is a market leader in the authentic and Asian inspiration segment, soups and various ready meals under the Mug Shot brand, rice and couscous ready meals (Twistd), baked goods including croutons (Rochelle brand), cake and cake mixes (with about 75% market share in the private label segment), Chicken Tonight brand condiments and Ragu brand sauces.

Year 2023

- Purchase of 100% of the ordinary shares and voting rights of EM Foods S.A.S. ("EM Foods") following the Seller's exercise of the put option signed by the parties on 19 October. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods, after EM Foods' workers' council formally agreed to the sale to Newlat Food. The closing of the transaction took place on 2 January 2023. With the acquisition of EM Foods, the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. Moreover, Newlat Food announced that it signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. This new partnership, of great strategic value, is further evidence of the high standard of the Newlat Group's industrial assets and further consolidates the business generated in partnership with large multinationals.

  This partnership will enable the company to become a supplier of several products for well-known brands. The acquisition of EM Foods' industrial know-how and the important partnership with a multinational company will enable Newlat Food to enter the growing segment of bakery mixes and desserts as a major player. The company will produce a very wide range of products including brownies, puddings, muffins, baking powder and cake mixes, building on the strong brand awareness of the "Minuto" brand, already used by the Newlat Group in Germany to sell well-known, high-quality ready meals. The bakery and dessert mixes segment is a particularly interesting area of the food industry, as it reflects current trends and new lifestyle habits. The Newlat Group is strongly committed to the strategic development of the "Minuto" brand in the most important markets of Western Europe and especially in France, Germany and Italy, with plans to launch new recipes and formulations for products that are delicious but also healthy, quick and easy to prepare. The acquisition will also allow the company to develop further synergies with the existing Symington's division (the undisputed leader in the bakery mixes and desserts segment in the UK, with 75% market share in the private label sector). Symington's will also provide a solid distribution platform for the "Minuto" brand in the UK.

CONFLICT IN UKRAINE

The conflict in Ukraine generated a lot of uncertainty for the world economy, and the gradual increase in costs related to the supply of raw materials and energy led to a review of the economic conditions of sale. Management has been closely monitoring and assessing the impact on current operations.

As of today, based on the information available and the fact that prices for raw materials and utilities are dropping, there are no particular critical issues to be reported, without prejudice to assessing what will be the next developments and the related impacts.

STRATEGIC ACTIVITIES AND COMMERCIAL INITIATIVES FOR 2022-2023

Strategic activities during the year were aimed at:

- Extension of the Crostino Dorato range with the launch of two new lines: Crostino Dorato al Cubo and Crostino Dorato Snack. (2022-2023)
- Delverde's entry into the gluten-free market with the launch of the Delverde Gluten Free range and the Delverde 100% Legumes range, and into the high-protein market with the launch of the new Delverde High Protein product. (2023)
- Launch of Naked ULTIMATE, 100% vegan noodles. (2023)
- Activities supporting the Naked Brand: in-store promotion, sampling in universities and presence at major gaming events. (2022-2023)
- Entry in the Kefir market with three 250 g products (natural, multi-fruit, orange ginger and cardamom) for the main local brands (Mukki, Tapporosso, Centrale del Latte di Vicenza, Tigullio and Centrale del Latte di Salerno). (2023)
- Launch of Tigusta spreadable milk cream (2023)
- Launch of Cappuccino Lovers Oats (2023)
- Expansion of the Mukki Training line vanilla flavour (2023)
- Market entry snack kit (milk + biscuits) brands Tapporosso, Tigullio, Centrale del Latte Vicenza, Mukki (2022-2023)
- Mukki lactose-free cream and mascarpone (2022-2023)
- Multi-brand communication campaign on Fresh Milk (2023)
- Product-placement campaign in Bake Off Italia with the products Optimus and Polenghi Lombardo. (2022)
- University initiatives in Rome, Milan, Bologna and Reggio Emilia (2022-2023)
- “Strade Bianche 2023” sponsorship (2023)
- Participation in major trade shows: Cibus, Tutto Food, Marca, PLMA, Gulf Food (2022-2023)

MAIN COMMERCIAL INITIATIVES FOR 2022-2023

Extension of the Crostino Dorato range
Crostino Dorato al Cubo
Crostino Dorato Snack

HIGH PROTEIN MARKET
Delverde High Protein

Delverde range extension
Gluten-Free market
Delverde Gluten Free
Delverde 100% Legumes

Launch of NAKED ULTIMATE

NAKED activations
In-store promotion
University activations
Participation in events

Launch of TiGusta spreadable cream

Cappuccino Lovers range extension
Organic Oats

KEFIR launch
4 brands - 3 flavours

Snack kit market entry

Lactose-free range extension
Fresh cream and mascarpone

Mukki Training range extension
“Strade Bianche 2023” sponsorship

Fresh Milk ADV campaign
ADV campaign to support local brands

Bake Off Italia product placement

EMARKET SDIR CERTIFIED

ENVIRONMENT, SOCIAL AND GOVERNANCE

All the Group's efforts are always aimed at respecting the environment and creating value for local communities. Specifically:

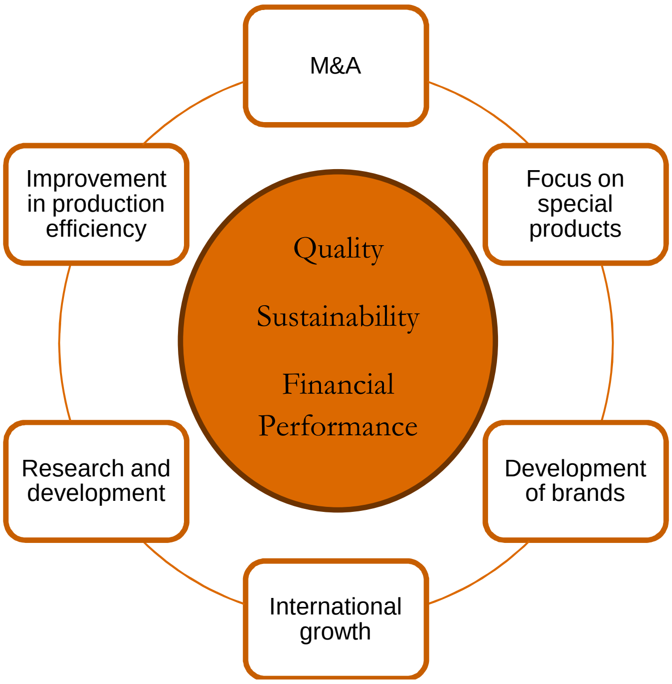
1. Presence of a Strategic Sustainability Committee, reporting directly to the Board of Directors, consisting of the main corporate functions involved in the development of business policies and practices
2. Approved a multi-year Sustainability Plan
3. Energy efficiency processes have also been initiated through the installation of alternative sources of production: to date a 340 kWp photovoltaic system has been installed, thanks to which a savings of 180 tonnes of CO2 is expected, equal to 251 trees planted
4. A water purification plant was installed that allows for the recovery of 30,000 m^3 of water per year, equal to the volume of 12 Olympic-size swimming pools
5. The activities of Life Cycle Assessment and Environmental Product Declarations continued
6. A process was initiated to analyse the Carbon Footprint of the Organisation, which saw the completion on some plants and the certification of the facility in Florence
7. 9 plants with >90% recyclable waste
8. Activities related to the awareness of dairy products and the dairy supply chain continued with schools, as well as partnerships with universities on research projects regarding the evolution of products and production processes
9. Greater attention to packaging through the increasing use of FSC (Forest Stewardship Council) certified paper and rPET
10. Progressive elimination of virgin plastic from the packaging processes of Milk & Dairy and in the Pasta and Bakery segments
11. 12.9% reduction in CO_2 emissions in relation to turnover
12. Combating food waste through donations and re-use of production waste in the livestock sector
13. Energy consumed/turnover ratio steadily declining over the last three years
14. In 2022, the Group was ranked by Statista as one of the "most climate-conscious Italian companies" thanks to the improvement in the ratio of CO2 emissions to consolidated turnover in the last two years. The study was published in the *Corriere della Sera* newspaper
15. Work injury rate -44% compared to 2021
16. At least 1,065 tCO2e saved by favouring rail transport, equivalent to around 1,100 trees planted

THE GROUP'S VALUE CHAIN

The Group shares the results generated by the value generation process with stakeholders based on the analysis and management of critical success factors:

- Satisfaction of new consumer demands and recent market trends
- Achievement of international quality standards
- Continuous investments in research and development
- Continuous search and maintenance of the best suppliers
- Production planning based on the principles of timeliness, efficiency and high quality
- Integrated, efficient logistics
- Dialogue with key stakeholders, including customers and consumers
- Strong communications strategy to support our brands
- In-depth knowledge and continuous market analysis
- Comprehensive and proven organisation of the sales network

BUSINESS STRATEGY GUIDELINES



M&A: Growth of external lines through acquisitions of companies operating in sectors complementary to those currently served.

Focus on special products: Increase in market share for special products (health and wellness) and products for babies.

Development of brands: Increase in the communication capacity of trademarks.

International growth: Consolidation of presence on foreign markets and development of a competitive position in the German market.

Research and development: Investments in new technologies and new products.

Improvement in production efficiency: Continuous pursuit of efficiencies in all production sectors.

INTRODUCTION TO THE REPORT ON OPERATIONS

The continuous search for growth through external lines led to the acquisition in 2023 of 100% of the ordinary shares and voting rights of EM Foods S.A.S. ("EM Foods").

With the acquisition of EM Foods, the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. Major retailers in all markets are already particularly interested in Newlat Food's product line, and therefore the opportunity to develop the "Minuto" brand already looks very promising, also thanks to the very diversified recipe portfolio and the great know-how that EM Foods will make available to the entire Group for innovation and new product development.

Moreover, Newlat Food announced that it signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. This new partnership, of great strategic value, is further evidence of the high standard of the Newlat Group's industrial assets and further consolidates the business generated in partnership with large multinationals.

In a market that is still strongly impacted by inflation and exceptional energy speculation, the Group managed to maintain excellent sales levels, recording a record increase in turnover of +18.5% in almost all of the Group's current business lines, with record results in Pasta (+41%), Dairy (+25%) and Special Products (+22%). All this demonstrates the Group's ability to achieve exceptional performance even in a difficult market.

The new instant noodles segment, which was acquired in 2021, recorded a record increase of +16% (on a like-for-like basis) compared to a decrease of 6% in the previous year, thanks mainly to the synergies created by joining the Group.

Growth figures by geographical area are also reassuring: +24% in the German market and +17% in the Italian market, which offer hope also in light of the recent acquisition of the Symington's Group and the inclusion of new products in a context of strong expansion. Other countries also recorded a record increase of +19% as did the UK thanks to the outstanding performance of the Pasta and Instant Noodles segment.

The first months of 2023 saw an increase in turnover in almost all business units in terms of both quantity and average sales price, with a record turnover of Euro 126.7 million, a clear increase over the same period last year (+23.5%):

- +15% in the milk segment
- +5% in the dairy segment
- +25% in the pasta segment
- +40% in the bakery segment
- +15% in the instant noodles segment

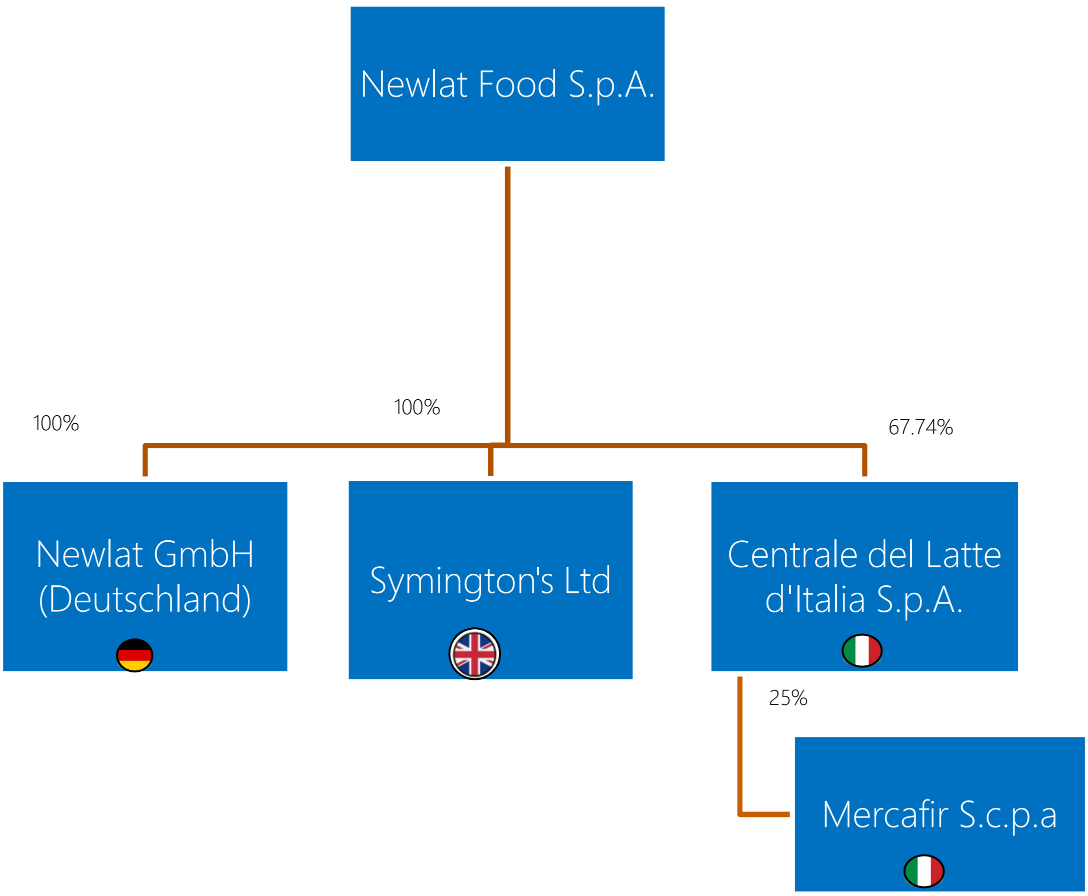
In terms of EBITDA, the Group recorded a clear improvement in the first months of 2023 with 9.45% compared to 7.6% in 2022.

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

In order to represent the Group's economic and financial performance, it was necessary to include proforma comparative financial information in this Annual Report for the year ended 31 December 2022 reflecting the 12 months of operations of the subsidiary Symington's Limited, which was acquired on 4 August 2021 and therefore only included in the scope of consolidation in the 2021 financial year for the last five months.

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2022

Below is a graphical representation of the companies belonging to the Newlat Group at 31 December 2022:



The current structure changed as of 1 January 2023 following the acquisition of 100% of the shares of EM Foods S.A.S.

The table below shows the main information regarding the Subsidiaries of Newlat:

Name	Registered Office	Currency	Share capital at 31 December 2022	Control percentage As at 31 December	
				2022	2021
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Symington's Limited	2528254 Dartmouthway, Leeds	GBP	100,000	100%	100%
Newlat Deutschland	Germany - Franzosenstraße 9, Mannheim	EUR	1,025,000	100%	100%
Centrale Latte d'Italia	Italy - Via Filadelfia 220, Turin	EUR	28,840,041	67.74%	67.74%

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 31 December 2022 and the equity and profit/loss data for each subsidiary is also provided below:

Name	Carrying amount of equity investment (in thousands of euros) 31/12/2022	Shareholders' equity (thousands of euros) 31/12/2022	Profit (loss) for the year (in thousands of euros) 31/12/2022
Newlat GmbH Deutschland	68,525	36,299	3,468
Symington's Limited	63,914	25,085	(930)
Centrale del Latte d'Italia S.p.A.	25,405	63,678	154

The financial statements of subsidiaries have been audited.

A brief description of the activities carried out by the parent company and its subsidiaries is provided below:

- Newlat Food S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products, in the production and sale of pasta, including organic pasta, wholemeal pasta, long and short pasta, pasta nests and premium lasagne, in the production of baked goods such as croutons and rusks, in the production of speciality and baby products.
- Newlat GmbH Deutschland: a company active in the production and sale in Germany of traditional forms of German pasta such as *spätzle* and flavoured pasta, instant cups and sauces.
- Centrale del Latte d’Italia S.p.A.: a company specialising in the production and sale of fresh and UHT milk, fresh and UHT cream, yoghurt and different types of butter and cheese, mascarpone and dairy products;
- Symington's Limited, a company specialising in the production and sale of instant noodles.

COMPANY BODIES

Pursuant to article 12 of the new by-laws, Newlat Food S.p.A. is managed by a Board of Directors with no fewer than 3 members and no more than 15. The Shareholders' Meeting shall determine the number of Board members from time to time, before their appointment. The directors remain in office for the period set by the shareholders' appointment resolution, up to a maximum of three financial years, and are eligible for re-election. Their term shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their term, unless there are grounds for termination and forfeiture as provided for by law and by the new by-laws.

The Board of Directors consisting of:

a. four members in office with immediate effect; and

b. three members, who fulfil the independence requirements, in office from the trading start date and renewed during 2022.

The following table displays the composition of the Board of Directors:

Name and surname	Position	Place and date of birth
Angelo Mastrolia	Executive Chairman of the Board of Directors and Director (**)	Campagna (SA), 5 December 1964
Giuseppe Mastrolia	Chief Executive Officer and Director (**)	Battipaglia (SA), 11 February 1989
Stefano Cometto	Chief Executive Officer and Director (**)	Monza, 25 September 1972
Benedetta Mastrolia	Director (***)	Rome, 18 October 1995
Maria Cristina Zoppo	Director (*) (***)	Turin, 14 November 1971
Valentina Montanari	Director (*) (***)	Milan, 20 March 1967
Eric Sandrin	Director (*) (***)	Saint-Amand-Montrond, 13 August 1964

(*) Independent director pursuant to article 148 of the Consolidated Law on Finance (TUF) and article 3 of the Corporate Governance Code, who took office when the Company's shares began to trade on the STAR segment of the MTA, i.e. 29 October 2019.
(**) Executive Director.
(***) Non-executive director.

The members of the Board of Statutory Auditors are as follows:

Name and surname	Position	Place and date of birth	Date first appointed
Massimo Carlomagno	Chairman	Agnone (IS), 22 September 1965	28.02.2005
Ester Sammartino	Standing Auditor	Agnone (IS), 23 May 1966	28.02.2005
Antonio Mucci	Standing Auditor	Montelongo (CB), 24 March 1946	30.07.2009
Giovanni Carlozzi	Alternate Auditor	Matrice (CB), 23 May 1942	28.06.2011
Giorgio de Franciscis	Alternate Auditor	Pesaro, 24 July 1941	28.06.2011

Control and Risks Committee

Name and surname	Position	Place and date of birth	Date first appointed
Valentina Montanari	Chairman	Milan, 20 March 1967	29.10.2019
Maria Cristina Zoppo	Member	Turin, 14 November 1971	25.09.2020
Eric Sandrin	Member	Saint-Amand-Montrond, 13 August 1964	29.10.2019

Remuneration and Appointments Committee

Name and surname	Position	Place and date of birth	Date first appointed
Eric Sandrin	Chairman	Saint-Amand-Montrond, 13 August 1964	29.10.2019
Maria Cristina Zoppo	Member	Turin, 14 November 1971	25.09.2020
Valentina Montanari	Member	Milan, 20 March 1967	29.10.2019

Committee for transactions with related parties

Name and surname	Position	Place and date of birth	Date first appointed
Maria Cristina Zoppo	Chairman	Turin, 14 November 1971	25.09.2020
Valentina Montanari	Member	Milan, 20 March 1967	29.10.2019
Eric Sandrin	Member	Saint-Amand-Montrond, 13 August 1964	29.10.2019

Supervisory Board pursuant to Italian Legislative Decree 231/01

Name and surname	Position	Place and date of birth	Date first appointed
Massimo Carlomagno	Chairman	Agnone (IS), 22 September 1965	27.12.2016
Ester Sammartino	Member	Agnone (IS), 23 May 1966	27.12.2016

Rocco Sergi is the Financial Reporting Officer.

PricewaterhouseCoopers S.p.A. is the independent auditor appointed for the years 2019-2027.

CORPORATE GOVERNANCE

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

Board of Directors

The Board of Directors is the body charged with administering the company using the powers allocated to it by law and by the by-laws. It is structured and operates to ensure that its functions are performed efficiently and effectively. Directors act and make decisions to create value for shareholders, and they report on operations during the Shareholders' Meeting. With regard to appointing and replacing the entire Board of Directors and/or some of its members, the Company's by-laws require board members to be elected on the basis of candidate slates in accordance with the methods outlined in more detail in the Report on Corporate Governance and Ownership Structure (attached to this document) and in compliance with existing legislation on gender representation. The current Board of Directors was appointed by the Shareholders' Meeting on 28 April 2022 and will remain in office until the approval of the financial statements for the year ending 31 December 2024.

Board Committees

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

The Company has assigned to a single committee, namely the Remuneration and Appointments Committee, the functions envisaged in Articles 4 and 5 of the Corporate Governance Code.

The Board of Directors' internal committees are as follows:

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

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

Please see the report on remuneration published in accordance with article 123-*ter* of the Consolidated Law on Finance (TUF) for information on the general remuneration policy and the remuneration of executive directors, managers with strategic responsibilities and non-executive directors. For this purpose, the Committee has three members with sufficient financial and accounting experience: Eric Sandrin, as Chairman, Maria Cristina Zoppo and Valentina Montanari, all of whom are non-executive and independent directors.

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

Board of Statutory Auditors

Members of the Board of Auditors are selected on the basis of their ability to meet requirements of professionalism, independence and integrity in accordance with legislation and regulations. The Company's Board of Statutory Auditors was appointed during the Shareholders' Meeting on 28 April 2022 and will remain in office until the approval of the 2024 financial statements.

Internal Control and Risk Management System

The Internal Control and Risk Management System (ICRMS) is the set of rules, procedures and organisational structures designed to enable the Company to conduct its business correctly and in line with set objectives, using a suitable process for identifying, measuring, managing and monitoring the main risks. The Board of Directors identified the nature and level of risk compatible with the Company's strategic objectives when it drew up its strategic, industrial and financial plans. This assessment included all and any risks that may become significant in terms of sustaining the Company's activities in the medium to long term. In support of the ICRMS and the Control and Risks Committee, on 2 May 2022 the Board of Directors appointed Angelo Mastrolia as the director responsible for the ICRMS who will perform the functions referred to in article 6 of the Corporate Governance Code. With the help of the Control and Risks Committee, the Board of Directors has also drawn up guidelines for the ICRMS, identifying the system itself as a cross-sectional process integral to all business activities and based on the international principles of Enterprise Risk Management (ERM).
The purpose of the ICRMS is to help the Group achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives and classifying and controlling related risks by implementing specific containment actions.
There are various types of potential business risks - strategic, operational (related to the effectiveness and

efficiency of business operations), reporting (related to the reliability of economic/financial information), compliance (related to compliance with existing legislation and regulations to avoid damage to the company's reputation and/or financial losses). In view of this, the Internal Audit Department verifies the suitability of the ICRMS through an audit schedule that is approved by the Board of Directors and makes provision for regular reports containing sufficient information on the performance of its activities, as well as timely reports on events of particular importance.

The Board of Directors annually assesses the effectiveness of the ICRMS and its suitability in view of the characteristics of the business based on information and evidence received with the support of the investigative activities performed by the Control and Risks Committee, the Head of Internal Audit and the Supervisory Board pursuant to Italian Legislative Decree 231/2001.

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

The Newlat Food S.p.A. Board of Directors approved its Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001 on 30.03.2016, last updated on 13 May 2022. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Italian Legislative Decree 231/2001.

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

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

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

The SB sends the Board of Directors a written report every six months on how the Model 231 is being implemented and disseminated within each Company department.

The implementation of adequate regular and/or sporadic information flows to the SB is another important tool helping it to fulfil its legal monitoring responsibilities and ensuring that the Model serves its purpose of preventing liability.

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

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year under review are illustrated below:

- In June branches were established in Paradiso (CH) for Newlat Food SpA and Centrale del Latte d'Italia SpA.
- On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The acquisition was then finalised at the beginning of January 2023.

SHAREHOLDERS AND FINANCIAL MARKETS

The Newlat Group maintains a constant dialogue with its shareholders through responsible and transparent communication carried out by the Investor Relations department, with the aim of facilitating an understanding of the Company's situation, outlook, Group strategies and the prospects for the reference market. This department is also tasked with organising presentations, events and roadshows that enable a direct relationship to be established between the financial community and the Group's senior management. For further information, and to consult the economic-financial data, corporate presentations, periodic publications, official communications and updates on the share price, visit the Investor Relations section of www.newlat.com.

The following is a graphical representation of the performance of Newlat Food stock over the course of 2022.

The market capitalisation at 31 December 2022 was Euro 190,897,792.

All shares issued were fully paid up.

MANAGEMENT REPORT

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

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

- Pasta
- Milk Products
- Dairy Products
- Bakery Products
- Special Products
- Instant Noodles
- Other Products

The Milk Products and Dairy Products market

Global and European context.

The decline in global milk production characterised the whole of 2022, impacting all major exporting countries due to soaring input prices and adverse weather conditions in some regions. Faced with the reduced availability of milk, there was an extraordinary increase in the farm-gate price (EU average estimate in September: Euro 53/100 kg), also driven by rising prices for butter and low-fat powder.

Situation in Italy.

Rising costs and feed supply difficulties led farmers to curb production. After two years of strong increases (+4.5% in 2020 and +3.3% in 2021), milk deliveries came to a standstill in 2022 (+0.1% compared to the same period of the previous year).

Price trends.

The domestic market was also impacted by inflationary trends throughout 2022 (Ismea index +25% in the first nine months of 2022). The upward pressure was generalised with double-digit price changes of the main leading products in the domestic market. The reduced availability of milk and the significant increase in costs at both national and EU levels caused farm-gate prices to rise to a level never seen before.

Foreign trade.

In 2022 the trade balance, while shrinking, was still positive as a result of an increase in imports (+35% in value), greater than the growth in exports (+22%). More specifically, exports of Italian cheese and dairy products continued to grow in quantity during 2022 (+13% in volume and +22% in value), involving all major destinations. Cheese imports also increased (+13% in volume and +36% in value).

Household purchases.

In 2022 the consumption trend observed last year was completely reversed and expenditures on dairy products increased compared to 2021 due to a sustained increase in average retail prices. Inflationary pressure was evident on all major product groups in the amount of 6-10%, mainly affecting certain commodities such as milk and mozzarella.

Going into detail, the upward pressure was of a general nature with double-digit price changes of the main leading products in the domestic market. Indeed, for Grana Padano the increase in wholesale prices in the first nine months was 16% versus a contraction in production (-2.3%). Less intense, on the other hand, was the change recorded by Parmigiano Reggiano, which on average stabilised at €10.73/kg in the first nine months of 2022 (+2.5% compared to the same period in 2021). Prices also rose for other PDO cheeses such as Gorgonzola, Provolone Valpadana and especially Asiago (+25%). Prices of products such as mozzarella also rose sharply (+18%). Finally, the increase in butter prices, which in the last month have gone as high as Euro 4.80/kg for churned butter, have even experienced triple-digit changes compared to 2021.

Outlook.

Inflation, monetary tightening, the war in Ukraine and Covid will continue to create tension in the global market in the coming months. For the dairy sector, there are still difficult months ahead in terms of production costs and final demand.

The Pasta and Bakery Products market

Despite the many unknowns, the companies have in fact found a way to continue on a path of growth that has continued for 25 years.

Pasta made from 100% Italian wheat grew strongly, with sales up 14% in the first five months of 2022. This is certainly good news for our pasta factories, but also for the agricultural sector and mills specialising in primary production. Aiding this phenomenon is the return to our fields of numerous wheat varieties that until recently had been forgotten, such as Saragollo, Tumminia or Senatore Cappelli.

Ancient productions with high quality, higher digestibility and less alteration than other varieties used by the industry.

Among the most profitable destinations for pasta exports are the United States (+45%), Germany (+31%) and France (+25%), as revealed by the latest data released by Coldiretti.

In a framework still burdened by numerous unknowns and rising production costs, the way forward to maintain leadership is differentiation.

Beyond Europe and North America, in recent years the supply chain has also been able to expand in the Middle East and Far East. One example is Japan, the second largest non-European market after the USA. In the Land of the Rising Sun Italian pasta is very popular, especially the long shapes.

In the Middle East, on the other hand, in regions already served by some of our companies, of particular note are Saudi Arabia and the United Arab Emirates, where the strong development of sectors such as catering and hospitality in recent years has translated into excellent opportunities for our exporters.

There is no shortage of room for growth here, but other countries are also showing increasing interest in Italian pasta.

A possible route is one that looks to the Global South, especially Africa.

Commodity prices

Manufacturing the Group's products requires a large number and variety of raw and semi-finished materials including, but not limited to, milk, durum wheat semolina, common wheat flour, eggs and packaging materials.

In 2022 the cost of raw materials increased exponentially due to high inflation and the Russian-Ukrainian conflict, reaching levels never seen before. This trend should reverse in 2023.

The increases recorded concern not only the raw material but also all related ancillary costs such as transport and container freight.

Strong price increases were also recorded in the world of paper and plastics and in all components related to primary and secondary packaging.

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

(In thousands of euros and as a percentage of revenue from contracts with customers)	Year ended 31 December					
	2022	**%**	**2021**	**%**	**2022 vs 2021**	**%**
Revenue from contracts with customers	741,094	100.0%	625,226	100.0%	115,867	18.5%
Cost of sales	(607,693)	(82.0%)	(493,382)	(78.9%)	(114,311)	23.2%
Gross operating profit/(loss)	**133,400**	**18.0%**	**131,844**	**21.1%**	**1,556**	**1.2%**
Sales and distribution costs	(89,509)	(12.1%)	(82,231)	(13.2%)	(7,278)	8.9%
Administrative costs	(21,746)	(2.9%)	(26,414)	(4.2%)	4,669	(17.7%)
Net write-downs of financial assets	(1,247)	(0.2%)	(1,201)	(0.2%)	(46)	3.8%
Other revenues and income	5,238	0.7%	5,770	0.9%	(532)	(9.2%)
Other operating costs	(6,015)	(0.8%)	(7,295)	(1.2%)	1,280	(17.5%)
Operating profit/(loss) (EBIT)	**20,121**	**2.7%**	**20,473**	**3.3%**	**(352)**	**(1.7%)**
Financial income	2,058	0.3%	1,157	0.2%	900	77.8%
Financial expenses	(12,278)	(1.7%)	(9,210)	(1.5%)	(3,068)	33.3%
Profit/(loss) before taxes	**9,901**	**1.3%**	**12,420**	**2.0%**	**(2,519)**	**(20.3%)**
Income taxes	(3,304)	(0.4%)	(4,454)	(0.7%)	1,150	(25.8%)
Net profit/(loss)	**6,597**	**0.9%**	**7,966**	**1.3%**	**(1,369)**	**(17.2%)**

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

Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to 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, Newlat is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.

SEGMENT REPORTING

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

(In thousands of euros and as a percentage)	**Year ended 31 December**				**Changes**	
	2022	**%**	**2021**	**%**	**2022 vs 2021**	**%**
Pasta	211,464	28.5%	150,184	24.0%	61,280	41%
Milk Products	243,019	32.8%	229,957	36.8%	13,062	6%
Bakery Products	44,519	6.0%	39,467	6.3%	5,052	13%
Dairy Products	50,033	6.8%	40,026	6.4%	10,007	25%
Special Products	42,440	5.7%	34,787	5.6%	7,653	22%
Other assets	13,681	1.8%	13,413	2.1%	268	2%
Instant noodles	135,939	18.3%	117,393	18.8%	18,546	16%
Revenue from contracts with customers	**741,094**	**100.0%**	**625,227**	**100.0%**	**115,867**	**18.5%**

Revenues from the Pasta segment were up during the periods under review due to higher sales volumes in the large-scale retail and B2B sectors and the exceptional performance of the German market.

Revenues in the Milk Products segment increased due to higher sales volumes and an increase in the average price as a result of inflationary pressure throughout 2022.

Revenues in the Bakery Products segment recorded extraordinary growth supported by an increase in sales volumes and average sales prices.

Revenues in the Dairy Products segment increased as a result of higher sales volumes, especially in Germany and Other Countries.

Revenues from the Special Products segment increased by 22% compared to the previous year due to higher sales volumes.

Revenues from the Instant Noodles segment increased by 16% on a like-for-like basis due to the combined effect of new customer acquisitions and improved sales conditions.

Revenues in the Other Activities segment relate to secondary products and are substantially in line with the previous year.

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

(In thousands of euros and as a percentage)	**Year ended 31 December**				**Changes**	
	2022	**%**	**2021**	**%**	**2022 vs 2021**	**%**
Mass Distribution	451,195	60.9%	373,389	59.7%	77,806	21%
B2B partners	79,920	10.8%	58,489	9.4%	21,431	37%
Normal trade	79,933	10.8%	71,296	11.4%	8,637	12%
Private labels	110,910	15.0%	109,753	17.6%	1,157	1%
Food services	19,136	2.6%	12,299	1.9%	6,838	56%
Total revenue from contracts with customers	**741,094**	**100.1%**	**625,226**	**100.0%**	**115,868**	**18.5%**

Revenues from the large-scale retailer channel increased due to an increase in sales volumes related to the acquisition of new customers and to a generally higher average sale price than in the previous year. The contribution of the Mass Distribution channel went from 59.7% to 60.9%.

Revenues from the B2B partners channel increased due to an increase in demand and the average sales price, especially in the pasta segment.

Revenues in the Normal Trade channel increased due to a pick-up in business and a generally higher average sales price than in the previous year.

Revenues from the private label channel were substantially in line with the previous year.

Revenues from the Foodservice channel increased due to the recovery of business and sales volumes post COVID-19.

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

(In thousands of euros and as a percentage)	**Year ended 31 December**				**Changes**	
	2022	**%**	**2021**	**%**	**2022 vs 2021**	**%**
Italy	385,421	52.0%	330,419	52.8%	55,002	17%
Germany	132,844	17.9%	107,300	17.2%	25,544	24%
United Kingdom	142,781	19.3%	120,471	19.3%	22,310	19%
Other countries	80,047	10.8%	67,036	10.7%	13,011	19%
Total revenue from contracts with customers	**741,094**	**100%**	**625,226**	**100.0%**	**115,868**	**18.5%**

Revenues in Italy increased due to the combined effect of new customer acquisitions and a higher sales price than in the previous year.

Revenues from Germany increased because of higher sales volumes in the Pasta sector.

Revenues from the United Kingdom increased because of higher sales volumes in the instant noodles and pasta segment.

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

Gross operating result and operating result

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

(In thousands of euros and as a percentage)	At 31 December	
	2022	**2021**
Operating profit/(loss) (EBIT)	20,121	20,472
Revenue from contracts with customers	741,093	625,227
ROS (*)	**2.7%**	**3.3%**

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

ROS was substantially in line with the previous year.

The following table provides a reconciliation of the ROI (return on investment) for the periods under review:

(In thousands of euros and as a percentage)	At 31 December	
	2022	**2021**
Operating profit/(loss) (EBIT)	20,121	20,472
Net invested capital (*)	249,104	213,152
ROI (*)	**8.1%**	**9.6%**

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

EBITDA

The following table provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 December 2022 and 2021:

(In thousands of euros and as a percentage)	At 31 December	
	2022	**2021**
Operating profit/(loss) (EBIT)	20,121	20,472
Amortisation, depreciation and write-downs	35,036	33,278
Net write-downs of financial assets	1,247	1,201
EBITDA (*) (A)	**56,403**	**54,951**
Revenue from contracts with customers	741,093	625,227
EBITDA margin (*)	**7.6%**	**8.8%**
Investments (B)	15,474	13,316
Cash conversion [(A) - (B)]/(A)	**72.6%**	**75.8%**

(*) 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:

(In thousands of euros and as a percentage of revenue from contracts with customers)	Year ended 31 December				Changes	
	2022	**%**	**2021**	**%**	**2022 vs 2021**	**%**
Pasta	12,604	6.0%	12,781	8.5%	(177)	(1.4%)
Milk Products	16,462	6.8%	16,831	7.3%	(369)	(6.6%)
Bakery Products	7,714	17.3%	7,069	17.9%	645	9.1%
Dairy Products	3,599	7.2%	4,720	11.8%	(1,121)	(23.8%)
Special Products	5,165	12.2%	3,752	10.8%	1,413	37.7%
Instant Noodles	10,415	7.7%	9,218	7.9%	1,198	13.0%
Other assets	443	3.2%	580	4.3%	(137)	(23.6%)
EBITDA	**56,403**	**7.6%**	**54,951**	**8.8%**	**1,452**	**2.6%**

EBITDA for the Pasta segment decreased due to a deterioration of the supply chain, and specifically due to an increase in the purchase cost of raw materials and primary and secondary packaging, which were only partially passed on to customers. A strategic choice adopted by the Group to build customer loyalty in a medium- to long-term relationship.

EBITDA in the Milk Products segment decreased, mainly as a result of a deterioration in the supply chain and in particular in the costs of purchasing raw materials, packaging and utilities.

EBITDA from the Bakery Products segment increased mainly due to the increase in sales volumes with higher margins.

EBITDA in the Dairy Products segment decreased, mainly as a result of a deterioration in the supply chain and in particular in the costs of purchasing raw materials and packaging.

EBITDA for the Special Products segment increased due to the combined effect of higher sales volumes and higher average prices compared to the previous year.

EBITDA for the Instant Noodles segment increased compared to the previous year due to the combined effect of higher sales volumes and higher transfer prices compared to the previous year.

EBITDA from the Other Activities segment was broadly in line with the previous year.

Net profit/(loss)

The table below provides a reconciliation of the ROE at 31 December 2022 and 2021.

The decrease in ROE is mainly attributable to the decrease in the Group's net result.

(In thousands of euros and as a percentage)	**At 31 December**	
	2022	**2021**
Net profit/(loss)	6,596	7,966
Shareholders' equity	139,306	144,515
ROE (*)	**4.7%**	**5.5%**

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

Net financial debt

The following table provides details of the composition of the Company's net financial debt as at 31 December 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"):

(In thousands of euros)	At 31 December	
Net financial debt	**2022**	**2021**
A. Cash and cash equivalents	149,911	247,736
B. Cash equivalents	137,909	137,152
C. Other current financial assets	19,625	35
D. Cash and cash equivalents (A)+(B)+(C)	**307,445**	**384,923**
E. Current financial payables	(32,282)	(104,642)
F. Current portion of non-current financial debt	(41,067)	(30,525)
G. Current financial indebtedness (E)+(F)	**(73,349)**	**(135,167)**
H. Net current financial indebtedness (G)+(D)	**234,096**	**249,756**
I. Non-current financial debt	(144,447)	(119,937)
J. Debt instruments	(199,450)	(198,455)
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	**(343,897)**	**(318,392)**
M. Net financial debt (H)+(L) determined in accordance with CONSOB and ESMA communications	**(109,799)**	**(68,636)**
Purchase (cumulative value) of own shares	28,413	15,759
N. Proforma net financial debt	**(81,386)**	**(52,877)**

The change in proforma net financial debt as of 31 December 2022 compared to 31 December 2021 amounting to a total of Euro 28,509 thousand was mainly due to an absorption of liquidity related to core operations caused by inflationary effects of an extraordinary nature, especially in the last quarter of 2022, and the renewal of certain operating lease agreements, in particular those related to production buildings.

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

(In thousands of euros)	At 31 December	
	2022	**2021**
Net financial debt	**(81,386)**	**(52,877)**
Current lease liabilities	7,567	7,887
Non-current lease liabilities	39,173	31,175
Net Financial Position	**(34,646)**	**(13,815)**

The following table shows some of the Group's solvency indicators at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Net financial debt / Equity	(0.79)	(0.47)
Net financial debt / EBITDA (*) (**)	(1.95)	(1.43)
EBITDA / financial expenses (*)	5.52	6.39

INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets, excluding rights of use, in the years ending 31 December 2022 and 2021:

(In thousands of euros and as a percentage)	At 31 December			
	2022	%	**2021**	%
Land and buildings	613	4.0%	37	0.3%
Plant and machinery	11,332	73.2%	9,391	74.0%
Industrial and commercial equipment	1,295	8.4%	484	3.8%
Other assets	49	0.3%	231	1.8%
Assets under construction and payments on account	1,205	7.8%	1,434	11.3%
Investments in property, plant and equipment	**14,494**	**93.7%**	**11,577**	**91.2%**
Patents and intellectual property rights	112	0.7%	149	1.2%
Concessions, licences, trademarks and similar rights	63	0.4%	44	0.3%
Other assets	804	5.2%	914	7.2%
Investments in intangible assets	**979**	**1.1%**	**1,107**	**8.7%**
Total investments	**15,473**	**100.0%**	**12,684**	**100.0%**

During the reporting period, the Group made investments totalling Euro 15,473 thousand.

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

Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mainly for projects to upgrade and renew production lines at the Lodi, Ozzano and Pasta plants.

Investments were made to modernise and improve the efficiency of the Instant Noodles plants.

Investments in intangible assets mainly relate to the purchase and updating of application software and investments of a long-term nature in customers of the subsidiary Symington's.

The following table provides a breakdown by business unit of the Group's investments in property, plant and equipment and intangible assets at 31 December 2022 and 2021:

(In thousands of euros and as a percentage)	At 31 December			
	2022	%	**2021**	%
Special Products	1,973	12.8%	582	4.6%
Pasta	3,762	24.3%	1,718	13.5%
Bakery Products	1,167	7.5%	561	4.4%
Milk Products	1,752	11.3%	6,823	53.8%
Dairy Products	1,306	8.4%	542	4.3%
Instant Noodles	5,208	33.7%	2,257	17.8%
Other assets	305	2.0%	201	1.6%
Total investments	**15,473**	**100.0%**	**12,684**	**100.0%**

Investments in the Milk Products business unit mainly relate to the efficiency of production facilities at the plant of Reggio Emilia and the Centrale del Latte d'Italia Group.

Investments in the Special Products business unit refer mainly to new software and production and packaging equipment at the Ozzano plant.

Investments in the Dairy business unit relate mainly to the new production line at the Lodi plant

Investments in the Pasta business unit mainly refer to new packaging plants in almost all Group factories.

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

OTHER INFORMATION

Policy for analysing and managing risks connected with the activities of the Group

This section provides information on exposure to risks connected with the activities of the Group as well as the objectives, policies and processes for managing such risks and the methods used to asses and to mitigate them. The guidelines for the Group's ICRMS, defined by the Board of Directors, identify the internal control system as a cross-sectional process integral to all business activities. The purpose of the ICRMS is to help the Group achieve its performance and profit objectives, obtain reliable economic and financial information and ensure compliance with existing laws and regulations, while shielding the Company from reputational damage and financial loss. In this process, particular importance is given to identifying corporate objectives, classifying (based on combined assessments regarding the probability and the potential impact) and controlling related risks by implementing specific containment actions. There are various types of potential business risks: strategic, operational (related to the effectiveness and efficiency of business operations), reporting (related to the reliability of economic-financial information), compliance (related to the observance of the laws and regulations in force, to avoid the company suffering damage to its image or and/or economic losses) and, lastly, financial. Those in charge of the various company departments identify and assess the risks within their jurisdiction, whether these originate within or outside the Group, and identify actions to limit and reduce them (so-called "first-level control").

On top of this come the activities of the Financial Reporting Officer and their staff (so-called "second-level control") and those of the Manager of the Internal Audit function (so called "third-level control") who continuously monitors the efficiency and effectiveness of the internal audit and risk management system through risk assessment activities, the performance of audit operations and the subsequent management of follow up.

The results of the risk identification procedures are reported and discussed to and discussed by the Group's senior management so that they can be covered and insured and the residual risk can be evaluated.

The following paragraphs describe the risks considered to be significant and connected with the activities of the Group (the order in which they are listed does not imply any classification, either in terms of probability of their occurrence or in terms of possible impact).

STRATEGIC RISKS

Risks relating to the macroeconomic and sector situation.

The activity of the Group is influenced by the general conditions of the economy in the various markets where it operates. A period of economic crisis, with a consequent slow-down in consumption, can have a negative impact on the sales trends of the Group. The current macroeconomic context causes significant uncertainty regarding forecasts, with the resulting risk that reduced performance could impact margins in the short term. The Group pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads.

Risks connected with the external growth strategy

The Group has so far based its growth strategy on acquisitions of other companies, businesses or business units, and the plan is to continue this external growth strategy. The Group is therefore exposed to the risk of not being able to identify suitable companies or businesses in the future in order to feed its external growth strategy, or of not having the financial resources necessary to acquire the identified entities. The Group is also exposed to the risk that its past or future acquisitions will bring about unexpected costs and/or liabilities that prevent it from achieving its objectives.

OPERATING RISKS

Risks related to the high level of competitiveness of the sector

The food & beverage market in which the Group operates is characterised by a particularly significant level of competition, competitiveness and dynamism. This market is characterised in particular by (i) increasing competitiveness of companies that produce so-called private label products with prices lower than those charged by the Group; (ii) increasing prevalence of online sales (where the Group is starting to have a presence) resulting in a decrease in product prices, especially in the mass distribution channel, through which the Group generates a significant percentage of its revenues, namely 60.9% on a proforma basis at 31 December 2022; (iii) frequent promotional campaigns over time and with significant discounts; (iv) consolidation of existing operators (through M&As), especially in the mass distribution channel. The Group pursues its aim of increasing its industrial efficiency and improving its production capacity while reducing overheads and being competitive in its reference markets. Moreover, thanks to the presence of some "unique" products, the Group is able to face any level of competition.

ENVIRONMENTAL AND CLIMATE RISKS

As part of the Group's ERM (Enterprise Risk Management) model, risks of an operational, financial, strategic and compliance nature were assessed, including ESG risks for the four types mentioned. This assessment showed that with regard to climate change impacts, the Group manages one plant in Italy close to a water course and one plant located not far from a reservoir, which have not caused significant problems in recent years. More potential impacts related to climate change can be found at the level of the supply chain, since agriculture and livestock breeding are closely linked to the climatic conditions of the areas the raw materials come from.

Other potential risks that are not considered critical may relate to the transition of business to a green economy.

These effects were also taken into account in the preparation of the impairment tests.

From the assessments performed, there were no significant impacts to be noted on the Group's business.

FINANCIAL RISKS

Management of financial risks

The main business risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Group operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Group's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Group to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Group's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Group is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.
- GBP/AUD, in relation to transactions carried out by the subsidiary Symington’s.

The Group does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Group's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Group operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and consolidated shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period , while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2022	(251)	251	(251)	251
Year ended 31 December 2021	(255)	255	(255)	255

Cash flow hedges

In the case of a derivative financial instrument for which a hedging relationship is formally documented for changes in cash flows originating from an asset or liability or from a future transaction (underlying hedged item) that is deemed to be highly probable and could affect profit or loss, the effective portion resulting from the fair value adjustment of the derivative financial instrument is recognised directly in an equity reserve. When the underlying hedged item becomes manifest, this reserve is removed from equity and allocated to the carrying amount of the underlying item. Any ineffective portion of the change in value of the hedging instrument is immediately allocated to the income statement under financial expenses and/or income.

When a hedging financial instrument matures, is sold or exercised, or the company changes the correlation with the underlying item, and the expected transaction originally hedged has not yet occurred but is still considered probable, the related gains and losses arising from the fair value adjustment of the financial instrument remain in equity and are recognised in the income statement when the transaction occurs as described above. If the likelihood of the underlying transaction ceases to exist, the related gains and losses of the derivative contract originally recognised in equity are immediately recognised in the income statement.

Fair value hedges of monetary assets and liabilities

Where a derivative financial instrument is used to hedge changes in the value of monetary assets or liabilities already recorded in the financial statements that could affect the income statement, profits and losses related to changes in fair value of the derivative financial instruments are immediately recorded in the income statement. Similarly, gains and losses relating to the hedged item change the carrying value of that item and are recognised in the income statement

Credit risk

The Group is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy, so it monitors the situation continually.

Credit risk derives essentially from the Group's commercial activity, where its counterparties are predominantly mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The following table provides a breakdown of trade receivables (from consolidated financial statements) at 31 December 2022 and 2021 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2022	54,712	32,757	3,844	20,407	**111,720**
Provision for bad debts	-	(166)	(1,405)	(18,166)	**(19,737)**
Net trade receivables at 31 December 2022	**54,712**	**32,591**	**2,439**	**2,241**	**91,982**
Gross trade receivables at 31 December 2021	52,423	16,587	862	16,937	**86,809**
Provision for bad debts	-	(1,825)	(862)	(16,937)	**(19,624)**
Net trade receivables at 31 December 2021	**52,423**	**14,762**	**-**	**(0)**	**67,185**

Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Group may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Group's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Group's liquidity is the resources absorbed by operating activities: the sector in which the Group operates has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chairman involved in decisions that could have an impact on the Group's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Group's financing activity involves negotiating credit lines with the banking system and continually monitoring the Group's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2022 and 2021, expressed according to the following assumptions:

(i) cash flows are not discounted;

(ii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(iii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(iv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(v) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2022					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	65,780	47,653	49,352	221,850	**384,635**	**370,503**
Lease liabilities	7,567	9,514	15,486	14,825	**47,391**	**46,740**
Trade payables	193,776	-	-	-	**193,776**	**193,776**
Other current liabilities	21,654	-	-	-	**21,654**	**21,654**

The financial requirements are adequately covered by the existing cash and credit lines as well as the financial resources that will be generated in the future by operations.

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, during 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 extraordinary transactions occurring in the year 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 the Parent Company holds 4,597,101 treasury shares as at 31 December 2022. The subsidiaries do not hold any shares of the Parent Company.

As at 28 February 2023 the amount of treasury shares held by the Parent Company was 4,733,097

Branch offices

At its meeting on 16 July 2020, the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A. resolved to set up a secondary office in Florence.

Corporate governance

Information on corporate governance is provided in a separate report that is an integral part of the financial statements, annexed to this Report.

Public Grants

Following the signing on 22 December 2017 with Agenzia Nazionale per l'attrazione degli investimenti e lo sviluppo di impresa S.p.A. – INVITALIA – of the subsidised loan Contract pursuant to the Decree of 9 December 2014 of the Ministry of Economic Development and subsequent amendments and additions, Centrale del Latte d'Italia S.p.A. was granted a total loan of Euro 8,197,945, of which Euro 745,267 as a non-repayable contribution and Euro 7,452,678 as a subsidised loan.

In 2022 the Company received and recognised in the financial statements the third tranche of the subsidised loan in the amount of Euro 3,262,862.63 and a non-repayable portion in the amount of Euro 294,000.

In 2020 the Company received and recorded in the Financial Statements the second tranche of the subsidised loan amounting to Euro 2,642,373.75.

In 2018 the Company received and recorded in the Financial Statements the first tranche of the subsidised loan amounting to Euro 1,547,441.62.

In 2018 the company received a contribution for the year amounting to Euro 200.00 following the acceptance of application no. 3509007 of 22.12.2016 submitted to AVEPA - Venetian Agency for Payments in Agriculture referring to the investment measure for the processing and sale of livestock and agricultural products referred to in the RDP - Rural Development Programme of the Veneto Region, Reg. EU no. 1305/2013 DGR Notice no. 1937 of 23 December 2015.

TRANSACTIONS WITH RELATED PARTIES

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

Transactions with Related Parties, the latest version of which was approved on 25 June 2021 with effect from 1 July 2021, following the favourable opinion of the RPT Committee expressed at its meeting on 16 June 2021. This procedure was drawn up taking into account the guidelines provided by the Consob Related Parties Regulation, as last amended by Resolution no. 22144 of 22 December 2021.

The explanatory notes to the consolidated and separate financial statements report on the income statement and statement of financial position items pertaining to related party transactions at 31 December 2022 and 2021. This information has been extracted from the consolidated and separate financial statements and from calculations carried out by the Company based on the outcome of general and operational accounting work.

The Group did not carry out Related Party Transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature or which have already been illustrated.

For information on the remuneration of members of corporate bodies and senior managers, see the explanatory notes to the separate and consolidated financial statements.

The Group deals with the following related parties:

- 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**").

Events after the reporting date

- The closing of the acquisition of EM Foods S.A.S. took place on **2 January 2023**. With this acquisition the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers.

  At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.

- **On 15 February 2023** the management of Newlat Food S.p.A. informed its shareholders and all group stakeholders of a further consolidation of the strategic partnership with the CDP Group through the investment of Euro 10 million in CDP Venture Capital's Corporate Partners I Fund and the signing of a letter of intent with CDP Venture Capital to study further strategic initiatives for innovation in the agri-food sector.

There are no further significant events subsequent to the closing date of this annual report.

ANNEX A - PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

Proforma consolidated income statement

(In thousands of euros)	As at 31 December proforma	
	2022	2021
Revenue from contracts with customers	741,094	625,226
Cost of sales	(607,693)	(493,382)
of which from related parties	*(2,235)*	*(3,581)*
Gross operating profit/(loss)	**133,400**	**131,844**
Sales and distribution costs	(89,509)	(82,231)
Administrative costs	(21,746)	(26,414)
of which from related parties	*(180)*	*(180)*
Net write-downs of financial assets	(1,247)	(1,201)
Other revenues and income	5,238	5,770
Other operating costs	(6,015)	(7,295)
Operating profit/(loss)	**20,121**	**20,473**
Financial income	2,058	1,157
of which from related parties	*595*	*154*
Financial expenses	(12,278)	(9,210)
of which from related parties	*(796)*	*(133)*
Profit/(loss) before taxes	**9,901**	**12,420**
Income taxes	(3,304)	(4,454)
Net profit/(loss)	**6,597**	**7,966**
Profit/(loss) attributable to minority interests	**374**	**1,106**
Group net profit/(loss)	**6,223**	**6,861**
Basic net profit/(loss) per share	0.16	0.17
Diluted net profit/(loss) per share	0.16	0.17

CONSOLIDATED NON-FINANCIAL STATEMENT

Drafted pursuant to Italian Legislative Decree 254/2016

Newlat FOOD SpA

A multibrand company

METHODOLOGICAL NOTE

[2-1]; [2-2]; [2-3]; [2-4]; [2-5]

The Consolidated Non-Financial Statement (hereinafter also referred to as the "NFS" or "Statement") of the Newlat Food Group (hereinafter also referred to as the "Group" or the "Company") was prepared in accordance with the provisions of Legislative Decree no. 254 of 30 December 2016, transposing European Directive 2014/95/EU as amended and supplemented into Italian law.

The indicators reported refer to the reporting year that runs from 1 January to 31 December 2022. Where possible and for the best comparison, the data and information of the previous two years have also been reported.

With regard to the changes in the Group's structure over the three-year period in question, note that in April 2020 the Group acquired Centrale del Latte d'Italia S.p.A., which had four operating plants: Florence, Turin, Vicenza and Rapallo (GE). Since 2021, the factories in Lodi, Reggio Emilia and Salerno have been leased from Newlat Food S.p.A. to Centrale del Latte d'Italia S.p.A. Finally, in August 2021 the Group acquired the British company Symington's Limited. For greater clarity, see Table 1.

Table 1 Scope of Consolidation

Corporate evolution			Plants (identified by geographical location)	2022	2021	2020	2019
		From 2021					
Centrale del Latte di Salerno S.p.A.	**Newlat Food S.p.A.**	**Centrale del Latte d'Italia S.p.A.**	**Salerno[1]**	X	X	X	X
Newlat Food S.p.A.			**Reggio Emilia**	X	X	X	X
			Lodi	X	X	X	X
		Newlat Food S.p.A.	**Corte dei Frati (CR)**	X	X	X	X
			Bologna	X	X	X	X
			Ozzano Taro (PR)	X	X	X	X
			Sansepolcro (AR)	X	X	X	X
			Eboli (SA)[2]	X	X	X	X
Delverde S.p.A.			**Fara San Martino (CH)**	X	X	X	X
Newlat GmbH			**Mannheim (Germany)**	X	X	X	X
Centrale del Latte d'Italia S.p.A.			**Turin**	X	X	X	
			Vicenza	X	X	X	
			Rapallo (GE)	X	X	X	
			Florence[3]	X	X	X	
Symington's Limited			**Dartmouth Way + Cross Green | Leeds, United Kingdom[4]**	X	X		
			Bradford (United Kingdom)	X	X		
			Consett (United Kingdom)	X	X		

The reporting boundary for non-financial information as at 31.12.2022 is therefore Newlat Food S.p.A. (hereinafter also "Newlat Food") and its subsidiaries Newlat GmbH Deutschland, Centrale del Latte d'Italia S.p.A. (hereinafter also "CLI" or "Centrale del Latte d'Italia") and Symington's Limited (hereinafter also

[1] The Salerno plant also manages the warehouses in Pozzuoli (NA), Lecce and Rome
[2] In Eboli (SA) there are two production units: the processing plant and the mill
[3] The Florence plant also manages the warehouses in Arezzo, Livorno, San Vincenzo, Siena, Massa, Grosseto and the island of Elba
[4] The Darthmouth Way plant also operates a warehouse in Leeds

"Symington's"), consolidated on a line-by-line basis in the Consolidated Financial Statements as at 31 December 2022.

This Consolidated Non-financial Statement is prepared in accordance with the 2021 GRI Universal Standards, published by the Global Reporting Initiative (GRI) and last updated in October 2021 for GRI 1 Foundation, GRI 2 General Disclosures, GRI 3 Material Topics. The following GRI reporting principles necessary to define the content and quality of the document have been taken into consideration in drafting the Statement, namely: accuracy, balance, clarity, comparability, completeness, timeliness and verifiability by providing information on its impacts also with respect to the broader context of sustainability as reported in GRI Standard 1 Foundation.

For greater clarity, references to the GRI Standards are given within the text highlighted with the symbol *[GRI No.]*.

This Statement sets out non-financial information relating to issues considered material to the Group, taking into account the relevant stakeholders and business model.

In order to provide an accurate representation of the ESG performance achieved, the inclusion of dimensions that are directly measurable was prioritised, avoiding where possible reference to estimates, which, where required, are based on the best possible methods available or on sample surveys, and their use is indicated within the individual indicators.

During the 2022 reporting process, note that it was decided to update specific 2021 data following refinements made to their calculations, as reported in the notes to the pertinent tables. In particular, up-to-date data can be found in the chapters *Protection of Employment* and *Protection of Human Rights, Reduction of Inequalities, Respect for Diversity and Inclusion*.

The reporting process coordinated by the Administration, Finance and Control department used special Reporting Packages sent to the relevant information officers.

The Statement was approved by the Newlat Food S.p.A. Board of Directors on 17/03/2023.

The independent audit of the non-financial statement – Limited assurance – was entrusted to PricewaterhouseCoopers S.p.A. and was completed with the issue of the "Independent auditor's report on the consolidated non-financial statement pursuant to art. 3.C.10, Italian Legislative Decree no. 254/2016 and art. 5 of the Consob regulation adopted with resolution no. 20267 of January 2018". The Report is available on page 128 of this document.

As required by Regulation EU 852/2020 (EU Taxonomy), Article 8 - Transparency of undertakings in non-financial statements, the Group is required to provide information on its so-called Taxonomy eligible activities, and in particular to turnover, capital expenditures and operating expenditures related to assets or processes associated with economic activities considered as environmentally sustainable in accordance with the relevant delegated acts. This information, reported in the chapter "Regulation EU 852/2020", is not subject to the Limited assurance mentioned above.

For more information regarding the publication of the Non-Financial Statement, write to sostenibilita@newlat.com

BUSINESS MODEL AND VALUE CHAIN

[GRI 2-6];

Newlat Food Group was founded in 2004 in Reggio Emilia, where its registered office is still located today.

The Group has pursued and is pursuing continuous growth, thanks also to the implementation of a policy focused on the acquisition of both nationally and internationally recognized companies and brands.

The history of Newlat Food Group begins with the first acquisition of the Guacci brand in 2004, then continues the following year with the acquisition first of the Pezzullo brand and then of the entire plant located in Eboli (then owned by Nestlé).

In the following years, from 2008, the Group expanded its product portfolio by acquiring Giglio, a company specialising in the milk and dairy sector.

There were more acquisitions in 2008, first with the purchase of the historic Buitoni plant in Sansepolcro, Arezzo, belonging to Nestlé, and subsequently with the acquisition of the licence to use the Buitoni brand, a concession maintained until 1 January 2022. Since then, the Sansepolcro plant has continued to operate, producing products under the Group's own brands with the same care and quality.

In 2020, the Group also acquired a majority stake in Centrale del Latte d'Italia.

The following year saw the acquisition of 100% of the ordinary shares of the British company Symington's Limited, a business operating in the food sector with the production of Instant Noodles and Ready Food.

Finally, in 2022 the Group began the process of acquiring the French company EM Foods and finalised the acquisition in early 2023. The company is an important production and research site in the business of cake and bakery mixes, both for private consumption and for the Ho.Re.Ca and industrial channels.

The recent acquisition is also strategic because its geographical location, which completes the Group's presence in the four most important European countries in terms of size and consumption: Germany, the UK, France and Italy, thus facilitating integrated logistics at a European level.

In fact today, thanks to the strategy pursued, in addition to its recent expansion in France the Group has an established position in the domestic market and a significant presence in the German and British markets through its subsidiaries Newlat GmbH and Symington's, the latter also present in the US and Australian markets.

Below is a list of the Trademarks and Companies involved in the acquisitions, reporting the year in which the transaction was concluded.

Table 2 Acquisitions of companies and brands

Company/Trademark	Year of Acquisition
Guacci	2004
Pezzullo	2005
Corticella	2006
Matese	2008
Giglio	2008
Sansepolcro plant (Buitoni licence until 31/12/2021)	2008
Polenghi Lombardo	2009
Optimus	2009
3Glöcken	2013
Birkel	2013
Centrale del Latte di Salerno	2014
Ozzano Taro plant (Plasmon co-packing)	2015
Delverde	2019
Centrale del Latte D'Italia (Mukki, Tapporosso, Latte Tigullio, Centrale del Latte Vicenza)	2020
Symington's (Naked, Mugshot, Ragu, Chicken Tonight)	2021

As can be seen from table above relating to the reporting scope, the Group operates through 18 production plants, of which 14 are in Italy, one in Germany and three in the United Kingdom, plus one in France from 2023, divided as follows:

- 5 pasta factories, one of which also produces baked goods;
- 7 milk processing plants;
- 2 mills;
- 1 plant for gluten-free, protein-free and baby food products;
- 3 soup and ready meal establishments.

The Group employs more than 2,000 people, mainly at the production sites in Italy and England.

With regard to the reporting period in question, note that the business of the Company – being related to essential goods, i.e. necessary for daily consumption – did not have a significant impact on sales despite the macroeconomic condition marked by uncertainty and high inflation. This aspect demonstrated the resilience of the Group's business model, even in a context as complex and difficult as that of the past few years.

The company is a major player in the Italian and European agro-food industry and its main activities consist in the selection of suppliers and the purchase of raw materials necessary for its business and the production, processing, packaging, sale and distribution of food and beverages. The Group buys both food ingredients and packaging, which are essential to package the product and ensure maximum quality and proper preservation, and services, which are essential to ensure the continuity of production processes. The table below shows the total expenditures and the share of purchases broken down by category of supplier.

Table 3 Total expenditures by category of supplier

Suppliers - expenditure (million)	2022		2021		2020	
Type of Supply	€	%	€	%	€	%
Goods	439	77%	304	71%	274	74%
Services	135	23%	124	29%	98	26%
Total	**574**	**100%**	**428**	**100%**	**372**	**100%**

Most purchases are related to the supply of raw materials and semi-finished products, thus reflecting the characteristics of the company's businesses, which focus on the production of basic foodstuffs. It is also possible to note a gradual increase in expenditures on goods and services due to the growth of the Group, mainly through the acquisitions made in the last three years, the consequent expansion in the market and the widening of the range of products offered.

The Group cares about the quality and safety of its products in order to protect the health of the consumer. It operates in a B2B market, whose main customers are large-scale retailers and traditional food shops, which are punctually restocked to guarantee the end customer a fresh product that is always available. Product quality, freshness and safety are ensured not only through the numerous checks performed on the product during all stages of the production cycle, but also through careful selection of raw materials and suppliers, the latter qualified on the basis of various elements, including: high quality standards, fulfilment of the Group's business and responsible growth objectives and optimisation of the cost of raw materials, in order to maintain a competitive advantage in terms of quality and overall service offered to the customer.

To make this possible, the Group is committed to tracing and certifying the origin of raw materials, where possible favouring suppliers operating within the same countries where the Company's production plants are located. Given the high spoilage rate of some ingredients, such as dairy products, the relative proximity of suppliers and processing sites is of paramount importance to ensure optimum quality and food safety conditions throughout the production chain, right up to the end consumer. In fact, the Group has strong control over the milk supply chain, with local suppliers – especially in Piedmont, Veneto, Tuscany and Campania – that are frequently monitored and which it invests in with a view to mutual long-term appreciation.

The following tables show the share of purchases from local suppliers[5] in the Group's total expenditures, also showing the amount spent on local suppliers, broken down by company and respective countries of operation.

5 Suppliers are considered to be local if they have their registered office in the same country in which the supply is purchased and processed by one of the Group's plants. Therefore, the local suppliers of Germany and the United Kingdom are considered to have their registered offices in the two respective countries, and similarly all those based in Italy are considered to be local suppliers for Italy.

Table 4 Percentage of expenditures focused on local suppliers [*GRI 204-1*]

Suppliers - expenditure (million)	2022		2021		2020	
	€M	%	€M	%	€M	%
Purchase of goods and services from Newlat Food S.p.A. and CLI S.p.A.	489	100%	338	100%	323	100%
of which purchase of goods and services from ITALY	461	94%	329	98%	299	92%

Suppliers - expenditure (million)	2022		2021		2020	
	€M	%	€M	%	€M	%
Purchase of goods and services of Newlat GmbH	55	100%	47	100%	49	100%
of which purchase of goods and services from GERMANY	50	90%	44	94%	32	66%

Suppliers - expenditure (million)	2022		2021	
	€M	%	€M	%
Purchase of goods and services of Symington's Ltd	85	100%	43	100%
of which purchase of goods and services from ENGLAND	82	97%	36	84%

As proof of the great attention that the Company pays to the development of its own territory and to supporting local industries, the figures show the high percentage of goods and services purchased from suppliers located in the same country in which the various Group companies operate. As much as 95% of value spent comes from suppliers considered to be local.

THE GROUP'S CONTRIBUTION TO THE 2030 AGENDA

The Company's business contributes to achieving some of the 17 Sustainable Development Goals (SDGs) identified by the United Nations in its 2030 Agenda.

Indeed, the implementation of the 2030 Agenda requires a strong involvement not only of institutions, but of all actors in the community, including businesses. Among the goals that the international community has set itself, many are closely related to current food systems. Approximately one-third of global greenhouse gas emissions are due to the agri-food system[6], 70% of the world's freshwater withdrawals are directed to agriculture,[7] and in Italy alone employment in the agri-food chain accounts for more than 17 million people.[8] Aware of the potential impact on ESG issues, the Group has initiated a process to boost its contribution to achieving the Sustainable Development Goals. These Goals have been identified considering the specificities of the food sector and taking into account the Group's business model, its Code of Ethics, practices, policies and activities. In light of these considerations, the following are the Goals the Group can contribute to.

SDG 2: The Group recognises the importance of sustainable agricultural practices and production systems, and in the course of its business has contributed to supporting agricultural productivity through continuous collaboration with supply chains.

SDG 3: Among Newlat Food's objectives is to listen to and meet the needs and demands of consumers, including the growing focus on health and wellness. The Group adopts actions aimed at improving quality, production and health and hygiene parameters, spreading and promoting the culture of food quality and safety throughout all phases of the procurement and production cycle. Furthermore, Newlat Food has always promoted a healthy and balanced eating style, basing its business on foods at the base of the food pyramid and dedicating constant investments in research and development aimed at satisfying consumers

6 Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: https://ourworldindata.org/environmental-impacts-of-food#breakdown-of-where-food-system-emissions-come-from

7 Ritchie, H., & Roser, M. (2020). Environmental Impacts of Food Production. Taken from Our World in Data: https://ourworldindata.org/environmental-impacts-of-food

8 Cirianni, A., Fanfani, R., & Gismondi, R. (2021). *Struttura produttiva e performance economica della filiera agroalimentare italiana.* Rome: Istat. Taken from https://www.istat.it/it/files/2021/06/IWP_4-2021.pdf

with precise nutritional needs related to age, intolerances or allergies, and ethical, cultural and religious reasons.

SDG 8: Contributing to lasting, inclusive and sustainable economic growth occurs through business choices and strategies oriented towards diversification, technological upgrading, innovation and global resource efficiency in consumption and production in an attempt to decouple economic growth from environmental degradation.

Newlat Food is committed to taking immediate and effective measures to eliminate all forms of forced labour, protecting labour rights, promoting a safe and secure working environment for all workers, contributing to full and productive employment, and offering decent work with equal pay for work of equal value.

SDG 10: The development and boosting of the social and economic inclusion of all, regardless of age, gender, disability, race, ethnicity, origin, religion, economic or other status takes place by supporting equal opportunities and reducing inequalities in outcomes, including through the adoption of appropriate recruitment, hiring, training, remuneration, rewarding procedures and for the promotion of diversity and respect for human rights.

SDG 12: The Group pursues sustainable models of production and consumption through the efficient use of natural resources, striving to contain waste along the production and supply chains, monitoring the release of pollutants into the air, water and soil, and limiting the production of waste by promoting its recycling.

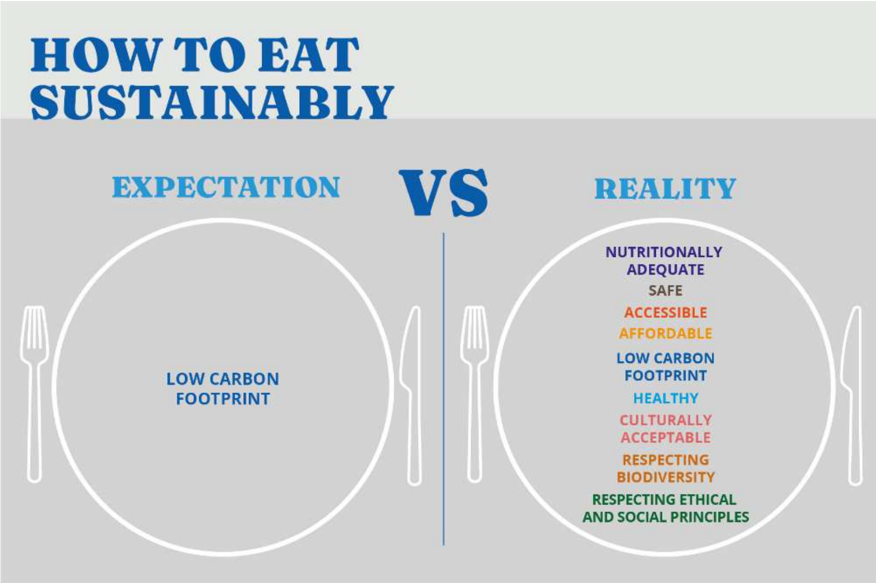
With a view to increasing transparency, Newlat Food not only integrates sustainability information into its regular reports, but through the organisation of seminars, visits and educational tours contributes to disseminating relevant information and spreading awareness on sustainable development and lifestyles in harmony with nature.

SDG 13: The fight against climate change is carried out by integrating measures to counter the Group's environmental footprint into its strategy. Newlat Food systematically measures and reports its impacts with the aim of limiting them as much as possible.

SDG 15: The protection of biodiversity, conservation and sustainable use of water resources and terrestrial ecosystems is also achieved through full compliance with international agreements and environmental regulations implemented in the Group's strategy through the adoption of specific targeted environmental policies and practices.

The Group's Mission and Vision

By virtue of its values, policies and activities, the Company has defined a Group mission and vision. The mission is to pursue consumer well-being through the production of healthy, quality products at affordable prices, promoting the best Italian tradition, while the Group's vision is to convey brands "Made in Italy" that are representative of healthy food and have a worldwide reach, as well as to act as a well-established player in the agri-food sector.



For our Group, responsible development means conducting business in a way that takes into account multiple aspects and does not only aim to offer a product with a reduced environmental impact. In fact, Research and Development also takes into account – with equal attention – the impact of food on human health and consumer safety, accessibility to all sections of the population and respect for all eating habits and customs.

THE CORPORATE GOVERNANCE MODEL AND SUSTAINABILITY MANAGEMENT

[2-9]

Newlat Food S.p.A. has structured a Corporate Governance Model based on the recommendations of Borsa Italiana's Corporate Governance Code.

Newlat Food S.p.A. has adopted a traditional form of administration and control. Therefore, corporate management is assigned to the Board of Directors, the supervisory functions to the Board of Statutory Auditors, and the statutory audit, as well as the financial audit, to the Independent Auditors appointed by the Shareholders' Meeting.

[2-10]; [2-11] For a more in-depth description of the members of the Board of Directors, the Internal Committees and the Board of Statutory Auditors and their selection and appointment process, see the sections "Directors' Report on Operations" and "Report on Corporate Governance and Ownership Structures" contained in this document.

The Group is focusing on the adaptation of its corporate structure, on international best practices, on the updating of its relevant Codes, and on the implementation of risk management processes according to the main reference frameworks. Sustainability management has become an integral part of the Group's strategy from 2021. During the same year, a Sustainability Management Committee was also set up, reporting directly to the Board of Directors, comprising the main corporate functions involved in the development of business policies and practices.

The Group also integrated the main ESG risks into its Enterprise Risk Management (ERM) model, assessing with management how to manage them and identifying remedial activities where deemed necessary. Please refer to the section "Policies and risks" for further details.

With the aim of increasing its transparency, commitment and focus on ESG issues, the Group has established a multi-year Sustainability Plan, approved by the Board of Directors and illustrated below. Among the goals that Newlat Food achieved during 2022 are:

- Initiation of a path of integration of policies and values through the formalisation of shared policies on ESG issues and the publication of a single Code of Ethics and Conduct for the Group.
- Advancement of stakeholder engagement through active involvement and the establishment of a dialogue channel.
- Greater control over the supply chain by integrating additional ESG elements into the supplier evaluation.
- Development of a training programme on ESG issues to raise awareness among employees.
- A constant focus on the health and safety of employees by maintaining third-party certification of the OSH Management System for Italian plants.

The Sustainability Plan is subject to continuous updates: in 2022 new objectives and targets were incorporated, detailed in the table below.

Table 5 Group Sustainability Plan

Goal	Target	Deadline	SDGs
Sustainable supply chain	Publication of a Supplier Code of Conduct	2023	
	Maintain the share of high-quality milk from local supply chains with animal welfare certification at or above 90%		
	Pursuit of SMETA certification of EM Foods	2025	
Reduction of environmental impacts	Keep the waste recyclability rate above 80%	2023	
	Implementation of ISO 14001-certified EMS in all Centrale del Latte d'Italia plants	2024	
Protection of health and safety	Maintain third-party certification of the Occupational Health and Safety Management System for Italian plants	2023	
Develop employees and increase their ESG awareness	10% increase in training provided to Group employees on ethics, anti-corruption and other key sustainability issues	2023	
Integrity and transparency	Extension of whistleblowing to non-EU countries	2023	
	Define an anti-corruption policy		
	Formalisation of a policy on the qualitative and quantitative composition of the BoD		
Advancement of stakeholder engagement	Ensure direct involvement and listening to all stakeholder categories identified	2024	
Cohesion and corporate climate	Initiation of at least one project or initiative to actively involve staff	2023	

[2-12]; [2-13]; [2-14]

Roles, responsibilities and competencies in sustainability

The Board of Directors, which among other things is responsible for reviewing and approving the reported non-financial information, pursues sustainable success through the implementation of a strategy to include environmental, social and governance elements by considering all risks that may be relevant to sustainability in the medium to long term in its assessments.

For ESG-related aspects, the BoD has a Control, Risk and Sustainability Committee that examines and evaluates sustainability policies, supports the definition of sustainability guidelines and plans, monitors the Company's exposure and examines the content of non-financial reporting.

The Sustainability Steering Committee guides the decision-making processes and responsibilities for specific ESG initiatives. The committee is composed of the main corporate functions involved in the development of business policies and practices, such as Operations, Human Resources, Finance, Investor Relations, Quality and R&D, Purchasing and Marketing. The presence of such a committee allows for the multilateral interaction of all corporate entities, thus optimising the coordination of all parties.

Finally, there is the Sustainability Function, which reports directly to the BoD. It performs research and studies regulatory and contextual developments in the field of sustainable development, sharing the evidence with the functions involved from time to time and suggesting any improvement actions based on the mapping and assessment of processes, risks and controls adopted within the Group. The sustainability function also supports all activities aimed at preparing non-financial reports and disclosures, including this Consolidated Non-financial Statement.

Regulation EU 852/2020

The Taxonomy Regulation (hereinafter also "Regulation") is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. Following the issuance of this document, from 2021, being subject to European Directive 2014/95/EU on the Non-Financial Statement, the Group is required to disclose information regarding the alignment to the taxonomy using specific indicators, namely the share of turnover, capital expenditures (Capex) and operating expenditures (Opex) associated with so-called taxonomy-eligible economic activities, i.e. able to generate a potentially substantial contribution to the first two environmental objectives contained in the Regulation: mitigation and adaptation to climate change.

In line with article 8, paragraph 2 of the Regulation and on the basis of the activities that the Group carries out as a company active in the food sector, all the activities defined as taxonomy eligible and listed in the Delegated Act (hereinafter also "Act") were examined.

From the 2021 reporting year, the KPIs Revenue, Capex and Opex must be reported in relation to taxonomy eligible and non-taxonomy eligible economic activities. After an in-depth analysis involving all business divisions and functions, a limited share of the activities managed by the Group were found to be taxonomy eligible. However, none of these generate revenues, so only operating and capital expenditures are considered taxonomy eligible.

Capex and Opex taxonomy eligible relate to the management of owned real estate, the expansion of production sites and the operation or installation of production and water treatment facilities.

The Group's Revenues derive from non-taxonomy-eligible activities, therefore they are not covered by the current Act.

The table below provides information on Revenues, Capex and Opex.

On the other hand, it has not been possible to identify the share of Capex and Opex that is taxonomy aligned according to the provisions of the Delegated Act, since to date it is not possible to determine the alignment of the aforementioned activities as there is no possibility of guaranteeing minimum safeguard criteria.

Table 6 Share of taxonomy-eligible and non-taxonomy-eligible economic activities in consolidated total Turnover, Capex and Opex

FY2022	Share of taxonomy-eligible economic activities (in %)	Share of non-taxonomy-eligible economic activities (in %)
Revenues	0%	100%
Capital expenditures (Capex)	4.3%	95.7%
Operating expenditures (Opex)	0.2%	99.8%

STAKEHOLDER ENGAGEMENT

[2-29]

Newlat Food Group is constantly in contact with different types of subjects, which generate interests and expectations in relation to the Group. These subjects can therefore be defined as stakeholders and can refer to subjects within the Group structure, such as partners and shareholders and employees, as well as outside the Group, as is the case with suppliers, customers, consumers and local communities.

Each type of stakeholder corresponds to a different and specific type of relationship. This diversity is a direct consequence of the substantial difference between their interests and expectations.

It follows that the Group, in its desire to pay increasing attention to the dialogue with these subjects, will have to address them differently, through a carefully and precisely targeted dialogue.

Indeed, the importance of this dialogue is mainly due to the fact that it allows the Group to achieve the objectives of improving and enhancing the knowledge of its network, enabling, on the one hand, an increase in the positive impacts generated and, on the other, to mitigate the negative impacts of business activities on the environment and society. The dialogue allows the Group to gather important information on the context it operates in and to receive constant feedback on its work, thus facilitating responsible development of its business and environment.

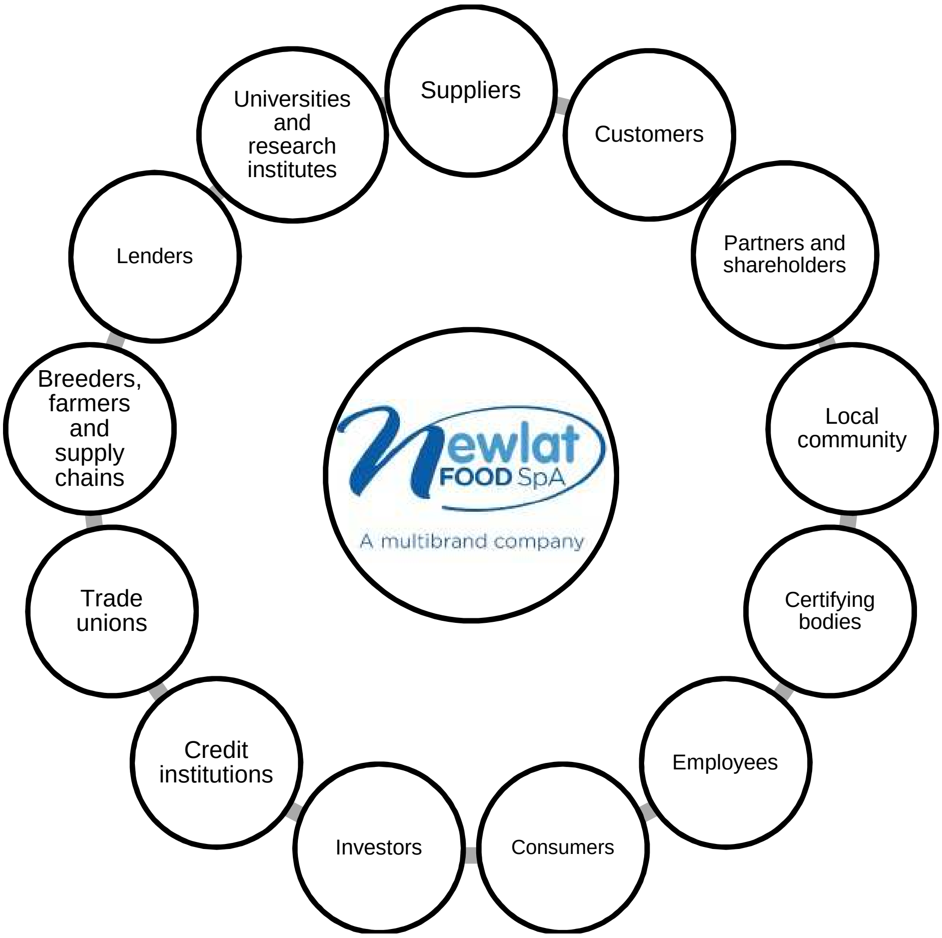
In 2021, with the aim of establishing a profitable and ongoing dialogue with all stakeholders, the Group launched a multi-year Stakeholder Engagement plan that involved numerous parties through one-to-one meetings, workshops and online surveys. Such an exercise will allow timely identification of changes in the Group's impacts and the evolution of business dynamics accordingly.

The Company stakeholders are represented in schematic form in Figure 1, which shows that the Group wants to give its stakeholders equal, albeit specific, importance.

A brief description of each stakeholder and the relevant aspects is given below:

- Stakeholders.
- Specific interests of each stakeholder.
- Type of relationship and dialogue objectives.
- Importance and attention given by the Group, including with reference to the significant areas.

Figure 1 Group stakeholders



1. *Partners and shareholders*

Newlat Food and Centrale del Latte d'Italia are listed on the Star segment of the Mercato Telematico Azionario of Borsa Italiana S.p.A. The shareholding structure of the two companies as of December 2022 is shown in Figure 2.

Figure 2 Distribution of Newlat Food S.p.A. shares

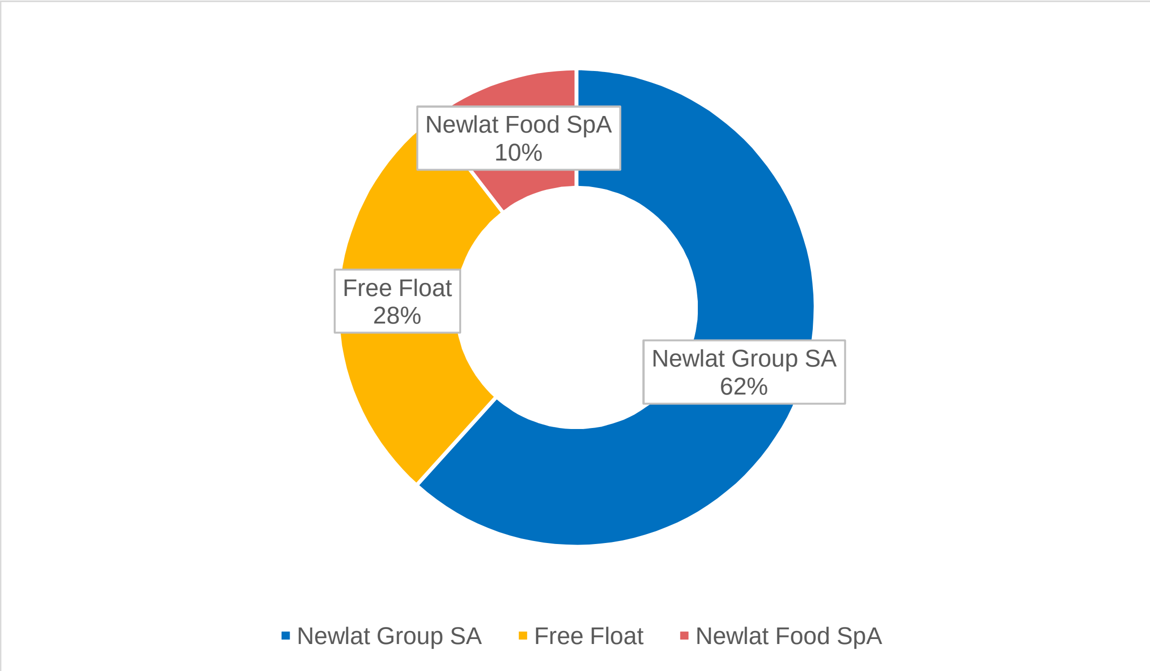
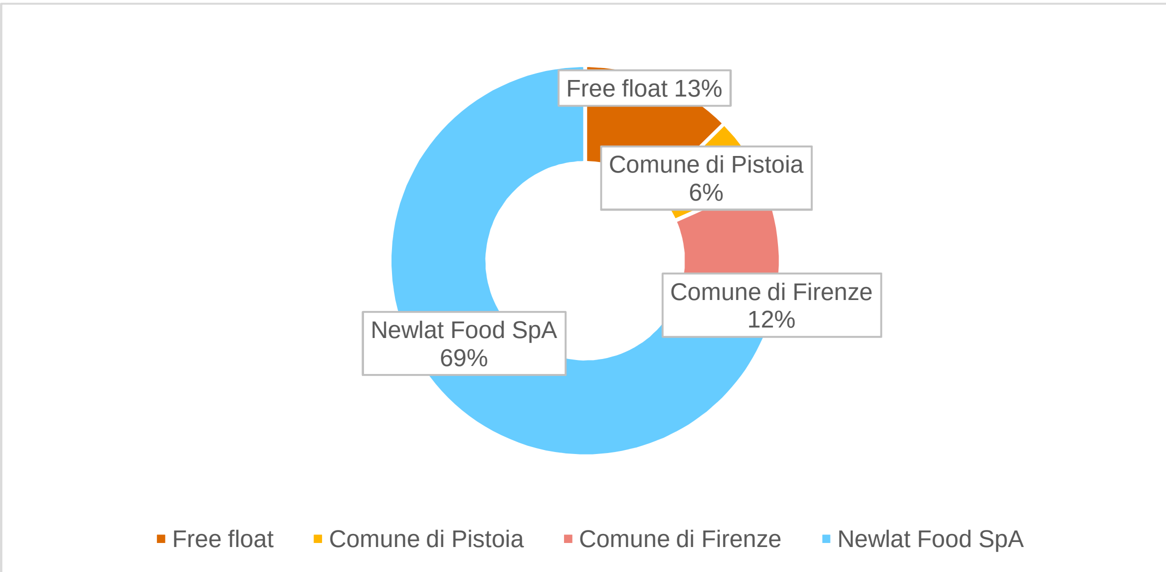


Figure 3 Distribution of Centrale del Latte d'Italia S.p.A. shares



In addition to the standard forms of communication of a binding nature, the Group wants to focus on partners and shareholders, through this document and through an internal report that is truthful, usable and prompt.

In order to ensure commitment to this objective, the Group has established specific figures, such as Investor Relators (for communications to partners and shareholders) and the Reporting Officer, as well as the usual internal and external control bodies (to ensure that the data reported to management is true).

2. *Employees*

The company has always regarded its personnel as one of its most important assets. The Group constantly invests in its employees to ensure a healthy and safe working environment, continuous professional development and their direct involvement.

Newlat Food develops its relationship with workers by defining group guidelines, aimed at defining and sharing the company's values and mission.

3. *Suppliers*

In order to make its products, the Company uses suppliers that support the Group in achieving its business and sustainable development objectives. In particular, the Group wants high quality standards to be guaranteed for its products, optimising the cost of raw materials, in order to maintain a competitive advantage also on the commercial side.

For this reason too, the Company aims to develop long-term partnerships and collaborations. In this way, the Group establishes virtuous supply circles, oriented towards trust and future growth.

4. *Customers*

The Group’s sales network consists mainly of agents with whom the Company has established solid collaborative relationships over time, in order to efficiently and effectively reach its customers. Although most customers belong to the large-scale retailing segment, the Group has always kept the smallest distribution channels open, trying to reach the end consumer more directly.

The Group carries out promotional and marketing activities in order to establish a direct dialogue with its customers. However, there is an awareness that the strongest tool for dialogue is the Company’s focus on the level of quality and food safety of its products. For this reason, the Group, wanted to implement a system of specific safeguards throughout all phases of the procurement and production cycle, including through obtaining various certifications.

5. *Local community*

The Group aims to establish a clear and well-defined presence within the context in which it operates. In this regard, the context is understood as the geographical area in which the Group operates, but also as the set of elements that make up these areas. Among these elements is the local community and its socio-economic development. The company plans and conducts various initiatives to support the many communities it operates in, sometimes for charity, sometimes to raise awareness, sometimes for development.

It is also worth mentioning the contribution to the local supply chain that the Group, as a successfully operating business on the market, provides across a large part of the country.

6. *Certifying bodies*

The Group wanted to implement a management system for its operations over time that would allow full compliance with current regulations, as well as compliance with industry best practices.

In order to adapt sufficiently to these aspects, the Group has invested in some of the most important certifications related to the sector, focusing on ensuring high quality in its products and standards applied to production processes.

More detailed information on the types and applicability of certifications per facility can be found in the section "Certifications" and in Annex 1, at the end of this document.

7. Consumers

Consumer satisfaction has always been the Group's primary objective. The company takes great care to ensure the quality and safety of its products. In pursuit of this objective, the Group seeks to continuously innovate through significant and constant investments in research and development, in order to meet the growing needs of the market, both in terms of nutrition and taste. Furthermore, thanks to its wide range of products, the Group aims to satisfy particular groups of consumers with specific nutritional needs due to age, health reasons, food intolerances, or ethical, cultural and religious factors.

8. Trade unions

In their role as representatives of the workers, trade unions are the interlocutors with which the Group deals with regard to the application of contracts, the management of regulations and the definition of projects and initiatives concerning employees with a view to promoting and protecting work in the company's activities.

9. Investors

Those who choose to invest and place their trust in the Group have always been at the heart of what the company does. The support provided is indispensable, and the desire to establish a long-term relationship has always been a common goal. Among them are now mainly people who have seen the Group's business grow over time and who pursue responsible development.

10. Credit institutions

The Group's growth opportunities pass through relations with credit institutions, as irreplaceable partners for the development of the Company's resources and financial capabilities. Proving to be a reliable partner and attentive to the pursuit of growth that respects the interests of all stakeholders is a key element of shared success.

11. Farmers and supply chains

The relationship with the players in the agricultural world which the Group purchases its raw materials from is of fundamental importance to guarantee operational continuity, product quality and safety and to achieve consumer satisfaction. The Group maintains relations with numerous farmers within various supply chains and recognises their efforts through regular audits to ensure high standards for the end consumer, not only in terms of quality but also environmental and social impact.

In fact, the company encourages farming practices that are attentive to social and environmental impacts, supporting the development of farmers. In particular, as far as milk is concerned, through its subsidiary Centrale del Latte d'Italia the Group has developed an extensive control over the supply chain, thus allowing for an adequate recognition of milk producers and the safeguarding of the territory and the zootechnical heritage through, for example, the promotion of the respect of animal welfare principles.

12. *Lenders*

Lenders contribute to the development of the Group through the lending of capital, therefore the Group assures its lenders of the transparency of the information reported having an impact on their assessments and decisions. The company maintains relations with lenders based on propriety and transparency, guaranteeing stability and credibility. Similarly, lenders are chosen from among those with all the necessary guarantees of soundness, transparency and who operate in the market with consolidated experience.

13. *Universities and research institutes*

The synergies between the Group, universities and other research bodies have enabled it to undertake projects geared towards innovation, research and the development of processes and products aimed at increasing consumer satisfaction. Thanks to these partnerships, the Group also carries out training, mainly related to the promotion of a healthy food culture.

The institutions and universities the Group works with include those in the regions it operates in most, with a view to increasingly consolidating and developing the relationship with the local area.

MATERIAL TOPICS FOR THE GROUP

[GRI 3-1]; [GRI 3-2]

The identification of material topics is the result of the process of identifying, assessing and prioritising ESG elements relevant to the Newlat Food Group and its stakeholders, as required by the International GRI Standards guidelines.

The concept of "significance" is also closely related, among other aspects, to the ability of these topics to affect the Group's capacity to create value not just in the short term, but also in the medium and long term.

Double materiality

In recent years, it has become increasingly clear how ESG issues create risks and opportunities from a dual perspective: financial and impact. In line with the main international standards, we are therefore moving from a concept of single materiality, whose focus and starting point was the business itself, to a concept of double materiality that considers how relevant topics – along with their associated risks and opportunities – can positively or negatively impact the business and the ecosystem the company operates in. According to recent regulatory developments at the European level, companies should therefore disclose both the information needed to understand their impacts on people and the environment, the so-called impact materiality (with an "inside-out" perspective), and the information needed to understand how sustainability issues affect business and financial performance, i.e. financial materiality (with an "outside-in" perspective).

Impact materiality (inside-out perspective)

The process of updating the identification of material topics for this NFS first required the assessment of material topics both from an internal perspective, through the involvement of management, and from an external perspective, through the direct involvement of stakeholders. The Group had already introduced the concept of risk and opportunity as the basis for the assessment in the previous update of the materiality matrix (FY 2021) to better assess the impacts generated and suffered in the process of identifying material topics.

In detail, the method used for the identification and prioritisation of material topics went through the following steps:

- Step 1 – Identification of relevant topics

  Possible topics relevant to the Group were identified through benchmarking with global macro trends and major sustainability reporting frameworks, with the requirements of investors and ESG rating companies, with commitments undertaken by customers and suppliers, and through comparison with a panel of companies and industry organisations.

- Step 2 – Stakeholder involvement

  Following the identification of relevant topics, it was necessary to identify material topics and to define the importance of these for the Group and its stakeholders. Relevant topics were then assessed both internally and externally by initiating a Stakeholder Engagement Plan to define the priority for the Group. Through the administration of surveys, one-to-one meetings and workshops, among other things stakeholders were asked to assess the opportunities and risks involved in dealing with each topic.

The assessments are integrated and weighted in order to better represent the expectations of the stakeholders with regard to topics more important to them.

- Step 3 – Validation of the material topics

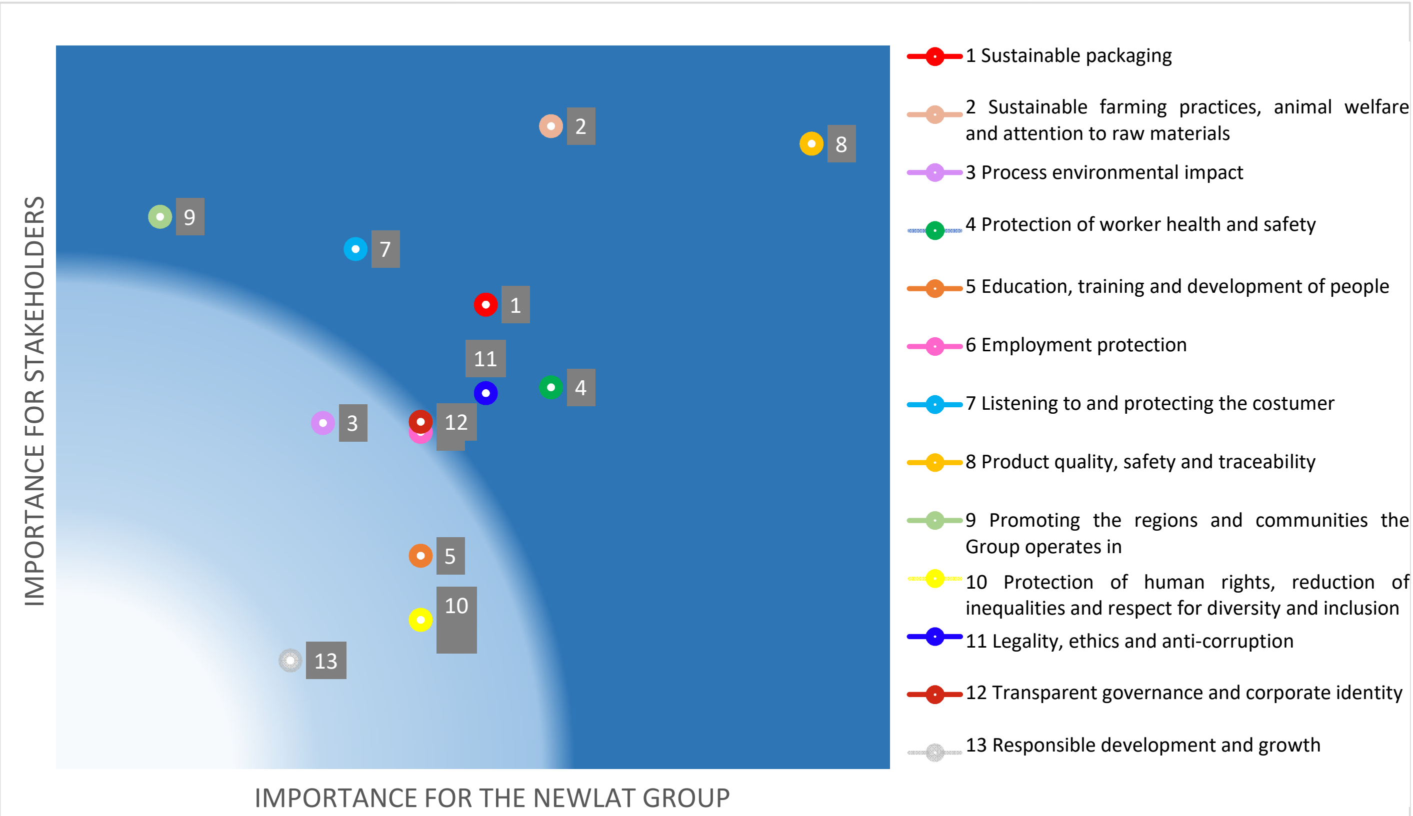
The results of the evaluation were shared with key internal stakeholders and subsequently approved by them. Since over time there can be perceptible changes with respect to the evaluation and prioritisation of each topic, material topics are systematically re-evaluated in such a way as to enable alignment with stakeholder interests and expectations.

- Step 4 – Management of the material topics

In this Statement, among other things the Group reports on its performance, the impacts of its operations and how they are managed. Each topical area is thus linked with a corporate function, which helps to define the actions necessary for the management and improvement of ESG aspects.

The result of the materiality analysis process described above consists of 13 topics, subject to approval by the Board of Directors, considered key to responsible development of the business and to assessing and managing its impacts.

Figure 4 Materiality matrix



Financial materiality (outside-in perspective)

In order to further develop the process and align with the 2021 GRI Standards and the double materiality principles introduced by CSRD, Newlat Food has integrated the concept of financial materiality into the materiality analysis, whereby the company considers the risks and opportunities arising from the management of ESG issues and the impact these might have on financial performance. Starting therefore from a Risk Assessment, including of ESG risks, the (current and potential) impacts suffered and sometimes generated with respect to the relevant topics were identified, including financial impacts. The main positive and negative impacts were considered according to their level of magnitude and probability of occurrence. The assessment performed yielded the results shown in the following table.

Double materiality

Integrating the results of the evaluations obtained from impact materiality and financial materiality and the related outside-in and inside-out perspectives, the material topics were ordered according to the value attributed in terms of double materiality, as a holistic combination of the two views. According to this criterion, the most affected and impactful topics are:

- Product quality, safety and traceability
- Listening to and protecting the consumer
- Protection of worker health and safety
- Sustainable packaging

The following table shows the results of the analysis, illustrating the main negative and positive impacts – actual and potential – suffered and generated by the Company for each ESG issue and the resulting level of double materiality.

Table 7 Double materiality

Material topics identified and proposed for assessment		Main impacts	Impact materiality	Financial materiality	Double materiality
Product quality, safety and traceability	+	Dissemination of rule- and regulation-compliant practices along the value chain and protection of stakeholders	♦♦♦	♦♦♦	♦♦♦
	-	Potential disservices, complaints and returns by customers or consumers due to product quality defects, as well as reputational damage			
Listening to and protecting the consumer	+	Consumer health protection and product innovation to meet consumer and customer needs	♦♦	♦♦♦	♦♦♦
	-	Misalignment between market demand and supply due to changes in consumer habits			
Protection of worker health and safety	+	Protection of the health and safety of employees and co-workers and development of a safety culture, also outside the workplace	♦♦	♦♦♦	♦♦♦
	-	Failure to disseminate and respect good practices can lead to worker injuries, absenteeism and sanctions			
Sustainable packaging	+	Anticipate and prevent regulations on the banning of impactful or harmful materials	♦♦	♦♦♦	♦♦♦
	-	Lack of environmental and economic impact assessment (in case of regulatory intervention), as well as fluctuations in prices and availability of materials			

Sustainable farming practices, animal welfare and attention to raw materials	+	Contribution to the creation of a sustainable value chain through the integration of social and environmental criteria in the selection of suppliers and support for the supply chain	♦♦♦	♦♦	♦♦♦
	-	Climate change such as temperature increase, loss of biodiversity, reduced water availability and/or soil productivity, which may affect the supply chain			
Education, training and development of people	+	Employee retention, increased attractiveness and increased competitiveness and level of corporate innovation	♦	♦♦♦	♦♦
	-	Potential loss of talent due to lack of adequate staff development strategy and corporate welfare practices			
Process environmental impact	+	Reduction of environmental impact, respect for biodiversity and protection of resources	♦	♦♦♦	♦♦
	-	Pollution of air, water and land, and acceleration of climate change			
Employment protection	+	Job creation in the regions where the Group operates and promotion of a work environment that respects work-life balance	♦♦	♦♦♦	♦♦
	-	Loss of know-how and possible impairment of efficient business continuity			
Legality, ethics and anti-corruption	+	Spread a culture of legality among employees and promote respect for ethics	♦♦	♦♦	♦♦
	-	Potential violation of local practices and cultures resulting from conducting business or engaging in behaviour contrary to the company's ethical standards or internal procedures			
Responsible development and growth	+	Positive fusion of new realities entering the Group, as well as support for the integration and enrichment resulting from the introduction of new cultures	♦	♦♦♦	♦♦
	-	Instability (political, economic, fiscal, regulatory) in the global economy and in the countries where the Group produces or sells			
Transparent governance and corporate identity	+	Involvement of all stakeholders to increase and ensure their satisfaction and to seize the opportunities offered by a continuous dialogue with stakeholders	♦♦	♦♦	♦♦
	-	Potential non-compliance with laws and regulations and misrepresentation of facts to stakeholders			
Protection of human rights, reduction of inequalities and respect for diversity and inclusion	+	Promotion of human rights and diversity through the dissemination of a corporate culture based on the promotion of a discrimination-free environment	♦	♦♦	♦
	-	Encouragement of negative practices in the supply chain and fostering of a working environment that does not respect those who can contribute to value creation			
Promoting the regions and communities the Group operates in	+	Socio-economic development of local communities and promotion of community welfare through the implementation of social initiatives	♦	♦	♦

The table below also shows the relationship between the topics enumerated in Italian Legislative Decree 254/16 and the material aspects identified by the Group, which will be detailed in the following pages.

Table 8 Reconciliation between the areas of Italian Legislative Decree 254/16 and the Group's material topics

Areas indicated by Italian Legislative Decree 254/16	Material topic	Description of the material topic
Environmental aspects	Sustainable packaging	Among the materials used by the Group, a significant part is linked to packaging, an object that must guarantee the quality and satisfaction of the end consumer of each of our products. In order to ensure the best possible environmental performance, our focus is on reducing packaging material in absolute terms, prioritising recyclable materials and preferably materials from renewable sources. We are also committed to adopting and promoting behaviour with our stakeholders aimed at improving the environmental impact of packaging.
	Process environmental impact	The Group's entire value chain has an impact on the environment, from procurement through production to distribution. Current production and research and development for new products and technologies must aim for continuous improvement to limit the environmental impact in terms of energy consumption, emissions, waste production and water consumption. The latter is a limited and fundamental resource, which is of particular importance for our production. Monitoring and making efficient use of water in our factories is an ongoing commitment, as is careful management of water withdrawals and discharges to reduce consumption and impacts on water basins.
	Sustainable farming practices, animal welfare and attention to raw materials	Supporting sustainable agriculture that meets the world's food needs while protecting the environment and safeguarding farmers and consumers is a key element in ensuring a long-term business vision. Sustainable agriculture aims to increase productivity in food systems, protect and enhance natural resources, improve livelihoods, increase resilience and adapt the governance of the sector to new challenges. The monitoring of the entire supply chain allows the development of milk producers by promoting initiatives aimed at safeguarding the local region and the livestock. The Group is committed to joint projects with suppliers to raise quality and quantity standards, improve animal welfare and promote the production of the highest quality raw materials.
Social aspects	Product quality, safety and traceability	Ensuring maximum food safety throughout the production chain, from the selection of the raw material to their processing and packaging through to the traceability of distribution by means of a constant control and verification system that allows rapid intervention if necessary.
	Listening to and protecting the consumer	The consumer is at the centre of the group's brand activities. With this in mind, we are committed to ensuring the highest quality of our products and consumer satisfaction, listening and responding to their requests and needs, welcoming their opinion as a possible source of improvement and innovation and promoting opportunities and channels of communication.
	Promoting the regions and communities the Group operates in	The Group's industrial operations cannot disregard the surrounding region that they are both users and an active

		part of. With this in mind, we are committed to promoting initiatives to enhance and develop local communities and regions.
Personnel aspects	Protection of worker health and safety	Guaranteeing the right of every worker to work in a healthy, safe place by promoting training and initiatives aimed at ensuring a safe, secure environment for all workers, regardless of ability and type of employment relationship is a priority. The Group is committed to implementing a system that ensures active control over the protection of workers in compliance with applicable regulations.
	Employment protection	Promoting the conditions to guarantee workers a stable, long-lasting employment relationship, investing in their professional development and internal growth, pursuing their protection through constant dialogue with the trade unions.
	Education, training and development of people	Create an organisation of people of value through training that enables the development of professional and cross-cutting skills, as well as special attention to the education of new hires, in order to create a talent retention and human capital development system within the Group.
Respect for human rights	Protection of human rights, reduction of inequalities and respect for diversity and inclusion	Ensure respect for the Universal Declaration of Human Rights and combat discrimination on grounds of gender, age, disability, ethnic, social and geographical origin, trade union membership, language, religion, political or sexual orientation, gender identity, nationality, marital status, in recruitment, hiring, training, remuneration, reward and dismissal procedures.
Fight against active and passive corruption	Legality, ethics and anti-corruption	The group operates on the basis of the ethical principles of legality and anti-corruption through internal procedures aimed at complying with the rules of conduct for all its stakeholders.
	Transparent governance and corporate identity	Respect for the values of integrity, transparency, accountability and fairness that allow for dialogue with all stakeholders and facilitate their involvement. Report social, economic and environmental performance as transparently and comprehensively as possible to build a strong corporate identity and continuous improvement objectives.
Cross-cutting aspects	Responsible development and growth	In line with the Group's policies and in accordance with the corporate vision, promote innovation through a system of generation, selection and development of new product projects, assessing their feasibility within the Group's own plants or seeking partnerships with external companies. The Group seeks opportunities for international growth in order to strengthen its competitiveness and expand its scope of action in an efficient, responsible manner, in compliance with relevant regulations and sustainable development.

THE RISK IDENTIFICATION PROCESS

As noted above, the Newlat Food Group has implemented an Enterprise Risk Management (ERM) model to measure, monitor and manage risks in accordance with internationally recognised approaches. The Model is a tool of the Board of Directors drafted with the cooperation of all corporate functions, in order to have a complete, updated mapping of the risks that the Group is exposed to, an assessment and classification of such risks by means of common metrics aimed at identifying and prioritising measures to ensure their proper management.

Roles and responsibilities are defined within the company to ensure the proper identification and management of the main risks that could compromise the achievement of the company's objectives.

The Risk Assessment performed assesses Strategic, Operational, Reporting and Compliance risks, including ESG risks. The impacts related to climate change were also taken into account in the risk assessment.

Periodic monitoring of the ERM model ensures continuous monitoring of the development of risks, the status of implementation of treatment plans and the emergence of new risks.

Following is a summary of the main risks generated and suffered in the areas of business identified by Italian Legislative Decree. 254/2016. The management methods in place, as well as the policies practised, have also been defined in order to mitigate the risks identified, and therefore to ensure business continuity and the achievement of corporate objectives.

Risks related to environmental aspects

In its production operations, the Group is exposed to specific environmental risks generated by and related to the following aspects:

- Energy consumption
- Waste generation
- Management of processing scrap
- Noise pollution from production processes
- Emissions into the atmosphere
- Withdrawal, consumption and discharge of water, as well as its treatment
- Spillage of hazardous substances

With regard to climate change impacts, the Group has some plants close to water courses and one plant located not far from a reservoir, which have not caused significant problems in recent years. More potential impacts related to climate change can be found at the level of the supply chain, since agriculture and livestock breeding are closely linked to the climatic conditions of the areas the raw materials come from.

Other potential risks that are not currently considered critical may relate to the transition of business to a green economy.

Risks related to social aspects

The main risks related to social issues include the risk of not respecting the balance of environmental and animal resources at the basis of the supply chain of all the Group's products, the risk of defining an inadequate supplier evaluation system in terms of analysing compliance with social issues, the risk of incorrect application of competition and the free market, as well as the risk of not supporting the generation of socio-economic development in the local community and the risk of the supply chain.

Closely related to regulatory aspects, also worth mentioning is the risk of producing and selling products that do not comply with current regulatory requirements on food quality and safety.

As regards the risks incurred, the risk of incorrect application of competition and the free market by the supply chain relied on by the Group should be considered. The consequence of this risk would be the potential application of monopolistic policies by suppliers, favoured by the limited availability of raw materials, and their failure to comply with sustainability issues considered by the Company to be significant.

Risks related to personnel aspects

With regard to personnel management, the following risks have been defined for the Group:

- Risk of lack of attractiveness and/or inability to retain key resources and skills.
- Risk of not finding valuable personnel or who best meet the needs of the specific reference business.
- Risk of the personnel's lack of training, including in the form of continuous updating.
- Risk linked to the non-effective implementation of activities and projects aimed at developing a continuous dialogue between the company and its employees.

In addition to the aforementioned risks, there are also risks associated with the failed/inadequate implementation of measures to bring company procedures and operations into line with current regulations on worker health and safety.

This risk must also be understood as a risk incurred, if the consequences of non-compliance with the regulations in force are attributable to non-compliance by the employee. Among the risks incurred, mention should also be made of the risk associated with the limited availability and quality of direct and indirect labour, as well as the risk of loss of interest in working in the company, with consequent production discontinuity due to conflicts and a reduction in the efficiency and effectiveness of the services rendered.

Risks relating to respect for human rights

With reference to respect for human rights, the Group is mainly exposed to the risks generated by:

- Exploitation of child labour
- Use of forced labour (or off the books) and illegal brokering
- Violation of the rights of workers and individuals in general (the main one being discrimination)

These risks are also relevant for the Group with regard to the hypothesis of direct and indirect financing of organisations that operate in violation of human rights.

The following risks have been identified:

- Risk of being subject to the management and control of legal persons/entities that are not concerned about the respect of human rights.
- Risk of being financed directly or indirectly by organisations that do not operate in accordance with legal requirements.

Risks related to corruption issues

The risk of corruption must be considered taking into account that the Group operates in countries with a medium/high risk of corruption, such as Italy, or a medium risk, such as Germany.

The risk of corruption is especially relevant for the Group with regard to relations between private individuals. The risk of corruption towards public bodies/authorities/bodies, taking into account the Group's overall relations appears to be potential.

The main risks identified are:

- Risk of corruption related to ordinary business activities in relationships with suppliers, customers and third parties of all kinds.
- The risk of corruption linked to the management of relations and obligations vis-à-vis the Public Administration and the Supervisory Authorities (e.g. the management of inspection visits or the transmission of data and communications).

Among the risks incurred, we find the same risks as those identified above should the Group act as a passive party to corrupt conduct.

ENVIRONMENTAL ASPECTS

SUSTAINABLE FARMING PRACTICES, ANIMAL WELFARE AND ATTENTION TO RAW MATERIALS

The adoption of sustainable agricultural practices, the respect and promotion of animal welfare and the attention paid to the selection of raw materials are of fundamental importance to the Group. In fact, these elements are closely interconnected: practices that respect the environment and animal welfare allow for a reduction and more prudent use of potentially harmful substances such as plant protection products and antibiotics, thus procuring products of higher quality and safer for the final consumer. Moreover, for some time now these elements have taken on a particular importance in the agri-food sector, both because of its specific vulnerability to certain risk factors, such as climate change, and because of the particular importance of the relationship of trust between producers and consumers with regard to the quality, safety and sustainability of agri-food production.

With this in mind, for example, the British company Symington's is a member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organisation that promotes the cultivation and use of sustainable palm oil, and uses palm oil in its products exclusively from certified and sustainable sources.

The Group also promotes responsible practices and high quality raw materials through continuous collaboration with its supply chains. The raw materials used as ingredients in the production process are mainly semolina for dry pasta, flour for baked goods and milk for dairy products.

With regard to the semolina supply chain, a supply chain project has been set up to procure 100% Italian wheat from suppliers certified under ISO 22005, who provide the Group with organic and wholemeal ingredients to make Delverde pasta.

With regard to milk, the company Centrale del Latte d'Italia has a strong control of the production chain, and thanks to close cooperation with farms and conferring breeders it has implemented numerous projects and chain agreements focused on the long term, aimed on the one hand at developing the production of Italian milk, and on the other at guaranteeing high safety and quality standards. There are 11 managed supply chains, including:

- The 100% Tuscan Milk Chain with 49 stables, all certified for animal welfare and mainly family-run, with an average of about 40 head and in some cases just seven or eight cows.
- Mugello Selection Milk Chain, which includes about 30 farms in the Tuscan Apennines, also certified for animal welfare.
- Maremma Selection Milk Chain, 16 farms with animal welfare certification, all located in the province of Grosseto.
- 100% Italian Infant Milk and 100% Italian Organic Infant Milk supply chains, all of which are family-run short supply chains, certified for animal welfare and from which the milk is obtained, collected within 24 hours of the first milking, which meets specific requirements regulated by the Sistema Rintracciabilità Infanzia (SRI) specification. All stables belonging to the two supply chains are geolocated to ensure a minimum distance from industrial areas, motorways and other sources of pollution. The Organic Baby Milk chain also boasts one of the first five European farms to have implemented a robotised system for the distribution of food rations to cattle. The same farm

supplies around 80% of its food rations through self-management of its own fields, thus representing an example of a closed-cycle supply chain.

- 100% Piedmontese milk chain, from which raw material is obtained from 33 Piedmontese farms with animal welfare certification. Four of them breed cows with the original genetic heritage, selected to produce milk with the protein Beta-Casein A2, which gives the milk a high nutritional value.
- Park Milk Chain, obtained exclusively from raw material coming from farms located in the territory of the Cilento Vallo di Diano e Alburni Park and which operate in respect of animal welfare.

Integrated supply chain project (PIF)

The Group's commitment has taken concrete form in the PIF called "Promotion of Tuscan Cow's Milk" and undertaken by the Mukki brand together with the Tuscan farms that supply this raw material. The project aims to develop a well-structured milk supply chain with a low environmental impact, which increases animal welfare and the quality of the milk. The Florence production plant and the participating farmers aim to develop solutions for improvement and innovation on several fronts. These include:

- The promotion of renewable energies, optimising and rationalising their use.
- The modernisation of machinery and equipment, thus reducing atmospheric emissions, increasing production and animal welfare and improving safety in the workplace.
- The construction and renovation of farm production facilities, such as stables, manures and barns, with a view to improving animal welfare, and consequently the quality and quantity of production.

Among the objectives that Mukki is aiming to achieve through the PIF are also projects aimed at reducing the environmental impact of the entire life cycle of Tuscan milk. Thus, an innovative Production Regulation of Tuscan Milk has been drawn up that defines a set of rules, good practices, requirements and production methods for conferring companies. Furthermore, a Life Cycle Assessment (LCA) has been undertaken, which has led to an Environmental Product Declaration (EPD) on the Mukki 100% Tuscan Milk line in addition to those previously obtained on the Mugello Selection Milk line. A process was then launched to analyse Tuscan milk with a view to pursuing both a continuous improvement in nutritional quality and a reduction in methane emissions into the atmosphere.

Finally, as part of the PIF an animal welfare assessment was initiated among the conferring farms using the Classyfarm method.

Animal welfare

For some time, the European Community public opinion and consumer associations have been paying increasing attention to the issue of animal welfare. For the Group, respect for animal welfare is of fundamental importance as it is closely linked to the quantity, quality and safety of milk. In fact, stress alters the hormones responsible for, among other things, the activity of the mammary glands in animals: the adrenaline released in a state of poor well-being leads to a reduction in the milk obtained from the milking process. Furthermore, a stressful condition can lead to a reduction in the protein and fat content, thus altering the nutritional properties of the product and even compromising the cheese production process.[9] Animal welfare also means improving the health of cattle and reducing the use of drugs, which are responsible for antibiotic resistance. In fact, the presence of antibiotics in foodstuffs is an extremely important issue for the health and safety of the consumer: the drugs used for therapeutic interventions on an animal can be transferred to milk and thus be ingested by the consumer. Respect for animal welfare is therefore an advantage for farmers, who gain in productivity, product quality and animal life span, for the consumer, who gets a healthier, higher quality product, and for the environment, with less impactful structures that are more integrated with the surrounding landscape and more energy efficient.

The Group's commitment to protecting the health and welfare of the dairy cows on its conferring farms is therefore an essential factor, as is respect for the environment and care for the consumer. With a view to continually improving the quality and safety of its products, the company has undertaken to increase the proportion of milk from suppliers who guarantee animal welfare: 100% of the fresh, high-quality milk of the Tapporosso and Latte Tigullio brands comes from farms in Piedmont that have animal welfare certification, as does the high quality fresh milk of the Centrale del Latte di Vicenza brand. Recently, Centrale del Latte Salerno also launched a project to promote animal welfare among its contributing farmers. In this regard, the Latte del Parco line is only made with milk from stables with the "Gli Allevamenti del Benessere" certification, recognised by the Italian Livestock Farm Association (AIA).

Currently, 92.5% of High-Quality milk from local suppliers comes from supply chains with animal welfare certification. In Turin, Rapallo, Vicenza and Florence this share reaches 100%.

Supplier selection

The Group's suppliers mainly include those for food raw materials, especially milk and semolina, for packaging, for finished products made by third parties, for services and for auxiliary production materials. Such materials, products and services may have a direct or indirect impact on the quality and safety of the products offered by the Company. The Group undertakes to require its suppliers and external contractors to comply with the principles of conduct adopted by the Group itself. For this reason, each supplier, business partner or external contractor is notified of the existence of the Code of Ethics, the Organisational Model pursuant to Italian Legislative Decree 231/01 and the regulatory principles adopted by Newlat Food Group.

9 Pulina, et al. (2016). "Sustainable ruminant production to help feed the planet". *Italian Journal of Animal Science.*

[GRI 308-1]; [GRI 414-1] Therefore, the Group's Italian companies, in addition to taking into account certain key elements such as the professionalism and experience of suppliers or a quality-price ratio that also fully satisfies the end consumer, have implemented a structured supplier evaluation and selection process that ensures both high standards from the point of view of quality and safety of supply and the consideration of environmental and social criteria. In order to manage these requirements correctly and to promote continuous improvement, the company applies an Integrated Quality Management System procedure that covers the procurement process, supplier qualification and audits, thus enabling suppliers to be accredited and their performance monitored over time:

1. Pre-qualification and supplier risk assessment

The pre-qualification process is essential to verify that the supplier complies with all national and EU regulations and has all the necessary authorisations. In order to assess the professional suitability of the supplier, minimising any risks associated with the supply, the Group may, for example, request the HACCP plan, DURC documentation, samples of materials and raw materials estimates, or verify the regular payment of wages or take out insurance to cover any damage caused by the supplier. Furthermore, the quality and safety characteristics of the raw materials supplied are checked at this stage. These are defined in specifications and technical sheets that are the result of cooperation and discussions with the suppliers themselves, and include requirements that are much more ambitious than those laid down in current laws, such as environmental protection and compliance with ethical and social principles. The checklists used for supplier qualification audits contain specific references to these criteria, including possession of environmental certification, such as ISO 14001, ethical certification, such as SA8000, SMETA, animal welfare, worker health and safety conditions and the quality of raw materials supplied, which is also assessed on the basis of information on the potential risk of genetically modified organisms (GMOs) or any recalls.

Suppliers of raw materials and ingredients

All suppliers of raw materials and ingredients are assigned a risk level using a risk assessment form. In the pre-qualification phase, suppliers of milk and of all raw materials subject to constraints by Regulations and Chain Contracts (e.g. the Tuscan Milk Chain, the Italian Wheat Chain, or the Infant Milk Chain) are subject to preliminary audits divided into two complementary phases: an assessment of the structures and management of the farm and a hygiene and health check aimed at examining hygiene and food safety aspects. These audits cover both the site where the raw material is processed and the farm where primary production takes place. During farm visits and inspections, farmers are also made aware of the importance of environmentally friendly practices, animal welfare principles and the prudent use of medicines. Moreover, milk samples are systematically taken from each farm and analysed by accredited internal and external laboratories for fat, protein, lactose, somatic cells, bacterial count and other nutritional parameters in order to verify compliance with the regulations in force and to classify the quality of the milk (high quality, for example), thus determining the appropriate payment based on these values.

Suppliers of primary packaging, ancillary materials, finished products made by third parties and services

The risk class of these categories of suppliers is not determined through a risk assessment form, but on the basis of the relevance and impact of the individual product or service on the end result to be ensured. The assessment and selection of suppliers may also be based on further criteria: in the case of finished products, the Procedure may for example provide for the request of a product sample which is subject to sensory evaluation and chemical and microbiological conformity to ascertain quality and safety standards. Similarly, the selection of a packaging supplier may be based among other things on compliance with the material data sheet, suitability for food contact, the performance of the materials supplied on the packaging lines, the guaranteed integrity of strength and durability of the packaging, etc.

2. Performance monitoring and supplier retention

If the supplier meets the requirements set out in the Procedure, it is declared eligible to be added to the Group's supplier list, and subsequently performance monitoring is initiated. This assessment is performed at a frequency determined on the basis of the level of risk attributed to each supplier and by various means, such as updating informative documents, performing audits and monitoring visits or analysing any complaints received. A non-compliant audit may lead to the supplier being declared ineligible to supply to the Group. If, on the other hand, the score is sufficient but below a certain threshold, the supplier will receive feedback on the issues raised and an improvement plan to correct any non-conformities.

PROCESS ENVIRONMENTAL IMPACT

The Group's primary objective is to ensure the continuity of production through a constant supply of resources employed in production operations. The awareness that each production can have an impact on the local region makes it necessary to pursue certain strategies. In this sense, the Group is striving for ever-increasing process efficiency with a view to limiting the environmental impact of its plants. The choices that the company makes to achieve this goal are, for example, the introduction of more efficient machinery, the selection of energy from renewable sources or raising people's awareness of reducing consumption. Furthermore, over the years some of the Group's plants have adopted an Environmental Management System in accordance with the UNI ISO 14001 international standard and certified by a third party. Today, there are five such plants: Ozzano Taro (PR), Turin, Vicenza, Rapallo (GE) and Florence. It is being considered to extend this management system to the Group's other Italian plants as well, with a view to pursuing continuous improvement in its environmental practices and increasing worker awareness. In accordance with its commitment to containing the use of non-renewable resources, for the Florence plant the Group has obtained certification of the Organisation’s Carbon Footprint as per the ISO 14064 standard.

All consumption, atmospheric emissions, water use and waste production are systematically monitored, so that the values for these data can be determined and the results achieved can be accurately quantified following the improvements made. The main areas of analysis of the Group's environmental impact, discussed in more detail on the following pages, include:

- Energy consumption and emissions
- Water management and use of water
- Waste management and spills

Energy consumption and emissions

Energy consumed within the organisation

The Group's energy consumption comes from various sources. Energy is used within the production process to power machinery and equipment. For the world of pasta and bakery products, energy consumption is therefore due to the cooking and drying processes. While for the milk world energy is mainly used in heat treatments and to power the cold chain, which are essential to guarantee the safety of the final product. The Group also uses diesel in the production plants to provide continuous power to the refrigeration cells in case of emergency, by means of generators.

Energy is also used in part for the lighting and air conditioning of work spaces, such as offices, plants and warehouses, as well as for the operation of all electronic devices and to power the Group's fleet of cars and goods transport vehicles for direct sales to customers.

The energy sources used by the Group are both renewable and non-renewable. The Group's energy consumption is shown below.

Table 9 Energy consumed within the organisation, divided into renewable and non-renewable sources *[GRI 302-1]*

Sources	UoM	2022	2021	2020
Natural gas	m3	27,190,918	25,858,068	25,499,402
Diesel for generators or heating	l	4,075	6,535	30,308
Diesel fuel for vehicles	l	281,109	287,385	
Petrol for cars	l	14,418	13,825	-
LPG for vehicles	l	95,027	48,405	-
Steam[10]	MWh	17,479	19,474	21,189
Electricity purchased	MWh	83,811	74,992	69,898
of which from non-renewable sources	MWh	79,779	71,212	67,012
of which from renewable sources	MWh	4,032	3,780	2,886
Self-produced electricity	MWh	29,504	25,718	26,234
Self-produced electricity sold	MWh	(847)	(43)	(152)

Sources[11]	UoM	2022	2021	2020
Natural gas	GJ	959,296	912,273	913,022
Diesel for generators or heating	GJ	146	234	1,320
Diesel fuel for vehicles	GJ	10,064	10,289	
Petrol for cars	GJ	420	403	-
LPG for vehicles	GJ	2,262	1,161	-
Steam	GJ	62,926	70,105	76,280
Electricity purchased	GJ	301,719	269,971	251,633
of which from non-renewable sources	GJ	287,204	256,363	241,243
of which from renewable sources	GJ	14,515	13,608	10,390
Self-produced electricity	GJ	106,215	92,585	94,443
Self-produced electricity sold	GJ	(3,050)	(155)	(548)
Total energy consumed[12]	**GJ**	**1,324,086**	**1,252,583**	**1,245,389**

Since 2021 the Group has also started to quantify the fuel consumption of its own vehicles, whether diesel, petrol or LPG. A significant share of this consumption is accounted for by Symington's company-owned vehicles.

The increase in the Group's energy consumption in 2022 is mainly attributable to the inclusion of the British company Symington's for the entire year in the scope of consolidation, whereas in 2021 it was only controlled by Newlat Food for a few months of the year.

For the purposes of reporting actual consumption, only properties owned by the Group or that are in any case under the direct control of the latter have been taken into account.

10 Value relative to the steam generated at 16 bar and 200°C by the district heating system.
11 The conversion factors used to calculate the value of GJ of energy consumed come from the "National Standard Parameters Table - ISPRA 2020" for the year 2021 and from DEFRA's "GHG Conversion Factors for Company Reporting" for 2020.
12 The total amount of energy consumed does not include the amount of fuel used for the car fleet shown in the table, nor the amount of electricity self-produced (nor sold to third parties) by the natural gas-fired cogeneration plants, since the share of energy is already included within natural gas consumption.

Most of the Group's self-produced energy comes from cogeneration plants, but also from solar panels. Projects are being studied to extend alternative sources of energy production in plants and to reduce their consumption, with the aim of reducing the environmental impact of production and consumption.

Energy intensity

The Group considered the product produced in the relevant reporting year as a representative unit of the energy intensity. Energy intensity was thus obtained by determining the ratio of energy consumed, expressed in Giga joules, per tonne of product produced. The figure was down and reflects production efficiencies and higher volumes handled by the Group during the year.

Table 10 Energy intensity calculated as the ratio of energy consumed to product produced [*GRI 302-3*]

Formula	Absolute values		Energy Intensity index
FY 2022			
Total energy consumed (GJ)	1,324,086	=	2.84
Total product produced (tonnes)	466,117		
FY 2021			
Total energy consumed (GJ)	1,252,583	=	3.03
Total product produced (tonnes)	413,279		

We also monitor the relationship between energy consumed and turnover to analyse commercial efficiency.

Table 11 Energy intensity calculated as the ratio of energy consumed to turnover [*GRI 302-3*]

Formula	Absolute values		Energy Intensity index	% Change YoY
FY 2022				
Total energy consumed (TJ)	1,324,086	=	1.79	-10.5%
Turnover (€M)	741.094			
FY 2021				
Total energy consumed (TJ)	1,252.583	=	2.00	- 17.01%
Turnover (€M)	625.226			
FY 2020				
Total energy consumed (TJ)	1,245.389	=	2.41	- 23.00%
Turnover (€M)	516.943			

The table shows a gradual reduction in the Group's energy intensity index over the last three years.

Reducing energy consumption

[GRI 302-4]

The company aims to continuously improve the efficiency of its production processes. Limiting the environmental impact makes it possible to strengthen the competitiveness of companies, especially those that intend to respond to the growing environmental awareness of consumers, as in the case of the Group.

With this in mind, a number of programmes and investments aimed at reducing energy consumption were launched in 2022. Among them, a 2,800 m² photovoltaic plant with a power output of 340 kW was built at the Florence headquarters, which will allow for savings of about 180 tonnes of CO2 in 2023. At the Fara San Martino plant a new energy-efficient compressor was installed, reducing energy consumption by 30% and thus enabling an estimated annual saving of 282 MWh compared to the system previously in operation. New compressors were also recently installed at the Sansepolcro and Eboli sites, thanks to which a reduction in CO2 emissions of 21% and 7% respectively is expected in one year compared to the systems previously in operation. In addition, a multi-year plan to increase the energy efficiency of lighting systems by installing LED technology is under way in all Group plants. At the Vicenza site, new boilers were recently installed, thanks to which it has been possible to achieve a reduction in nitrogen oxides emitted into the atmosphere.

Direct and indirect GHG[13] emissions

The following data illustrate the amount of CO2eq emissions produced by the Group, both directly (Scope 1) and indirectly (Scope 2), in the course of its production operations. Emissions are net of any allowance trades with third parties or purchases of Guarantee of Origin (GO) certificates.

13 Greenhouse gases

Table 12 Direct and indirect GHG emissions [*GRI 305-1*]; [*GRI 305-2*][14]

Emissions - tCO_2e	2022	2021	2020
Direct emissions Scope 1[15]	49,751	47,356	45,964
Indirect emissions Scope 2 – market based	41,354	40,888	39,588
Indirect emissions Scope 2 – location based	32,048	26,965	26,026
Total Emissions (market based)	**91,105**	**88,244**	**85,552**
Total Emissions (location based)	**81,800**	**74,321**	**71,990**

Emissions into the atmosphere produced by the Group are closely linked to electricity consumption, the consumption of natural gas, the use of fossil fuels and emissions deriving from the climate altering substances present in the cold rooms.

Total emissions increased, following a steady trend that goes hand in hand with the Group's growth. In fact, between the 2021 figure and the 2022 figure the increase is justified by the consolidation for the entire year of the British company Symington's (previously consolidated for only five months).

In order to provide an indication of performance over the three-year period with respect to turnover, the carbon intensity, down 8.6% year-on-year - is shown below.

Carbon intensity

Table 13 Carbon intensity [*GRI 305-4*]

Formula	Absolute values		Carbon Intensity index	% Change YoY
FY 2022				
Total emissions (tCO_2e)	91,105	=	0.1952	-8.6%
Total product produced (tonnes)	466,117			
FY 2021				
Total emissions (tCO_2e)	88,244	=	0.2135	-
Total product produced (tonnes)	413,279			

14 Data from the previous two years have been updated to make them comparable with the year 2021 in which the Scope 2 emissions were calculated using the Location-based and Market-based methods. The GHG Emissions Calculation tool was used to calculate the emissions:
Scope 1, fuels: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;
Scope 1, refrigerant gases: European regulation Fgas 517-2014;
Scope 2, steam: EPA, "Emission Factors for Greenhouse Gas Inventories" 2018;
Scope 2, location-based electricity: Isprambiente, "Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali Paesi Europei", Ed. 2020;
Scope 2 2021, market-based electricity: AIB European Residual Mixes 2018 v1.2 (published July 2019).
Scope 2 2022: Market-based electricity: AIB European Residual Mixes 2021 v1.0 (published May 2022).
15 Unlike 2020, the 2021 and 2022 Scope 1 emissions figure includes the company car fleet and emissions from the use of climate-change agents in refrigeration systems.

Table 14 Carbon intensity calculated as the ratio of energy consumed to turnover [*GRI 305-4*]

Formula	Absolute values		Energy Intensity index	% Change YoY
FY 2022				
Total emissions (tCO2e)	91,105	=	122.93	-12.90%
Turnover (€M)	741.094			
FY 2021				
Total emissions (tCO_2e)	88,244	=	141.14	-14.72%
Turnover (€M)	625.226			
FY 2020				
Total emissions (tCO_2e)	85,552	=	165.50	-13.67%
Turnover (€M)	516.943			

For the second consecutive year, the Group's environmental performance between 2021 and 2022 was also recognised by a major study carried out by Statista (a German digital platform that manages one of the world's leading statistics and business intelligence portals) and published in the *Corriere della Sera* newspaper. In fact, the Group is one of the most climate-conscious Italian companies, thanks to the improvement in the ratio of CO2 emissions to turnover.

Home-work commuting plan

The Group pays close attention to the daily commute of employees, especially for its main Italian plants close to metropolitan areas, and draws up a Home-Work Commuting Plan. This plan is aimed at promoting a reduction in the use of individual motor vehicles in systematic home-work commuting, thus helping to decongest vehicle traffic and reducing the resulting environmental impact. To do this, the Group first carried out an internal survey to monitor the commuting habits of staff and to raise awareness of this issue. Following the survey, various initiatives to promote more sustainable mobility were considered, updated over time on the basis of the results of regular employee surveys, with the aim of monitoring travel trends following the awareness-raising activities undertaken and measures adopted.

Water management and use of water

[GRI 303-1]; [GRI 303-2]

Water is a precious resource and its responsible use is one of the basic principles of environmental protection and preservation. The Group uses water both as a raw material, e.g. in the production of dry pasta, baked goods and some ready meals, and for cooling, rinsing and washing production facilities and machinery, which is essential to ensure high standards of hygiene. In smaller quantities, water is also used to provide hygiene services to employees. With a view to limiting waste as much as possible and optimising water use, the group's companies have set up a monitoring system to manage water as efficiently as possible.

The water used by the Group comes mainly from groundwater, drawn from its own wells, or from water supplied by the public waterworks. In compliance with regulatory standards for the food industry, the Group uses only potable water as an ingredient.

The Group pays careful attention to the disposal of wastewater to avoid damage to the environment caused by an improper performance of this activity. Water discharges are managed in full compliance with the regulations in force in the various states where the plants are located.

The way in which wastewater is managed differs from site to site on the basis of different production processes, and consequently different management methods. Before being discharged, where necessary wastewater is treated in biological or chemical-physical purification plants, either within the Group or by third parties, in order to reduce impurities and the concentration of pollution parameters. In fact, industrial water discharges must comply with limit values established in current regulations.

Incoming and outgoing water is periodically subjected to routine sampling and analysis, generally performed by qualified laboratories. Among the measures to make water use more efficient, some time ago the Vicenza plant implemented a recovery system through the installation of two tanks that allow the recovery of water between the various washing processes, limiting withdrawals and discharges. At the Florence site, on the other hand, in order to reduce water consumption in milk processing a drinking water plant was installed that allows for the recovery of 30,000 m^3 of water per year, a volume equal to 12 Olympic-size swimming pools. The Rapallo plant, in addition to the analyses performed by the managing body, provides for further periodic self-checks to verify compliance with the parameters of the wastewater discharged into the public sewerage system.

The following table shows the Group's water withdrawals for the year 2022, broken down by type and source of supply. As most of the factories operate in areas considered by the WRI (World Resource Institute) as high or extremely high water stress, the water from these areas is 848,035 m3, or approximately

20% of the total water abstracted. Plants in these areas[16] include those in Bologna, Fara San Martino (CH), Corte de Frati (CR), Eboli, Salerno, Sansepolcro and Florence.

Table 15 Water withdrawal [*GRI 303-3*][17]

Water sources - m3	2022	2021	2020
	< 1000 mg/L	< 1000 mg/L	< 1000 mg/L
Surface water	4,477	3,939	34,647
Groundwater	3,314,447	3,007,983	2,779,903
Public waterworks or water supplied by water companies	819.941	758,072	464,306
Total water consumed	**4.138.865**	**3,769,994**	**3,278,856**

As in previous years, in 2022 only fresh water (with ≤1,000 mg/l total dissolved solids) was taken. By virtue of the consolidation of Symington's for the entire year of 2022 the Group experienced an increase in water withdrawals compared to the previous two years.

16 All other Group plants operate in areas considered to be at medium-high or lower risk of water stress.

17 As a result of refinements in the calculation of water withdrawal, the water withdrawn in 2020 is only freshwater.

Waste management and spills

In order to reduce the impact of waste produced by the Group's activities on the environment and optimise the recovery of production waste and surpluses, the Company is constantly looking for effective and efficient solutions. Among the various fronts, in addition to the efficiency of the industrial process, which is constantly measured and monitored, initiatives are conducted to promote the circularity of the Group's economy, without prejudice to the importance of careful differentiation of the waste produced to promote recycling.

In more than half of the locations the proportion of waste not destined for disposal but recycled or recovered is over 90%. This was achieved by the plants of:

- Bologna
- Corte de' Frati (CR)
- Eboli (SA)
- Florence
- Lodi
- Mannheim
- Ozzano Taro
- Reggio Emilia
- Vicenza

Among these, in the plants in Bologna, Corte de' Frati (CR), Mannheim and Ozzano Taro the share of waste destined for recycling or recovery (i.e. not for disposal) even reaches 100%. Moreover, to reduce waste production, almost all animal and vegetable waste and surpluses were reused in animal husbandry in 2022 to support the circular economy practices of the sector.

The waste disposed of comes mainly from production processes, and with a view to continuous improvement over the years the Group has implemented a constant, accurate monitoring system aimed at quantifying waste and tracking its recovery and disposal. Waste management is based on specific procedures, in accordance with the legal provisions of the various states that the Group's plants are located in.

The table summarises the amount of waste produced in the past three years and how it was disposed of.

Table 16 Waste by type and disposal [*GRI 306-3*][18]

Waste - Tonnes	2022			2021			2020		
	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total	Hazardous	Non-Hazardous	Total
Disposal	46	2,290	**2,336**	43	1,588	**1,631**	32	1,315	**1,347**
Recycling	29	10,531	**10,560**	25	9,050	**9,075**	21	6,088	**6,109**
Total	**75**	**12,821**	**12,896**	**68**	**10,638**	**10,706**	**53**	**7,403**	**7,456**

Following an update to the GRI standards, the reporting items of Indicator 306-3 were changed. For the sake of comparability, the information is reported both according to the last edition of the standards and according to the 2021 update.

Table 17 Hazardous and non-hazardous waste *[GRI 306-4]; [GRI 306-5]*

	Non-hazardous waste FY2022		
	Diverted from disposal	Disposed of at an external site	**Total**
Other recovery operations	3,747	0	**3,747**
Other disposal operations	0	1,061	**1,061**
Landfilling	0	334	**334**
Incineration (with energy recovery)	0	0	**0**
Incineration (without energy recovery)	0	895	**895**
Preparation for re-use	0	0	**0**
Recycling	6,784	0	**6,784**
Total	**10,531**	**2,290**	**12,821**

	Hazardous waste FY2022		
	Diverted from disposal	Destined for disposal at an external site	**Total**
Other recovery operations	0	0	**0**
Other disposal operations	0	17	**17**
Landfilling	0	26	**26**
Incineration (with energy recovery)	0	0	**0**
Incineration (without energy recovery)	0	3	**3**
Preparation for re-use	0	0	**0**
Recycling	29	0	**29**
Total	**29**	**46**	**75**

During 2022 there was an increase in the amount of waste produced by the Group, mainly due to the increase in the reporting boundary. Thanks to virtuous practices favouring the recycling of waste, as well as attention to waste management, the share of recycled or recovered waste amounts to 82%.

18 The waste presented in the previous NFS as destined for Incineration, Landfill and Consortium Sewerage Treatment has now been reclassified under Disposal.

[GRI 2-27] In 2022 the Group received four fines totalling Euro 22,971 for exceeding discharge limits in public sewers. These fines did not entail any major consequences.

FIGHTING WASTE

Combating food waste can make a significant contribution to reducing environmental impacts. Such waste accounts for 6% of global greenhouse gas emissions.[19] The Group has undertaken various activities aimed at reducing food waste, thus contributing to the promotion of virtuous conduct to foster a circular economy.

One of these initiatives is participation in the TECH4MILK project. In partnership with the University of Turin and the Institute of Food Production Sciences, Centrale del Latte d'Italia has provided human resources, expertise and advanced milk sterilisation equipment to optimise the thermal treatment processes of UHT milk. This project aims to extend the shelf-life of UHT milk and thus reduce the amount of beverage discarded due to exceeding the expiry date.

The Group also donates surplus products to support people in need, with a view to making the most of products close to their expiry date. Products that have expired but are still perfectly suitable for consumption are donated free of charge to the needy through local associations and charities such as Banco Alimentare.

Also with a view to contributing to the fight against waste, the company Centrale del Latte d'Italia has implemented new production and packaging lines for fresh and UHT milk that guarantee a reduction in waste materials and greater possibilities for recycling.

SUSTAINABLE PACKAGING

To make its products, the Group mainly uses raw materials of vegetable or animal origin, in addition to packaging materials and packaging, which are necessary to preserve the products during distribution and sale and to ensure quality, safety, goodness and proper preservation for the final consumer over time and thus contribute to reducing food waste. In fact, it is estimated that in upper-middle-income countries as much as 67% of food waste occurs in households,[20] sometimes as a result of poor storage due to packaging. Functional packaging extends the shelf-life of the food, allows the appropriate quantity to be purchased and helps in interpreting the expiry date providing information on proper storage. Packaging is therefore crucial to support the fight against food waste.

Current regulations concerning materials in contact with foodstuffs sometimes impose a reduced freedom of choice for the Group, however it is believed that implementing increasingly responsible solutions is of fundamental importance. With increasing consumer and governmental initiatives to reduce the environmental impacts of packaging and in light of the Plastics Strategy presented by the European Union, the adoption of sustainable packaging can create new opportunities for innovation and competitiveness for the private sector, contributing to the achievement of a circular economy.

19 Ritichie, H. (2020). Food waste is responsible for 6% of global greenhouse gas emissions. Taken from Our World in Data: https://ourworldindata.org/food-waste-emissions

20 United Nations Environment Programme (2021). Food Waste Index Report 2021. Nairobi.

In this context, the sustainability of packaging represents a path of continuous improvement for the Group to limit its environmental impact without sacrificing the safety, resistance and durability of its packaging. The company pursues this goal through a multifaceted commitment:

- Use recycled, recyclable and renewable materials, moderating the use of virgin materials.
- Reduce the amount of packaging material in absolute terms.
- Reduce the types of material used.
- Choose materials responsibly.

With this in mind, Centrale del Latte di Torino has long been a member of CORIPET, a voluntary consortium for the recycling of PET plastic bottles. Thanks to this synergy, today all fresh and ESL[21] milk in PET plastic bottles of the Tapporosso and Latte Tigullio brands (produced in the Turin plant) come from recycled rPET plastic, a lightweight, highly resistant material that is itself recyclable. The Vicenza plant is also introducing rPET packaging for use with a selection of products, such as ESL milk and highly digestible UHT.[22]

The Group has also increased its use of innovative and renewable materials for packaging. The Florence plant uses Tetra Rex Plant Based,[23] a renewable material composed of cardboard and plastic of vegetable origin, obtained from sugar cane, for its 1 litre packs of fresh milk and ESL bearing the Mukki brand. The Tapporosso and Latte Tigullio brands have also launched Plant-based Tetra Rex packaging for the ESL Bio milk range. Compared to the old packaging, the adoption of the new packaging allows a reduction in CO2 emissions. Mukki's Plant-based Tetra Rex packaging have been certified carbon neutral by the Carbon Trust since 2021. This recognition is also in progress for the Tapporosso brand. By adopting Tetra Rex Plant-based packaging, Mukki has also changed its secondary packaging from plastic baskets to cardboard boxes, thus reducing its annual use of plastic.

Among the various initiatives aimed at using alternative materials to plastic, Centrale del Latte d'Italia S.p.A. has adopted fully recyclable paper pots for its 100% natural yoghurt line (produced under the brands Mukki, Tapporosso, Latte Tigullio and Centrale del Latte Vicenza). Brown paper packaging, also certified zero-emission, is another important innovation adopted by the Group. Brown paper, which is not chemically bleached, lighter and totally recyclable, has been introduced on the LAATTE (branded Tapporosso and Latte Tigullio) and Latte del Parco (branded Centrale del latte Salerno) lines. On the latter line, which is also certified carbon neutral, the packaging also plays the important role of informing the consumer about the origin and route of the milk. Using a QR code, it is possible to identify the time of milking and the milking stalls, and to learn about the history and the regions of the farms involved.

The Group also pays particular attention to the responsible management of packaging raw materials: 99% of the packaging used by Centrale del Latte d'Italia is made from FSC-certified paper and therefore obtained from forests managed in accordance with strict environmental, social and economic standards.

Also in the pasta and bakery world, investments are currently being made to innovate current packaging for better environmental performance. Among the various projects being tested are, for example, the development of a recyclable and compostable wrapper for rusks and the adoption of packaging for dry

21 Extended Shelf Life milk
22 Ultra High Temperature - long-life milk
23 Tetra Rex Plant-based packages are produced by Tetra Pak, a company engaged in food processing and packaging solutions.

pasta in various formats made from 30% recycled plastic materials. FSC-certified paper packaging has long been used by the Pezzullo brand for all its pasta lines. Pezzullo also pays attention to the sustainability of secondary packaging: collaboration with the 100% Campania network[24] has made it possible to use cartons for transporting the pasta made from paper and cardboard from the separate waste collection of families and companies in the Campania region. Recently the UK subsidiary Symington's also innovated its product packaging, switching to the use of recyclable packaging on its Sachets line of Mugshot brand products and other private label lines. In the same year, Symington's obtained FSC Chain of Custody certification for its paper packaging.

24 100% Campania is a network formed by six companies in Campania belonging to the paper and packaging chain with the aim of developing environmentally friendly and sustainable packaging and supports from the waste from the local separate collection of paper and cardboard.

SOCIAL ASPECTS

PRODUCT QUALITY, SAFETY AND TRACEABILITY

One of the Group's primary objectives has always been to guarantee the quality and safety of the products it offers. This is ensured by a careful selection of raw materials, numerous checks carried out on the product during all stages of the production process, extensive controls of distribution methods, the involvement of all employees in activities to raise awareness of these materials and significant and constant investment in research and development, aimed at improving the products offered in terms of both nutrition and taste. In order to ensure that all aspects of product quality and health and safety are constantly monitored, the Group has a Quality Policy, supported by a management system and specific internal functions responsible for monitoring this issue.

Food quality and safety monitoring cover all stages of the food chain, with prevention and control of known and emerging risks. The adoption of such a management system therefore enables the Group to guarantee the end consumer a safe, quality product that complies with the standards and regulations in force in all the countries it operates in.

The Company ensures the quality and safety of the products it offers right from the supplier selection phase, their qualification being based on the rigorous evaluation and selection processes discussed in the previous section. The adequacy of procurement requirements is formalised in the specifications and contracts outlined with suppliers and verified through continuous and effective controls to monitor quality and food safety indicators. As soon as the raw materials arrive at the plant, the first analyses are performed on the product so that it can be accepted or rejected if it does not meet the required parameters. The Group also promotes the quality and food safety of the products it offers through regular internal audits on production processes, aimed at ascertaining the adequate hygienic conditions and the correct structural requirements of the production sites, promptly identifying potential areas for intervention and improvement. With this in mind, quality and safety assessments of the finished products are organised each day within the plants to verify that the production process has met the established criteria.

A high level of food safety is also achieved thanks to the effective adoption of control systems and protocols, including the HACCP (Hazard Analysis Critical Control Points) methodology, which makes it possible to manage the potential risks known and regulated by regulations deriving from chemical, physical, biological and microbiological contaminants, or the systematic monitoring of packaging safety, verified through scrupulous controls on the finished product aimed at minimising the potential risk of migration of harmful substances, such as MOSH, MOAH and bisphenol A. Over the years, the company has also outlined a structured system for preventing and combating food and product fraud, following the guidelines of a number of international standards, including the International Food Safety Standard (IFS). The process has several stages:

- Identify potential critical issues concerning fraudulent activities throughout the supply chain.
- Assess the vulnerability of each category of raw materials, ingredients or packaging materials by assigning a risk level.
- Develop and implement a fraud mitigation plan, outlining specific mitigation actions for each plant and based on the level of risk.

- Review and update the vulnerability on an annual basis or whenever there is a change in the identified risk levels.

The Group's commitment is also reflected in its constant attention to product production phases. With regard to the processing of dairy products and the production of dry pasta, the company strictly follows production regulations and standards with the aim of offering the end consumer a safe, genuine product that respects tradition. In the instant food, baby food and bakery product lines, on the other hand, there are continuous activities to reformulate existing recipes and create new products, aimed at continuous improvement in terms of safety, quality and goodness, including from a nutritional point of view.

The traceability of raw materials and ingredients is one of the other key elements that ensure high standards of quality and food safety for the Group and consumers. As supply chains are complex and articulated systems, it is necessary to provide appropriate assurances regarding the control and management measures implemented to mitigate the risks that raw materials may face on their way to the final consumer. Also, in view of the growing demands of consumers, who are increasingly attentive to the traceability and safety of the products they buy, the Company is constantly collaborating with the various players in the supply chain in order to identify the causes of potential risks and, if necessary, take appropriate measures to prevent any problems from arising.

Certifications

For the Group, earning certifications, whether mandatory or voluntary, is both a driver for continuous improvement and a way of implementing a system of specific controls throughout all phases of the procurement and production cycle. In fact, with these certifications the company is committed to satisfying the many needs of consumers with respect to social and environmental issues and to seeking high standards of quality and safety in order to promote the characteristics of the products it offers.

The Group has earned a total of 164 certifications. The average number of certifications per site[25] is 9.1.

All facilities of Newlat Food and Centrale del Latte d'Italia are ISO 9001:2015 certified for their quality management system, which enables them to pursue continuous improvement of company processes and performance, thus enabling the Company to assure its customers and consumers that the quality of its products will be maintained over time. Again with a view to ensuring well-defined quality standards, more than half of the Group's plants have obtained BRCGS and IFS certifications with the aim of strengthening and promoting food safety throughout the value chain. The Group also has “organic” certifications, which ensure pesticide- and chemical-free cultivation, traceability of raw materials and manufacturing and sales processes in accordance with certain standards, both for the milk and pasta lines. Both lines have also earned accreditations for the traceability of the supply chain, such as the ISO 22005:2008 certification, which attests to the 100% Italian origin of the raw materials milk and semolina. Finally, the company has obtained Non-GMO Project certification, which attests to the absence of genetically modified organisms (GMOs) in the non-dairy beverage line. Obtaining this certification has enabled the company, which is one of the few Italian companies to hold it, to become a key player in the plant-based food sector. In addition to product and supply chain certifications, three of the Group's laboratories – at the Ozzano Taro, Salerno and Florence plants – have earned ISO 17025:2018 certification.

With a view to continuous improvement and harmonisation of company processes, which is necessary since the growth of the Group has led to an increase in the number of production sites, each of which already has

25 Excluding warehouses

its own management systems, a Group policy has been defined and a process is under way to standardise existing systems under a central coordination.

[GRI 416-2] Commitment to high standards of food quality and safety is also reflected in the low number of incidents of non-compliance concerning the health and safety impacts of the products offered. Thanks to the effectiveness of numerous controls, seven incidents of non-compliance with voluntary codes were recorded during 2022, a decrease of 56.25% compared to last year. Most of these incidents resulted in self-initiated quality recalls, while the only recall concerned a product bought from a third party. No administrative or criminal sanctions have been imposed on the Company over the entire three-year period due to the low level of non-compliance recorded.

LISTENING TO AND PROTECTING THE CONSUMER

One of the Group's objectives is to listen to and meet the needs and requirements of consumers as purchasing habits shift towards more conscious and responsible consumption. On the one hand, in light of the increasing talk of sustainable development, consumers are paying increasing attention to the environmental and social impact of their diet. In fact, we are witnessing a rapid change in eating habits as a result of choices oriented towards greater awareness of agricultural practices that respect the environment, the local region and animal welfare. On the other hand, partly as a result of the pandemic of the last two years, there is growing attention to the way food is produced, seen as a determining factor in everyone's health and well-being. The Group has always promoted a healthy and balanced diet, and in fact the Company's production is based mainly on foods such as milk, unseasoned dairy products, pasta and other lightly refined baked goods: all foods at the bottom of the food pyramid, for which daily consumption is recommended. Today, however, consumers are also increasingly attentive to the origin, quality and impact of food products, so the Group is constantly investing in projects aimed at satisfying consumers who are increasingly sensitive to environmental and nutritional issues.

On the one hand, there have been innovations in the materials used for product packaging, a subject discussed in more detail in the previous sections. At the same time, product lines have been created from farms with animal welfare certification, organic, from local raw materials, in recognition of the commitment to promote and protect the local region.

The wide range of products on offer also means that consumers with specific nutritional needs can be catered for.

For consumers who need specific nutrients, the Mukki brand has launched infant formula product lines developed in collaboration with child nutrition experts, such as Mukki Bimbo, which contains a mix of ingredients carefully selected for children aged 1 to 3 and made according to even stricter specifications than those in place for early childhood. In addition to this, there are other special lines, such as Mukki Donna milk, enriched with vitamins and minerals to support the specific nutritional needs of women, and Mukki Training milk, with a high protein content intended for athletes.

There are also products formulated for consumers with special nutritional needs due to intolerances or allergies. These include the LAATTE line, made by selecting raw materials exclusively with beta-casein A2 protein, which enhances the natural digestibility of milk, lactose-free product lines, such as Latte Zero, designed for those who are lactose intolerant. For consumers on a gluten-free diet, the latest developments include the launch of the Delverde Gluten Free range and the Delverde 100% Legumes range.

The Group also aims to satisfy consumers with nutritional needs related to ethical, cultural and religious reasons. The new Naked ULTIMATE range, 100% vegan noodles and the Cuore Veg range of non-dairy drinks and desserts are designed for those who prefer an alternative to animal products. The Group also has halal and kosher certifications that ensure full compliance with food rules and traditions.

Finally, for consumers seeking well-being through their diet, there are functional, probiotic, whole-food and low-fat and high-protein products. These include the Benessere line of milk under the Mukki brand, enriched with nutrients for heart and bone health, the Flora Plus yoghurt launched by Centrale del Latte di Vicenza and containing vitamin B6 which contributes to the proper functioning of the immune system, the Delverde line of wholemeal pasta or the Naked brand instant noodles made with ingredients of natural origin. New this year is the launch of the new Delverde High Protein pasta.

Consumer protection in compliance with current regulations

A wide range of product offerings and a constant quest to ensure maximum customer satisfaction entails various risks, including regulatory risks related to the labelling of many products, as well as those related to process and product quality, or those related to communicating with customers and consumers to promote the articles.

[GRI 417-2]; [GRI 417-3] Consumer protection is the result of a careful process that, by pursuing responsible marketing and labelling, has not resulted in any sanctions during 2022. The Group guarantees accurate, transparent, complete and truthful information that can be found directly on product packaging or on the websites of the Group and the various brands, so that consumers can make a rational, informed decision. Specifically, aware of the importance of the correct use of advertising media, the Company encourages the adoption of high standards of responsibility and transparency in the promotion of its products.

[GRI 418-1] Finally, the Group pays great attention to the protection of customer and consumer data, avoiding any improper use of such information, in compliance with the relevant regulations. During 2022, no complaints were received concerning breaches of customer privacy and/or loss of customer data.

PROMOTING THE REGIONS AND COMMUNITIES THE GROUP OPERATES IN

The Group's industrial activities are closely linked to the local regions and communities it operates in. The company has always been committed to promoting a variety of initiatives aimed at promoting and developing local communities and regions. The activities undertaken in support of the community thus make it possible to strengthen the link with the region and to restore the trust that consumers place in the brand. In 2022 the Group made this link concrete by means of numerous initiatives and projects of various kinds, such as donations, sponsorships, product giveaways and partnerships with local bodies or universities aimed at supporting initiatives and activities to raise awareness and sometimes even educate adults and children, consumers and non-consumers.

The group works with charities, parishes and other associations such as food banks, Caritas, the Italian Red Cross and Civil Protection to support people in need by donating food. Among other projects aimed at supporting local communities, Centrale del Latte di Vicenza participated in the creation of a Donated Human Milk Bank (BLUD) by setting up a specific laboratory for pasteurising and freezing human breast milk to be used for babies born prematurely in the neonatal intensive care unit of the San Bortolo Hospital in Vicenza. Moreover, in 2022, following a grant from the Agenzia per le Erogazioni in Agricoltura (AGEA), the Reggio Emilia plant produced more than 1.8 million litres of UHT milk as food aid for the needy in Italy.

With a view to promoting well-being, solidarity and social cohesion, the Group supported social and cultural initiatives such as conferences and educational meetings and local sporting events such as marathons, marches, tournaments and summer camps through sponsorships and donations of dairy products, pasta, baked goods and ready meals.

A further initiative aimed at promoting the region took the form of the Latte del Parco product line at the end of 2020. This product is the result of a project undertaken by Centrale del Latte Salerno under the patronage of Legambiente, aimed at promoting the natural and cultural wealth of the Cilento, Vallo di Diano e Alburni national park area and promoting local excellence while limiting environmental impact. Again with a view to consolidating relations with its suppliers, strengthening the livestock supply chain and ensuring stability for the supplying farms, Centrale del Latte d'Italia signed an agreement with the Tuscan milk producers of the Mukki chain setting the price of milk at the stable for the three-year period 2021-2023.

With a view to promoting the promotion and protection of the local area, including through raising awareness among children, the Latte Tigullio brand launched the Combomerenda product, which features a collection of cards of different characters, the Combo fighters, friends of the environment and defenders of the sea and nature.

Initiatives in the local region are complemented by activities in the company. For some time now, Centrale del Latte d'Italia has been organising free educational visits for both students and adults during which it is possible to explore the entire milk production cycle, touching the cutting-edge tools and technologies used to process the milk we consume every day. Recently the Turin plant launched a new educational programme dedicated to primary and secondary schools: a Virtual Tour of Centrale del Latte di Torino. In addition to exploring the stages of milk production, the visits include a series of educational courses on health, well-being and healthy eating. In this context, together with the MIUR[26] and various professionals in the food

26 Ministry of Education and Ministry of University and Research

sector, the Turin plant organises seminars aimed at providing teachers with updates on the importance of nutrition for pupils, from nursery to high school. Some of the Group's factories also offer the possibility of visiting the farms and herds the milk actually comes from in order to bring producers and consumers closer together.

The numerous factories spread throughout the region contribute to support the communities they operate in, generating income for their workers and for their direct and indirect suppliers. In fact, the numerous supply chains managed by the Group are among the primary beneficiaries of the value generated by its business.

Partnerships with universities

[2-28] In addition to its membership in industry associations such as Confindustria, Assolatte and others, the Group has established numerous partnerships with universities, institutes and research institutes. In fact, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. are increasingly partnering with Italian universities to promote research, development and innovation projects of strategic importance for boosting the competitiveness of the production system, including through the consolidation of research centres and facilities. These synergies are aimed on the one hand at promoting educational and training initiatives, and on the other at stimulating innovation, research and development, thus generating a virtuous circle of knowledge creation and technical skills.

In addition to the numerous visits and conferences aimed at raising awareness of the company's business, every year Centrale del Latte d'Italia and Newlat Food offer university students opportunities to enter the company through internships and apprenticeships.

Moreover, important partnerships have been established with organisations and universities, including the University of Pisa, the Sant'Anna School for Advanced Studies and Further Education and the National Research Centre (CNR) in order to promote innovative technologies and methods for the continuous improvement of milk quality and the adoption of more sustainable agricultural and production practices.

Major ongoing projects include:

PIF - Promoting the value of Tuscan cow's milk

Already mentioned above, the project will be carried out together with all the Tuscan breeders (100% direct and indirect participants) who have historically conferred milk to Centrale, in partnership with the University of Pisa and the Sant'Anna School for Advanced Studies and Further Education.

Working with Centrale del Latte d'Italia S.p.A., the Sant'Anna School performed an overall assessment of the potential environmental impacts associated with the management of the four agricultural systems at different levels of ecological intensification, using the Life Cycle Assessment (LCA) methodology. In the project, an integrated model of interview data and processed data was developed for modelling impacts related to cattle enteric fermentation and nitrogen and phosphorus excretion. The assessment of impacts associated with the Tuscan Milk production chain will be based on a comprehensive set of potential environmental impact indicators that take into account resource consumption (renewable and non-renewable energy, water), waste production, emissions into the environment (greenhouse gas emissions, acidification potential, eutrophication and photochemical smog production) as recommended by the European Platform for LCA (ILCD) and the PCR (Product Category Rules) "Processed Liquid Milk and

Cream" and the "General Programme Instruction" of the EPD (Environmental Product Declaration) system.

TECH4MILK - innovative technologies and solutions at the service of Piedmont's milk supply chain to promote its competitiveness and sustainability

TECH4MILK consists of 5 sub-projects that aim to improve the sustainability of the supply chain from primary production to processing and to promote concrete solutions and monitoring mechanisms to increase the competitiveness of Piedmontese dairy production in national and international markets, creating social and environmental as well as economic value.

The university involved is the University of Turin - Department of Agricultural, Forestry and Food Sciences and Department of Veterinary Sciences.

Specifically, the Turin plant participated as leader in the sub-project entitled "Optimisation of production and processing processes and development of new products to increase the competitiveness of the Piedmontese milk chain in national markets".

"NU.T.RA.PA.C." – New technologies for processing, packaging and preservation of food, bakery and dairy products[27]

The NU.T.RA.PA.C. project was launched in cooperation with the University of Modena and Reggio Emilia, specifically the Department of Life Sciences, involving the Lodi, Ozzano Taro and Sansepolcro sites. The project consists of six sub-projects, planned in the three different plants:

1. Research into new packaging solutions oriented towards quality and food safety - Sansepolcro and Ozzano Taro plants.
2. Development of new packaging processes/plant solutions - Sansepolcro and Ozzano Taro plants.
3. Research of technologies to contain acrylamide content and prevent risk of cross-contamination of allergens, for biscuits intended for specific consumer groups - Ozzano Taro plant.
4. Development of new processes/plant solutions for preparation, moulding and baking - Ozzano Taro plant.
5. Research on new technological solutions for food processing and preservation with regard to dairy products (mascarpone) - Lodi plant.
6. Development of new processes/plant solutions for food processing and preservation, with regard to dairy products (mascarpone) - Lodi plant.

With the launch of this project, various initiatives will be implemented to further increase food quality and safety and limit food waste through new solutions aimed at increasing the preservation and freshness of the products offered, thus meeting the needs and requirements of consumers.

[27] Project no. F/170019/00/X42- POSITION 19
CUP B89J22002380005
Expected duration: 01/01/2020 to 08/06/2023
"Enterprise and Competitiveness" National Operating Programme 2014-2020 ERDF
Axis I - Investment priority 1b - Action 1.1.3

From food waste to the development of functional foods in synergy between research and business: dairy processing by-products as a source of bioactive molecules

This project involves a collaboration between the Vicenza plant and the University of Padua and seeks to make use of milk production waste with the aim of reducing waste, encouraging the circular bio-economy in accordance with the objectives of the European Green Deal for the recovery of agro-food industry waste and identifying bioactive molecules and peptides with antioxidant and anti-inflammatory properties for the possible subsequent functionalisation of foodstuffs with these bioactive molecules.

The project consists of the following phases:

- Evaluation of milk processing by-products, both in terms of quality and protein composition.
- Extraction of the various peptide fractions from the protein component to identify bioactive peptides with antioxidant and/or anti-inflammatory activity.
- Once the bioactive peptides have been identified, their bioavailability will be analysed using cell lines simulating the intestinal epithelium.
- Cellular assessment of the expression of antioxidant and anti-inflammatory enzyme proteins by Western blot and RT PCR techniques to evaluate their effects on gene transcription.
- In vivo evaluation of the peptides of interest to assess whether the effects shown in vitro can also be transferred to a complex organism.

Dairy by-product fractionation tests using nanofiltration/reverse osmosis for the separation and recovery of molecules of interest (lactose, vitamins, mineral salts)

Carried out in collaboration with the Department of Sustainability of Production and Territorial Systems (ENEA), the project envisages using specific filtration technologies such as microfiltration, ultrafiltration, nanofiltration and reverse osmosis of the permeate, i.e. what remains from mascarpone processing, to obtain proteins (caseins and seroproteins), simple sugars, mineral salts and vitamins. Thus, in addition to the recovery of molecules of interest, a product that would otherwise be discarded is retained.

PROTECTION OF WORKER HEALTH AND SAFETY

[GRI 403-1]; [GRI 403-2]; [GRI 403-3]; [GRI 403-4]; [GRI 403-5]; [GRI 403-6]; [GRI 403-7]

One of the main risks created by business activities is related to the health and safety of workers who mainly work in production, and the protection of its workforce has always been at the top of the Group's commitments.

In fact, the health and safety of personnel is a subject that is treated with particular care, sensitivity and attention in order to guarantee and promote a safe environment in the workplace. The Group adopts health and safety management systems that comply with the requirements of the relevant regulations. The regulations refer to the laws of the countries where the plants are located: Italian Legislative Decree 81/2008 for the companies located in Italy, i.e. Centrale del Latte d'Italia and Newlat Food, the 1974 Health & Safety at Work etc. Act for the Symington's Group located in England and the Arbeitssicherheitsgesetz for the plant located in Germany.

In view of the Group's growth through the acquisition and integration of other companies, the constant objective is to make the management of health and safety risks at work more efficient and effective by harmonising and standardising the systems in place in the various locations. It is also aimed at implementing a single training plan, divided by country, for all employees of the various company sites.

For the Group, the identification and assessment of the hazards and risks that may contribute to the potential occurrence of accidents and/or occupational illness in the workplace is the first and most important requirement to be complied with to ensure the health and safety of workers and to identify the measures to be implemented to protect them. All facilities, workplaces, machines, equipment and working methods are subject to assessments in several areas, including warehouse work, laboratory work, maintenance and activities carried out in external areas. At the same time, assessments were made of cross-cutting risks, including risks of fire, noise, vibration, etc. Performed by consultants with proven professional experience, the assessments are systematically repeated, and when activities, installations and equipment are introduced or modified or following any accidents or major incidents, these assessments are reviewed. Workers are encouraged to move away from any hazards or dangerous situations at work and to report them to the appropriate persons. All reports received are collected, assessed and then submitted to the employer or management during regular meetings. At these meetings, the problems that have arisen, any accidents and near misses are highlighted and discussed, and if necessary corrective actions are identified and defined. Following the reporting of accidents or injuries, a procedure is undertaken to establish the details of the incident and any corrective or preventive action.

The Group constantly monitors the health situation of its employees through the supervision of a company physician: all employees are subject to a medical examination to ensure good health and fitness for work. The examination is repeated at a frequency defined by the doctor on the basis of each employee's job description and any resulting risks. Worker participation in occupational health and safety issues is ensured through periodic meetings between the main actors responsible for health and safety and the workers themselves. Moreover, Symington's has provided its workers with the Engage application, which allows direct communication on health and safety issues.

As required by the laws of the countries the Company operates in, the Group provides employees with both general and specific training on health and safety in the workplace. The participation of employees in training is mandatory and takes place during working hours. The effectiveness of the training provided is assessed through employee feedback and the administration of final tests.

The Group promotes workers' health through healthcare funds that allow for the reimbursement or reduction of healthcare costs or through facilitated access to private health and life insurance services.

The Company regularly monitors all accidents that occur in the workplace.

[GRI 403-10] In 2022, as in the previous two years, no occupational illnesses were recorded. The injuries recorded so far are minor, such as minor cuts, bruises and burns. The table below shows the situation regarding accidents at work in the Group.

Table 18 Work-related injuries [*GRI 403-9*]

	2022	2021	2020
Number of deaths as a result of work-related injuries	0	0	0
Number of serious work-related injuries	1	0	0
Number of recordable work-related injuries	28	44	26
Number of hours worked	3,369,663	2,976,201	2,202,516
Death rate as a result of work-related injuries	-	-	-
Rate of high-consequence work-related injuries	0.3	-	-
Rate of recordable work-related injuries	8.3	14.8	11.8

Compared to the last reporting year, there was a serious injury at the British company Symington's due to crushing. Despite this, thanks to the constant monitoring of employee health and safety issues, the occupational injury rate at Group level decreased by 44% compared to 2021.

In fact, the occupational health and safety management system is subject to periodic audits by third parties to ensure the application and effectiveness of the procedures adopted and the controls in place. With these audits, the Group seeks to ensure impartiality and third-party verification. The occupational health and safety management system covers all activities and tasks within the company and includes all workers, both employees and external contractors. In fact, the Group's business does not provide for outsourcing activities in places where it is difficult to monitor and ensure the health and safety of personnel. On the contrary, a limited number of non-employee workers operate in the Group's plants, whose safety conditions are evaluated jointly by the Company's health and safety managers and the managers of these workers' employer.

With reference to non-employees of the Group but still under the control of the organisation, a system for monitoring hours has not yet been established. Such workers mainly correspond to: cleaning, porterage and concierge staff or any workers belonging to external companies. Temporary workers are only present in a few plants, and even then in limited numbers.

Over the last two years, general risks have been compounded by the impact that the spread of SARS-CoV-2 has had and is still having on a global scale. To cope with this, the Group has put in place certain measures to protect its resources in accordance with current protocols, starting with the timely updating of the risk assessment to incorporate the risks associated with the evolution of the COVID-19 pandemic.

EMPLOYMENT PROTECTION

One of the company's strengths is certainly its human capital, made up of all the employees and contractors who gravitate around the company system. In fact, human resources represent an indispensable resource for the creation of value, guaranteeing company competitiveness and constant and sustainable development, ensuring customers and consumers a quality product and thus enabling the Group to achieve its objectives in the short, medium and long term. In turn, the Group generates opportunities through the creation of employment in the regions it operates in and the inclusion and development of talent in its business. The Group's practice is to attract resources, train them, develop them and consolidate relationships with them over time. In fact, the company pays particular attention to the early stages of hiring, when it seeks the best match between the skills required and the candidates' profiles. This is also confirmed by the following figures.

The Group therefore offers all employees a safe, stimulating working environment, promoting respect for employees' personal space and enabling a work-life balance.

Information on employees and other workers

[GRI 2-7]; [GRI 2-8]

The Group's workforce varied significantly in the three-year period 2020-2022 due to the acquisitions made during the years covered by the report. Specifically, there is an increase in both permanent and fixed-term contracts.

Table 19 Employees with a permanent or fixed-term contract

Employees Contract type	2022			2021[28]			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	1,437	565	**2,002**	1,427	540	**1,967**	1,040	342	**1,382**
Fixed-term	158	29	**187**	106	21	**127**	106	17	**123**
Total	**1,595**	**594**	**2,189**	1,533	561	**2,094**	**1,146**	**359**	**1,505**

[28] Following a refinement of the criteria used for reporting on the employees of the British company Symington's, the number of employees for the year 2021 was adjusted.

Table 20 Employees with full-time or part-time contracts

Employees	2022			2021			2020		
Type of Contract – FT/PT	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	1,562	512	**2,074**	1,497	469	**1,966**	1,122	300	**1,422**
Part-time	33	81	**114**	37	91	**128**	24	59	**83**
With non-guaranteed hours[29]	-	1	**1**	-	-	**-**	-	-	**-**
Total	**1,595**	**594**	**2,189**	**1,534**	**560**	**2,094**	**1,146**	**359**	**1,505**

Table 21 Employees by geographical area

Employees	2022			2021			2020		
Geographical Area	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	1,076	328	**1,404**	1,024	316	**1,340**	1,037	329	**1,366**
England	407	236	**643**	404	213	**617**[30]	-	-	**-**
Germany	112	30	**142**	106	31	**137**	109	30	**139**
Total	**1,595**	**594**	**2,189**	**1,528**	**571**	**2,094**	**1,146**	**359**	**1,505**

The Group's activities are growing year on year, also following the acquisition of the British company. Full-time contracts increased from 1,966 to 2,074, while part-time contracts increased from 128 to 114.

[GRI 401-2] In any case, the Group does not differentiate between full-time employees, part-time employees, fixed-term employees or permanent employees in the granting of benefits, but treats all equally.

More than half of the Group's employees work in Italy, where the Group has its foundations, although from 2021 the number of employees working abroad will become significant: almost 800 people divided between the UK and Germany, reflecting the Group's international expansion. These will be joined by approximately 100 people working at the newly acquired French company.

Collective bargaining agreements

The Group pays attention to the protection of its employees and is committed to strictly complying with the regulations in force.

As in the previous two years, again in 2022 all employees of the Italian companies and 90% of the employees of Newlat GmbH are covered by collective labour agreements. Such agreements, also because of the different trade union organisation and contractual conditions in the Anglo-Saxon world, are not envisaged in the English company Symington's Ltd.

[29] Data not available for 2021-2020

[30] Following a refinement of the criteria used for personnel reporting, the number of employees of the British company Symington's was changed.

Table 22 Employees covered by collective bargaining agreements [*GRI 2-30*]

Newlat Food Group employees	2022	2021	2020
Number of employees - Group	2,189	2,094	1,505
No. of employees covered by collective or supplementary agreements - Group	1,532	1,467	1,491
% employees covered by collective or supplementary agreements - Group	70%	70%	

In Italy, all employees are covered by a national collective agreement (CCNL), to which is added a supplementary contract, which applies to almost all employees (99%).

New employee hires and employee turnover

[GRI 401-1]

The tables below show the data regarding resignations and recruitment during the three-year period 2020-2022.

As is evident from the data in the following tables, the Group is in an expansionary phase, with a turnover rate typical of the conditions created by pursuing growth through external lines, while maintaining a positive income-expenditure balance.

As in previous years, it is evident that the turnover and hiring process is decreasing the average age of personnel, with a high number of under-30s entering the workforce and an older age group leaving. The staff renewal process is one of the pillars for growth and the maintenance of competitive advantage. This process is ongoing and an attempt is being made to maintain the right balance between experience and innovation, thus ensuring that new resources can join the workforce.

Table 23 Hiring in the Newlat Food Group

Employees -	2022			2021			2020		
New hires	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	152	49	**201**	74	15	**89**	53	7	**60**
30-50	131	65	**196**	41	17	**58**	31	9	**40**
>50	31	9	**40**	16	2	**18**	6	0	**6**
Total	**314**	**123**	**437**	**131**	**34**	**165**	**90**	**16**	**106**

Table 24 Turnover in Newlat Food Group

Employees -	2022			2021			2020		
Employee turnover	Men	Women	Total	Men	Women	Total	Men	Women	Total
<30	78	24	**102**	46	19	**65**	15	6	**21**
30-50	102	54	**156**	45	30	**75**	16	8	**24**
>50	72	12	**84**	56	15	**71**	52	12	**64**
Total	**252**	**90**	**342**	**147**	**64**	**211**	**83**	**26**	**109**

EDUCATION, TRAINING AND DEVELOPMENT OF PEOPLE

The attention, protection and development of people are elements underpinning the Group's growth, the importance of which is also recognised by the current Code of Ethics. They are asked to work with loyalty and mutual trust for the benefit of common success.

The professionalism and skills developed by all employees are an important success factor for any company. The continuous training of personnel and the adoption of a corporate culture aimed at supporting the professional development of workers are a fundamental requirement for ensuring high product and process standards, and consequently for the responsible development of the Group. The Company therefore promotes the professional and personal growth of its employees, establishing a culture based on the development of the individual in the various operational contexts.

The commitment to ensure the growth of its personnel goes hand in hand with the Group's priorities for meeting the needs of its stakeholders, organising training courses deemed to be a priority for this purpose and providing incentives for staff at all levels to participate in them. Based on the data below, it can be seen that the Group does not make any distinction when it comes to gender in its investments in training and development.

[2-17]

In order to actively involve employees, raise awareness of environmental, ethical and social issues and stimulate the dissemination of new positive behaviour, a training plan on ESG issues was developed in 2022, also involving top management with the aim of promoting the highest governance body's knowledge of sustainable development. Thanks to these sessions, the establishment of a Sustainability Steering Committee involving the main corporate functions, and the presence of a Control, Risk and Sustainability Committee allowing for constant discussion on ESG issues, the highest governing body and all function Departments are involved and informed on business performance with respect to strategy implementation, target achievement and the implementation of preventive or corrective actions to mitigate any and/or actual impacts of the Group, also with respect to responsible development objectives.

Employee training

With this in mind, and in compliance with the regulations of the various countries that the Group operates in, employees are guaranteed constant training from the moment they are hired.

The training provided focuses mainly on food safety, occupational health and safety and other aspects considered to be of high added value for the Group and its stakeholders, the aim being also to increase technical and professional skills. Training is thus aimed at both preserving and expanding the know-how acquired over time by the Group.

Table 25 Average hours of training per year per employee of the Newlat Food Group [*GRI 404-1*]

Average hours of training	2022			2021[31]			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	8	7	**8**	4	11	**4**	4	3	**3**
Managers+Office personnel	6	6	**6**	5	4	**4**	2	3	**3**
Manual workers+Technical managers	7	12	**8**	15	7	**14**	13	5	**12**
Total	**7**	**9**	**8**	**13**	**6**	**11**	**11**	**4**	**9**

Remuneration and Compensation

In 2022 the Group started reporting the annual total compensation rate, which is shown in the following table by country.

Table 26 Annual total compensation ratio *[GRI 2-21]*

Annual total compensation rate[32]	Italy		Germany		England	
	2022	2021	2022	2021	2022	2021
Annual total compensation rate	4.23	5.55	3.36	3.62	7.25	-
Ratio of the percentage increase of the highest paid individual to the median compensation	-133.54	-	-0.16	-	-	-

The annual total compensation rate represents the ratio of the compensation of the highest paid individual to the median annual salary among all employees. That is to say, in Italian companies, the compensation of the highest paid individual is 4.23 times higher than the median salary of all employees, the same applies to German and English companies, where this ratio is 3.36 and 7.25 respectively.

The data show that for both companies there was a decrease in the rate of compensation between 2021 and 2022, a trend reflecting a decrease in the pay of the highest-paid individual against an increase in the median salary, sometimes due to changes in senior figures.

[2-18]; [2-19]; [2-20]

Comprehensive qualitative and quantitative information on remuneration policies for the parent company is provided in the Remuneration Policy and Compensation Report (hereinafter also referred to as "Remuneration Policy"), which is publicly available in the relevant section of the company's website.

31 Training hours for Symington's are not available.
32 For Italian companies, the annual compensation rate was calculated taking into account the base salary of the employees.

The Board of Directors has set up an internal Appointments and Remuneration Committee, an independent committee that supports the BoD in evaluating and deciding on the remuneration of Directors and Executives with strategic responsibilities, formulating proposals that are functional to the pursuit of the sustainable success and responsible development of the Group and taking into account the need to recruit, retain and motivate people with the expertise and professionalism required by the role held, thus strengthening the alignment between the interests of management, shareholders and other stakeholders.

In this regard, in addition to defining the fixed component of the remuneration of Directors and Executives with Strategic Responsibilities, the 2022 Remuneration Policy envisages that a portion of their short- and medium-long term variable remuneration be linked not only to economic, equity and strategic parameters, but also to non-financial performance objectives concerning ESG issues. These include, for example, the reduction of CO2 emissions with a view to promoting the energy transition and circular economy principles in keeping with the sustainability strategy defined by the Group.

The performance of top management in the area of responsible development is therefore periodically assessed both internally based on established ESG objectives, and externally through the obtaining and renewal of validated certifications and assessments by third parties that provide for the maintenance of certain requirements and the achievement of improvement objectives as needed. These include, for example, compliance with ethical and occupational health and safety standards, validation of environmental and quality management systems, and other food safety certifications, explained in more detail in the Certifications section.

PROTECTION OF HUMAN RIGHTS, REDUCTION OF INEQUALITIES, RESPECT FOR DIVERSITY AND INCLUSION

[GRI 2-23]; [GRI 2-24]; [GRI 2-25]

Throughout the value chain there are potential risks for human rights violations. Among the most sensitive areas are the supply chain and the employed workforce. The impacts of the Group's work on the latter, however, are dominated by a strong core culture on these aspects, such as the culture in Italy, Germany and England, the countries where the Group produces and where the entire workforce works. In these countries there are also regulations in place that facilitate the management of impacts on the inviolable rights of the individual. To support its commitment, in 2022 the Group issued a Human Rights Policy and a Diversity and Inclusion Policy, taking national and international best practices, guidelines and standards such as the Universal Declaration of Human Rights, the Ten Principles of the Global Compact proposed by the United Nations, and the Fundamental Conventions of the International Labour Organisation as sources of reference. All commitments made through the policies were approved by the highest governing body, communicated to partners and all other stakeholders via the company website and disseminated to employees through training sessions.

Starting with the selection process and throughout the career path, the Group adopts and promotes conduct based on propriety and protection of personal dignity. This commitment also translates into the dissemination of a corporate culture based on the promotion of a working environment free of all discrimination. In fact, the Company strongly condemns and opposes with positive actions any direct or indirect form of discrimination based on sex, ethnicity, nationality, religion, age, disability, gender, sexual orientation, marital status, membership in political parties or associations, physical and/or economic condition and any other possible form of intolerance. At the same time, the Group recognises the respect and promotion of diversity as an added value for the development of a successful corporate culture capable of fully capitalising on Human Capital.

In the process of internationalisation and expansion, the Group's staff has not only expanded in number, but also in terms of nationality, culture and expertise, thus making a positive contribution to the company's growth. In addition to supporting such diversity, the Company recognises, promotes and defends full equality and equal opportunities without differences among its employees.

Even in its relations with the supply chain, the Group is committed to observing the principles set out in the Universal Declaration of Human Rights, the relevant national and international laws and the Code of Ethics.

In order to communicate its commitment to its suppliers, when signing agreements or contracts the Group provides them with its Organisational Model pursuant to Italian Legislative Decree 231/01 and its Code of Ethics with the aim of sharing its principles and attention to respect for human rights and inequalities.

[GRI 406-1] As evidence of the Group's proper conduct during the year, as in the previous two-year period, there were no incidents of discrimination.

Diversity among employees

The composition of employees shows that there is a process of generational turnaround between older and younger workers. The share of under-30s in the last three years has increased from 10% in 2020 to 11% in 2021 to 14% in 2022, a relative increase of 40% in three years.

As previously indicated, this process is of particular interest for the future growth of the Group.

Table 27 Diversity among employees [*GRI 405-1*]

Group Employees 2022	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	-	9	-	15	2	**27**	1%
Managers+Office personnel	20	49	111	140	154	85	**559**	26%
Manual workers+Technical managers	228	26	569	189	488	103	**1,603**	73%
Total	**249**	**75**	**689**	**329**	**657**	**190**	**2,189**	100%
% by age group	77%	23%	68%	32%	78%	22%		
% of Total	11%	3%	31%	15%	30%	9%		

Group Employees 2021	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	1	0	10	0	19	2	**32**	2%
Managers+Office personnel	12	32	112	140	154	86	**536**	26%
Manual workers+Technical managers	175	19	575	188	476	93	**1526**	73%
Total	**188**	**51**	**697**	**328**	**649**	**181**	**2094**	100%
% by age group	79%	21%	68%	32%	78%	22%		
% of Total	9%	2%	33%	16%	31%	9%		

Group Employees 2020	< 30		30 - 50		> 50		Total	Tot.
	Men	Women	Men	Women	Men	Women	no.	%
Executives	-	-	9	1	18	2	**30**	2%
Managers+Office personnel	6	22	74	89	166	74	**431**	28%
Manual workers+Technical managers	112	2	404	103	356	67	**1,044**	70%
Total	**118**	**24**	**487**	**193**	**540**	**143**	**1,505**	100%
% by age group	83%	17%	72%	28%	79%	21%		
% of Total	8%	2%	32%	13%	36%	9%		

The Group aims not to create a difference in treatment between men and women and does not implement policies or practices designed to favour one over the other.

GOVERNANCE

TRANSPARENT GOVERNANCE AND CORPORATE IDENTITY

Transparency and integrity are the values that guide the Group in defining its Corporate Governance system. In fact, an integral and transparent governance structure and constant attention to compliance with laws and regulations contribute decisively to increasing both the competitiveness of the Company and the sustainability of its development in the medium and long term, among other things promoting a relationship of trust between the Company and its stakeholders, with whom there is continuous and transparent communication. Based on these principles and values of Corporate Governance, the Group defines the structure of functions and responsibilities and develops an appropriate control system, ensuring both conscious management choices and an effective monitoring of business risk management. The control system in place is also aimed at guaranteeing a correspondence between the corporate identity and the way the company operates: in fact, one of the objectives is to monitor the alignment between the practices adopted internally, the mission, the vision and the image that stakeholders have of the Group.

With the aim of improving the efficiency and transparency of their corporate governance, Newlat Food S.p.A. and Centrale del Latte d'Italia S.p.A. adopted the Corporate Governance Code for Listed Companies published by the Corporate Governance Committee of Borsa Italiana. The Group's Corporate Governance is structured according to the traditional model, therefore the sovereign body of the company with decision-making powers is the Shareholders' Meeting, management responsibility is entrusted to the Board of Directors, supervisory functions to the Board of Statutory Auditors, and the statutory audit is assigned to Independent Auditors. The composition of the Boards of Directors of the Group companies at the end of the year is shown in the following table.

Table 28 Diversity in governance bodies - BoD [*GRI 405-1]*

Group 2021 Diversity of Governance Bodies - BoD	< 30		30 - 50		> 50		Total
	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	5	1	2	3	12
% Members of Governance Bodies by age group	-	100%	83%	17%	40%	60%	-
% Members of Governance Bodies of the Total	-	8%	42%	8%	17%	25%	-
Total							

Group 2020 Diversity of Governance Bodies - BoD	< 30		30 - 50		> 50		Total
	Men	Women	Men	Women	Men	Women	
Members of Governance Bodies	-	1	2	1	2	1	7
% Members of Governance Bodies by age group	-	100%	66%	33%	66%	33%	-
% Members of Governance Bodies of the Total	-	14%	29%	14%	29%	14%	-

Tax management

[GRI 207-1; GRI 207-2]; [GRI 207-3]

In line with the principles defined in the Code of Ethics, the Group also acts in accordance with the values of transparency and integrity in the management of its taxes. Acting responsibly from a fiscal point of view is essential for the protection of social assets and for the creation of value in the medium and long term. Moreover, the Company sees the payment of taxes as an important channel through which to contribute to the economic and social development of the countries it is present in.

With this in mind, the Group pays great attention to compliance with tax regulations, acting with extreme responsibility and committing itself to interpreting the relevant tax rules and principles in the individual jurisdictions it operates in, i.e. Italian, English and German. As a Group tax strategy has not yet been formalised, the Board of Directors defines the approach to be adopted, with the aim of ensuring uniform tax management for all interested entities. Responsibility for compliance lies with the internal departments of each subsidiary, while the parent company's Administration, Finance and Control department is responsible for supervising and coordinating intercompany relations. This approach is inspired by a logic that on the one hand guarantees the correct and timely calculation and payment of taxes due by law and the execution of the related obligations, and on the other the correct management of tax risk, understood as the risk of violating tax rules or abusing the principles and purposes of the tax system. In detail, tax-related risks are identified and managed according to the company's Enterprise Risk Management model.

The Company has also adopted a set of rules, procedures and principles that are part of the broader system of organisation and control and that are to be considered fundamental points of reference that all parties are required to respect depending on the type of relationship they have with the Group.

The Group maintains a collaborative and transparent relationship with tax authorities, institutions and trade associations. The objective is to manage compliance and reputational risks and safeguard corporate assets, as well as to pursue the primary interest of creating value for shareholders over the medium and long term.

Furthermore, the Group does not operate with the aim of benefiting from domestic or international conduct and operations that do not reflect economic reality and from which undue tax advantages could be obtained, such as for example investments in or through countries considered to have privileged taxation with the sole aim of reducing the tax burden. For tax purposes, intercompany relationships are conducted at arm's length, as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as far as possible.

The Group uses tax incentives generally applicable to all operators, complying with all specific regulations only where the incentives are aligned with its industrial and operational objectives and in line with the economic substance of its investments.

For the Group, tax compliance is considered to be one of the fundamental aspects of the Company's ethical and responsible management. Consequently, violations of tax laws are among those that can be reported through the Company's internal channels. To date, the Group has not received any solicitations from its stakeholders on tax issues.

Table 29 Country-by-country reporting [*GRI 207-4*]

Names of resident entities	Main activities of the organisation	Number of employees	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/loss	Tangible assets other than cash and cash equivalents	Corporate income tax accrued on profits/losses
Italy							
Newlat Food S.p.A.	Production of dry pasta and baked goods	799	178,934,294	52,522,854	4,398,900	131,136,670	-1,097,045
Centrale del Latte d'Italia S.p.A.	Production and processing of dairy products	605	307,456,146	1,510,455	621,068	223,942,849	-466,761
Total Italy		1,404	486,390,440	54,033,309	5,019,968	355,079,518	-1,563,806
Germany							
Newlat GmbH	Production of dry pasta	142	118,762,505	-	5,119,679	38,450,738	-1,652,813
Total Germany		142	118,762,505	-	5,119,679	38,450,738	-1,652,813
United Kingdom							
Symington's Ltd	Production of ready meals (instant noodles, sauces, soups)	643	137,316,478	-	594,540	53,226,046	-112,963
Total United Kingdom		643	137,316,478	-	594,540	53,226,046	-112,963

LEGALITY, ETHICS AND ANTI-CORRUPTION

In order to operate in a proper, law-abiding manner and avoid any type of active or passive corruption, the Group is committed to putting in place the necessary preventive measures to mitigate the risks of non-compliance with the laws of all the countries it operates in, and by means of a Code of Ethics it informs its collaborators of the values that inspire it and the principles and guidelines that guide the behaviour of all the Company's internal and external stakeholders.

In accordance with Italian Legislative Decree 231/2001, Newlat Food has also adopted an Organisation, Management and Control Model (OMCM) aimed among other things at preventing corruption-related offences. In order to ensure the effective application of its OMCM, the company has planned and effectively adopted a structured system of procedures and implemented dedicated control activities. The Italian subsidiary Centrale del Latte d'Italia has also adopted its own OMCM for the same purposes.

Both companies have also appointed a Supervisory Board (SB), which has been entrusted with the task of monitoring the correct application and effectiveness of the OMCM. This task is ensured by the Supervisory Board by means of a specific audit plan and by examining the information flows submitted periodically by the relevant corporate functions.

[2-15] [2-16]; [2-26] Both Newlat Food and its Italian subsidiary Centrale del Latte update their 231 Models, as well as implementing a whistleblowing channel in accordance with the provisions contained in the recent EU Directive 1937/2019. These channels allow all stakeholders (employees, customers, suppliers and partners) or even third parties to submit confidential or anonymous reports on any circumstance, event and/or action deemed to be contrary to the principles adopted by the Group. The channel is available in Italian, English and the languages of the countries the Newlat Food group operates in.

Newlat Food's constant attention to ethical issues and social responsibility has led the company to identify an Ethics Officer within its staff to whom it entrusts the management of complaints and reports on this issue. This action was supported by the provision of specific channels and procedures.

Conflicts of interest

In order to prevent conflicts of interest, every transaction or operation must be undertaken solely and exclusively in the interest of the Group in a proper and transparent manner as enshrined in the principles contained in the Group's Code of Ethics and Conduct. If a conflict of interest arises or if an employee foresees that a situation may lead to a conflict of interest, they must report it so that the Group can take appropriate action to maintain independence of judgement and choice. Several channels exist to report any relevant critical issues to the highest governing body, including the whistleblowing channel mentioned above or the anonymous reporting boxes present in the various Group offices.

Note that constant coordination between the parties involved in the control system in accordance with the provisions of the Corporate Governance Code makes it possible to best meet the expectations of all stakeholders.

[GRI 205-3]; [GRI 206-1]; [GRI 2-27] As a result of the audits and investigations carried out, no substantiated bribery incidents were recorded during 2022. Similarly, there were no actions for anti-competitive behaviour, antitrust or monopolistic practices, nor penalties for non-compliance with social and economic laws and regulations.

Most of the Italian plants and the UK company have obtained SMETA (Sedex Members Ethical Trade Audit) certification, aimed at promoting transparency and demonstrating the good ethical practices adopted by the Group, not only within the Company but also along the entire supply chain. The certification bases its assessment criteria on the ETI (Ethical Trade Initiative) code, integrating them with national and local laws in the countries concerned and based on four pillars: compliance with labour regulations, business ethics, health and safety in the workplace and the environment.

Earning certification therefore allows, on the one hand, strengthening the control systems of the supply chain through the identification and mitigation of potential risks in an effective manner, and on the other hand promoting the good practices identified through a systematic monitoring of the supply chain. Therefore, such certification leads to various benefits, including:

- Knowing, monitoring and evaluating the working conditions and health and safety of workers applied by its suppliers, strengthening commercial relations with suppliers who are more virtuous in adopting good practices and international standards.
- Promoting respect for human rights and decent working conditions, thereby encouraging compliance with relevant rules, regulations and policies, such as the Modern Slavery Act (2015), and deterring the adoption of unlawful practices, such as unauthorised subcontracting.

RESPONSIBLE DEVELOPMENT AND GROWTH

Up until now the Group has pursued steady, significant growth, keeping in mind and systematically monitoring not only its economic performance, but also its environmental and social performance. Given the growing consumer awareness of ESG issues and the urgent demand for ESG-friendly products, integrating sustainability strategies and objectives into business operations is no longer just an option but a necessity, as well as a competitive factor for the entire private sector. This trend is even more pronounced for the agri-food sector, which is particularly exposed to certain environmental risk factors such as extreme heat waves, reduced availability of water, the spread of pests and diseases and other phenomena linked to climate change.

For these reasons, the Group operates so that the value created increases not only in the short term, but above all in the medium and long term, promoting ethical conduct, reconciling the legitimate expectations of the various stakeholders and limiting the direct and indirect environmental impact of its production in order to preserve the environment for the benefit of future generations and in compliance with current regulations. With this in mind, the Research and Development (R&D) division, also thanks to constant targeted investments, is committed to identifying new and innovative solutions, both in production and in processes, paying particular attention to safety and environmental performance, with the aim of pursuing increasingly responsible development.

One of the growth strategies pursued by the Group is the continuous search for opportunities for international development, with the aim of strengthening competitiveness, expanding and differentiating the range of products offered and increasing the share of exports of Italian products in foreign markets. In fact, considering that exports of Italian agri-foodstuffs are constantly increasing, growth and consolidation in international markets enables the company to pursue its objectives, promoting and supporting the creation of value for all its stakeholders. In 2022 the company finalised an agreement with EM Foods, based in France, to consolidate its position in the main countries in the European region. The proportion of consolidated turnover deriving from the Italian market is constantly decreasing, as a result of the Group's strategy to develop in foreign markets as well. The objective of expansion, including into other markets such as Asia and the Americas, goes hand in hand with investments to ensure a high level of product quality and to seek solutions that are increasingly close to consumers and stakeholders' needs.

In fact, the Company's growth occurs mainly through processes of acquisition of companies and brands, selected not only on the basis of competitiveness and profitability but also with respect to values and objectives shared with the Group, including integrity, transparency, the commitment to limit the impact of its operations on the environment, the observance of principles and rules on human rights and the protection of the community.

TABLE OF CORRELATION WITH ITALIAN LEGISLATIVE DECREE 254/16

Scope of Italian Legislative Decree 254/2016	*Material topic*	*Reference Chapter*	*Standard-Specific Topic GRI STANDARDS 2021 (2021 update)*		*Limitations on the 2022 reporting scope*[33]	*Reasons for omission and explanation*
		Directors' report on operations - Letter to shareholders	**2-22**	Statement on the sustainable development strategy	-	-
		Introduction – Methodological note	**2-1**	Organisational details	-	-
			2-2	Entities included in the organisation's sustainability reporting	-	-
			2-3	Reporting period, frequency and contact point	-	-
			2-4	Restatements of information	-	-
			2-5	External assurance	-	-
		Introduction - Business Model and Value Chain	**2-6**	Activities, value chain and other business relationships	-	-
		Introduction – Corporate Governance Model and Sustainability Management	**2-9**	Governance structure and composition	-	-
			2-10	Nomination and selection of the highest governance	-	-
			2-11	Chair of the highest governance body	-	-
			2-12	Role of the highest governance body in overseeing the management of impacts	-	-
			2-13	Delegation of responsibility for managing impacts	-	-
			2-14	Role of the highest governance body in sustainability reporting	-	-
		Introduction – Stakeholder Engagement	**2-29**	Approach to stakeholder engagement	-	-
		Introduction – Materiality	**3-1**	Process to determine material topics	-	-

[33] Unless otherwise stated, this includes all Newlat Food Group companies consolidated on a line-by-line basis, as indicated in the Methodological Note

Scope of	Material topic	Reference	Standard-Specific Topic		Limitations	Reasons for omission
			3-2	List of material topics	-	-
Environmental aspects	**Sustainable farming practices, animal welfare and attention to raw materials**	*Sustainable farming practices, animal welfare and attention to raw materials*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			308-1	New suppliers that were screened using environmental criteria	Only for the companies: Centrale del Latte d'Italia and Newlat Food	Information unavailable/incomplete for the foreign companies Newlat GmbH and Symington's as there is no structured data collection. The Group will report on this data in future years.
			414-1	New suppliers that were screened using social criteria	Only for the companies: Centrale del Latte d'Italia and Newlat Food	Information unavailable/incomplete for the foreign companies Newlat GmbH and Symington's as there is no structured data collection. The Group will report on this data in future years.
	Process environmental impact	*Process environmental impact*	**3-3**	Management of material topics	-	-
		Process environmental impact – Energy consumption and emissions	**302-1**	Energy consumption within the organisation	-	-
			302-3	Energy intensity	-	-
			302-4	Reduction of energy consumption	-	-
			305-1	Direct GHG emissions (Scope 1)	-	-
			305-2	Indirect GHG emissions from energy consumption (Scope 2)	-	-
			305-4	GHG emissions intensity	-	-
		Process environmental impact – Water management and use of water	**303-1**	Interaction with water as a shared resource	-	-
			303-2	Management of water discharge-related impacts	-	-
			303-3	Water withdrawal	-	-
		Process environmental impact – Waste management and spills	**306-3**	Waste generated	-	-
			306-4	Waste diverted from disposal	-	-
			306-5	Waste directed to disposal	-	-
			2-27	Compliance with laws	-	-

Scope of	Material topic	Reference	Standard-Specific Topic		Limitations	Reasons for omission
				and regulations		
	Sustainable packaging	*Sustainable packaging*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			301-1	Materials used by weight or volume	-	Information unavailable/incomplete. The data is not treated quantitatively, but only qualitatively. The company has set up a working group and will report on this issue in future years.
Social aspects	**Product quality, safety and traceability**	*Product quality, safety and traceability*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	-
	Listening to and protecting the consumer	*Listening to and protecting the consumer*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
		Listening to and protecting the consumer – Consumer protection in compliance with current regulations	**417-2**	Incidents of non-compliance concerning product and service information and labelling	-	-
			417-3	Incidents of non-compliance concerning marketing communications	-	-
			418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	-
	Promoting the regions and communities the Group operates in	*Promoting the regions and communities the Group operates in*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			2-28	Membership associations	-	-
		Introduction - Business Model and Value Chain	**204-1**	Proportion of spending on local suppliers	-	-
Personnel aspects	**Protection of worker health and safety**	*Protection of worker health and safety*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			403-1	Occupational health and safety	-	-

Scope of	Material topic	Reference	Standard-Specific Topic		Limitations	Reasons for omission
				management system		
			403-2	Hazard identification, risk assessment, and incident investigation	-	-
			403-3	Occupational health services	-	-
			403-4	Worker participation, consultation, and communication on occupational health and safety	-	-
			403-5	Worker training on occupational health and safety	-	-
			403-6	Promotion of worker health	-	-
			403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	-
			403-9	Work-related injuries	-	-
			403-10	Work-related ill health	-	-
	Employment protection	*Employment protection*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			2-7	Employees	-	-
			2-8	Workers who are not employees	-	Information unavailable/incomplete, the figure is presented qualitatively. The Company has set up a working group and will report on this issue in the coming years.
			2-30	Collective bargaining agreements	-	-
			401-1	New employee hires and employee turnover	-	-
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	-	-
	Education, training and development of people	*Education, training and development of people*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			2-17	Collective knowledge of the highest governance body	-	-
		Education, training and development of	**404-1**	Average hours of training per year per employee	-	-

Scope of	Material topic	Reference	Standard-Specific Topic		Limitations	Reasons for omission
		people – Employee training				
		Education, training and development of people – Remuneration and compensation	**2-18**	Evaluation of the performance of the highest governance body	-	-
			2-19	Remuneration policies	-	-
			2-20	Process to determine remuneration	-	-
			2-21	Annual total compensation ratio	-	-
Human rights	**Protection of human rights, reduction of inequalities and respect for diversity and inclusion**	*Protection of human rights, reduction of inequalities and respect for diversity and inclusion*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			2-23	Policy commitments	-	-
			2-24	Embedding policy commitments	-	-
			406-1	Incidents of discrimination and corrective actions taken	-	-
			405-1	Diversity of governance bodies and employees	-	-
Anti-corruption	**Transparent governance and corporate identity**	*Transparent governance and corporate identity*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			405-1	Diversity of governance bodies and employees	-	-
		Transparent governance and corporate identity – Tax management	**207-1**	Approach to taxation	-	-
			207-2	Tax governance, control and risk management	-	-
			207-3	Stakeholder engagement and management of tax concerns	-	-
			207-4	Country-by-country reporting	-	-
	Legality, ethics and anti-corruption	*Legality, ethics and anti-corruption*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-
			2-15	Conflicts of interest	-	-
			2-16	Communication of critical concerns	-	-
			2-26	Mechanisms for seeking advice and raising concerns	-	-
			205-3	Ascertained incidents of corruption and actions taken	-	-

Scope of	*Material topic*	*Reference*	*Standard-Specific Topic*		*Limitations*	*Reasons for omission*
			206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-	-
			2-27	Compliance with laws and regulations	-	-
Cross-cutting aspects	**Responsible development and growth**	*Responsible development and growth*	**3-3**	Management of material topics	-	-
			2-25	Processes to remediate negative impacts	-	-

ANNEXES

Annex 1/a: Certifications held by the company Centrale del Latte d'Italia S.p.A. - Plants

Centrale del Latte d'Italia S.p.A.	Plants						
Certification	Turin	Rapallo	Vicenza	Florence	Lodi	Reggio Emilia	Salerno
Management System Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)	X	X	X	X	X	X	X
Plant export authorisation - South Korea	X			X	X	X	
Plant export authorisation - Custom Union					X		
Plant export authorisation - Panama					X		
Plant export authorisation - Brazil					X	X	
Plant export authorisation - China	X			X	X		
Plant export authorisation - Saudi Arabia				X			
ORGANIC (EU Reg. 848/2018)	X	X	X	X	X	X	X
BRCGS/BRCGS (not published)			X	X	X		
DT 87 - Technical	X	X					

Document for the certification of the A2A2 Milk Supply Chain							
DT 86: Document for the certification of dairy products made with milk from farms having certification issued by CReMBA on animal welfare	X	X					
Control service applied to animal welfare according to requirements that are more restrictive than the law, verified through Classyfarm and the requirements of the "Sustainable Production Chain of Tuscan Cow's Milk" specifications				X			
US FDA Registration			X		X		
FSSC 22000	X	X					
IFS/IFS (not published)			X	X	X	X	
UNI EN ISO 14001:2015	X	X	X	X			
UNI EN ISO 22005:2008	X	X	X	X			
UNI EN ISO 14064:2018				X			
UNI EN ISO 9001:2015	X	X	X	X	X	X	X

(multisite)							
Kosher	X				X		
Halal	X		X	X	X	X	
NON-GMO (US products only)			X				
SMETA					X	X	
UNI CEI EN ISO/IEC 17025:2018				X			X
Registration regional HACCP laboratories list Tuscany region				X			
Vegan			X				
Development of national livestock productions "Guarantee of Animal Welfare							X

Annex 1/b: Certifications held by the company Newlat Food S.p.A.

Newlat Food S.p.A.	Plants					
Certification	Cremona	Bologna	Sansepolcro	Fara S. Martino	Eboli	Ozzano Taro
AOECS gluten-free products						X
AIC						X
Management System	X	X	X	X	X	X

Asseveration pursuant to art. 30 of Legislative Decree 81/2008 and subsequent amendments)						
Plant export authorisation - China						X
ORGANIC (EU Reg. 848/2018)	X		X	X	X	X
ORGANIC (JAS – Japanese Agriculture Standard)				X		
ORGANIC (IBD - Brazil Standard)				X		
BRCGS/BRCGS (not published)	X		X	X	X	X
US FDA Registration	X		X	X	X	X
IFS/IFS (not published)	X		X	X	X	X
UNI EN ISO 14001:2015						X
UNI EN ISO 22005:2008				X		
UNI EN ISO 9001:2015 (multisite)	X	X	X	X	X	X
Kosher	X	X	X	X	X	X
Halal						X
NON-GMO (US products only)				X		

SMETA	X	X	X	X	X	X
UNI CEI EN ISO/IEC 17025:2018						X
Vegan				X		

Annex 1/c: Certifications held by the company Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A. - Warehouses

Centrale del Latte d'Italia S.p.A. and Newlat Food S.p.A	Warehouses									
Certification	San Vincenzo	Livorno	Grosseto	Massa	Elba	Arezzo	San Pietro (Rapallo)	Pozzuoli	Rome	Lecce
Organic (EU Reg. 834/2007)	X	X	X	X	X	X	X	X	X	X
UNI EN ISO 9001:2015 (multisite)	X	X	X	X	X	X	X	X	X	X
UNI EN ISO 14001:2015							X			

Annex 1/d: Certifications held by Newlat Deutschland GmbH and Symington's Ltd

Newlat GmbH	Plants
Certification	Mannheim
Organic	X
Gluten-free	X
IFS	X
ISO50001	X
Kosher	X
Schwäbische Spätzle"	X

Symington's Ltd.	Plants		
Certification	Dartmouth Way - Leeds	Bradford	Consett
BRCGS	X	X	X
RSPO	X	X	X
Rainforest Alliance	X		
SMETA		X	
Halal			X

Independent Auditor's Report

[GRI 2-5: External Assurance]

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation no. 20267 of January 2018

To the Board of Directors of Newlat Food SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Newlat Food SpA and its subsidiaries (the "Group") for the year ended 31 December 2022 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 17 March 2023 (the "NFS").

Our review does not extend to the information set out in the paragraph "Regulation EU 852/2020" of the NFS, required by article 8 of European Regulation 2020/852.

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" published in 2021 by the GRI – Global Reporting Initiative (the "GRI Standards"), disclosed within the paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

The Board of Statutory Auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. understanding of the following matters:
    a. business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
    b. policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
    c. key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

    With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;
4. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Newlat Food SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information.
- for the Sansepolcro (AR) and Reggio Emilia sites of Newlat Food SpA and for the Leeds, Consett and Bradford sites of Symington's Ltd which were selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we carried out meetings with local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Newlat Food Group for the year ended on 31 December 2022 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusions on the NFS of Newlat Food Group do not extend to the information set out in the paragraph "Regulation EU 852/2020" of the NSF, required by article 8 of European Regulation 2020/852.

Milan, 31 March 2023

PricewaterhouseCoopers SpA

Signed by

Davide Abramo Busnach
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2022 translation.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
in accordance with article 123-bis of the TUF
(traditional administration and control model)

Issuer: Newlat Food S.p.A.
Website: www.newlat.it
Year to which the Report refers: 2022
Date of approval of the report: 17 March 2023

GLOSSARY

Shareholders' Meeting: the Shareholders' Meeting of the Issuer.

CLI: Centrale del Latte d'Italia S.p.A.

Corporate Governance Code: The Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee and published on 31 January 2020.

Civil Code: the Italian Civil Code.

Corporate Governance Committee: the Italian Committee for the Corporate Governance of Listed Companies, constituted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Board of Directors: the Issuer's Board of Directors.

Issuer/Newlat/Company: the issuer of transferable securities to which the Report refers.

Financial Year: the 2022 financial year which the Report refers to.

Newlat Group or Group: jointly the Issuer and the companies directly and/or indirectly controlled by it pursuant to article 2359 of the Italian Civil Code and article 93 of the TUF.

Consob Issuers' Regulation: the Regulation issued by Consob with Resolution no. 11971 of 1999 (as subsequently amended) on issuers.

Consob Markets Regulation: the Regulation issued by Consob with Resolution no. 20249 of 2017 on markets.

Consob Related Parties Regulation: the Regulation issued by Consob with Resolution no.17221 of 12 March 2010 (as subsequently amended) on related party transactions.

Report: the report on corporate governance and ownership structure that companies are required to draw up pursuant to article 123-bis of the Consolidated Law on Finance.

Remuneration Report: the report on remuneration policy and compensation paid that companies are required to prepare and publish pursuant to article 123-ter of the Consolidated Law on Finance and 84-quater Consob Issuers' Regulation.

Consolidated Law on Finance/TUF: Italian Legislative Decree no. 58 of 24 February 1998.

Unless otherwise specified, the definitions of the Corporate Governance Code relating to Directors, Executive Directors, Independent Directors, Chief Executive Officer (CEO), Board of Statutory Auditors, Business Plan and Sustainable Success are also to be understood by reference.

1. ISSUER PROFILE

Issuer's corporate mission

The Issuer is at the head of the Newlat Group, an important player in the Italian and European agri-food sector, with a strong position in its domestic market and a significant presence in the German market, and the English market as well. The Newlat Group is mainly active in the pasta, dairy and baked goods sectors, as well in special products such as health & wellness, gluten free and baby food. The Group's products are marketed through numerous trademarks, many of which are known nationally and internationally.

The Newlat Group has grown over the years thanks to the implementation of organic growth policies, but, above all, thanks to external growth, having perfected over the last 10 years multiple acquisitions from leading national and international counterparties in the agri-food sector.

For the production of its products, the Newlat Group currently relies on 18 production facilities, including 14 sites in Italy, one in Germany, three in the UK and one in France, the latter in addition to last year's, following the signing of the agreement to acquire EM Foods S.A.S. in December 2022.

The Newlat Group's product range is divided into the following business units: (i) Pasta; (ii) Milk Products; (iii) Dairy Products; (iv) Bakery Products; (v) Special Products (gluten-free products; low-protein products and products for infants and children up to 3 years of age); (vi) Instant Noodles (soups and various ready meal dishes) and (vii) Other Products (such as sauces, as well as instant cups, salads and sausages). In addition to products marketed under its own brands, Newlat produces for third parties and for the private label market.

The Newlat Group's mission is to pursue the well-being of the consumer by producing healthy, high-quality products at affordable prices, promoting the best of Italian tradition and leveraging an international production and trade platform.

The Newlat Group's vision is to purvey "Made in Italy" brands that are representative of healthy food and that enjoy worldwide distribution, and to act as a consolidating player in the agri-food sector. The activity of the Newlat Group also relies on the following reference values: healthy foods and solid business.

On 29 October 2019 (the "Trading Start Date"), the Issuer was admitted to trading on the STAR segment of the MTA (now ESM - Euronext Star Milan) with the ticker symbol NWL.

On 30 March 2020, Newlat Group S.A., the parent company of Newlat Food S.p.A., entered into a purchase and sale agreement, as the buyer, with Finanziaria Centrale del Latte di Torino S.p.A., Lavia – Partnership, Luigi Luzzati, Marco Fausto Luzzati, Carla Luzzati and Sylvia Loew, as the sellers, under which Newlat Group S.A. purchased 6,473,122 ordinary shares of Centrale del Latte d'Italia S.p.A., representing 46.24% of the share capital and voting rights, against the payment, for every three CLI shares subject to purchase and sale, of a total consideration of Euro 3.00 and 1 ordinary share of Newlat Food held by Newlat Group S.A., corresponding to a unit price for each share subject to purchase and sale of Euro 1.00 and 0.33 Newlat Food ordinary shares. The transaction allowed the sellers to become shareholders of Newlat Food S.p.A. with a total shareholding of 5.30% before the future share capital increase the public purchase and exchange offer.

The operation was not subject to any conditions precedent. Newlat Group S.A. and the sellers executed the purchase and sale agreement on 1 April 2020.

Newlat Group S.A. assigned to Newlat Food S.p.A. the shares subject to purchase and sale that were purchased by Newlat Group S.A. within the meaning of the aforementioned agreement, as well as an additional 187,120 ordinary shares of Centrale del Latte d'Italia S.p.A., representing 1.34% of share capital already held by Newlat Group, for a total of 6,660,242 ordinary shares, representing 47.57% of the share capital under the same financial terms as the agreement entered into with the previous sellers and, therefore, against payment of a cash consideration by Newlat Food.

As a result of the acquisition of the interest in Centrale del Latte d'Italia S.p.A., Newlat Food launched a mandatory public purchase and exchange offer (the "PPEO") on the remaining ordinary shares, pursuant to and in accordance with applicable law, at the same consideration paid to Newlat Group S.A. (as well as the same consideration paid by Newlat Group S.A. to the sellers) and, therefore, equal to 0.33 newly issued Newlat Food ordinary shares and Euro 1 for each Centrale del Latte d'Italia S.p.A. ordinary share attached to the PPEO.

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

On 1 February 2021, the Board of Directors of Newlat S.p.A. approved the issue of an unrated, unsecured, non-convertible and non-subordinated senior bond for a minimum value of €150 million and a maximum of €200 million. The duration of the bond is set at six years from the date of issue.

On 19 February 2021 a bond was successfully issued, called "Up to € 200,000,000 Senior Unsecured Fixed Rate Notes due February 2027" at an interest rate of 2.625%.

On 4 August 2021 a contract was stipulated with Speedboat Acquisitionco Limited, as the seller, for the purchase of 100% of the ordinary shares and voting rights of the Symington's Group (consisting of Symington's Limited, Symington's Limited (Holding) and Symington's Australia PTY Limited) for a consideration of GBP 53 million, equal to Euro 62.13 million.

Not being subject to any conditions precedent, the operation involved the purchase of the shares on the same date of 4 August 2021.

On 7 December 2022 Newlat Food S.p.A. signed a contract with Alsa France (the "Seller") to acquire 100% of the ordinary shares and voting rights of EM Foods S.A.S. following the Seller's exercise of the put option signed by the parties on 19 October 2022.

As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods S.A.S., after EM Foods S.A.S.'s workers' council formally agreed to the sale to Newlat Food. The transaction was closed on 2 January 2023.

With the acquisition of EM Foods S.A.S., the Newlat Group enters the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers.

At the same time, Newlat Food S.p.A. signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. The signing of this agreement constituted a condition precedent for the conclusion of the acquisition of EM Foods S.A.S.

Adopted corporate governance system

The Issuer's corporate governance system reflects the by-laws approved on 8 July 2019 by the Extraordinary Shareholders' Meeting of the Company in order to adjust the Issuer's corporate governance system following the start of trading of shares on Euronext Star Milan, as last amended on 25 June 2020 by the Extraordinary Shareholders' Meeting of the Company due to the share capital increase, approved at the same meeting (the "By-laws").

The Company's corporate governance system is consistent with the principles contained in the Corporate Governance Code, which the Company has applied since the 2021 financial year, informing the market in this Report.

The Company is organised according to the traditional model featuring the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors. The characteristics of these bodies are provided below in the dedicated parts of the Report.

On 8 July 2019, the Issuer's Ordinary Shareholders' Meeting awarded the audit firm PricewaterhouseCoopers S.p.A. ("PwC") the assignment to audit the accounts (including the audit of the regular keeping of the accounts, as well as the proper recording of operations in the accounting records) for the 2019-2027 financial years, for the Issuer's financial statements and the Newlat Group's consolidated financial statements. Also by resolution of 8 July 2019, the Issuer's Ordinary Shareholders' Meeting appointed PwC to carry out a limited audit of the Newlat Group's condensed consolidated half-year financial statements for the six-month periods as at 30 June 2020 - 2027.

As defined in article 2497 et seq. of the Italian Civil Code, the Issuer is subject to the management and control of Newlat Group S.A. For more information on this management and control, please refer to paragraph 2 (l) of the Report.

Sustainable success

The Issuer pays particular attention to sustainable development issues in environmental, social and governance terms. During the 2022 financial year the implementation of activities aimed at achieving sustainable success continued.

In order to create long-term value for the benefit of its shareholders, taking into account the interests of the Company's relevant stakeholders, Newlat has maintained an ongoing dialogue with these parties, taking care to concretely incorporate their input by launching a stakeholder engagement plan.

In order to pursue the objective set, the Issuer (i) has identified an internal management committee made up of the structures mainly involved in sustainable development with the task of supporting the Board of Directors; (ii) has updated the materiality matrix that defines priorities in terms of impact on ESG issues; (iii) has included quantitative and qualitative ESG KPIs in its remuneration policy alongside the original purely financial indicators; (iv) has strengthened the internal control and risk management system by updating the ERM model to include ESG risks.

By incorporating performance objectives that are not only financial in nature, Newlat pays concrete attention to the environmental and social role of its business, which, among other goals, aims to manage its impacts on stakeholders.

Moreover, since the first year of listing the Company has been preparing the Non-Financial Statement pursuant to Italian Legislative Decree no. 254/16, which illustrates – to the extent necessary to ensure an understanding of the company's operations – its performance, its results and the impact it has produced, environmental, social and personnel issues, respect for human rights and the fight against active and passive corruption. This document also incorporates the outcome of a screening exercise performed on so-called Taxonomy-eligible activities under Regulation EU 2020/852.

Nature of SMEs

For the purposes of Article 1, paragraph 1, letter w- quater 1) of the TUF,[1] "SME" refers to: "... the small and medium enterprises that are issuers of listed shares and that have a market capitalisation of less than Euro 500 million. The issuers of listed shares that have exceeded that limit for three consecutive years are not considered SMEs...".

The market capitalisation of the Issuer as at 31 December 2022 was Euro 190,897,792. In consideration of the above, the Issuer falls within the aforementioned definition of "SMEs" for all purposes envisaged by current legislation.

[1] Text currently in force (see art. 44-bis of Legislative Decree no. 76 of 16.7.2020, converted by Law no. 120 of 11.9.2020 which abolished the parameter of turnover).

2. INFORMATION ON PROPRIETARY ASSETS (pursuant to article 123-bis, paragraph 1 of the TUF) as at 17 March 2023

a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a) of the TUF)

As of the date of the Report, the share capital was subscribed and paid in for Euro 43,935,050.00 (forty-three million nine hundred thirty-five thousand fifty/00), divided into 43,935,050 ordinary shares with no indication of par value, corresponding to 68,665,050 total voting rights due to the vesting of the increased voting right as per letter d) below.

On 8 July 2019, the Issuer's Extraordinary Shareholders' Meeting approved a paid capital increase entailing a share split, excluding the option rights, pursuant to and for the purposes of article 2441, paragraph five, of the Italian Civil Code, to be executed in one or more tranches, before 31 December 2020, for a maximum amount of Euro 200,000,000, including any premium, by issuing a maximum number of 23,000,000 ordinary shares without an indication of par value, a maximum number set by the Board of Directors according to their issue price, to be offered as part of the private placement of the shares deriving from this capital increase, reserved for institutional investors,[2] essential to the Listing.

The capital increase described above was carried out in the amount of Euro 13,780,482 by issuance of 13,780,482 shares, as per the declarations pursuant to article 2444 of the Italian Civil Code, filed with the Reggio Emilia Register of Companies on 29 October 2019 and 29 November 2019 respectively.

Subsequently, on 25 June 2020 the Extraordinary Shareholders' Meeting of the Company resolved on a new capital increase to serve the full mandatory public purchase and exchange offer announced by the Company on 1 April 2020 and concerning all CLI shares, less those already held by the Issuer.

Specifically, the Company approved a dissoluble paid-in capital increase excluding the option right pursuant to art. 2441, fourth paragraph, first sentence of the Italian Civil Code, to be executed on one or more occasions and also in several tranches, for a maximum amount, including a premium, of Euro 24,080,032, and more precisely for a maximum amount of Euro 4,666,673 in addition to a maximum premium of Euro 19,413,359, through the issue of a maximum number of 4,666,673 ordinary shares without the indication of par value, having regular dividend rights and the same characteristics as ordinary shares already in circulation, at an issue price per share of Euro 5.16 (charged for Euro 1 in capital and Euro 4.16 in premium), by 31 December 2020 by means of a contribution in kind (i) of 6,660,242 ordinary shares of CLI by Newlat Group S.A.; and (ii) of CLI ordinary shares subject to the PPEO.

The capital increase was carried out in two tranches in the amount of Euro 3,154,568 by issuance of 3,154,568 shares, as per the declarations pursuant to article 2444 of the Italian Civil Code, filed with the Reggio Emilia Register of Companies on 31 July 2020 and 6 August 2020 respectively.

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[2] Qualified investors as defined in article 34-ter, paragraph 1, letter b) of the Issuers Regulation and foreign institutional investors within the meaning of Regulation S of the United States Securities Act of 1933, as subsequently amended, with the exception of investors in the United States of America, Australia, Canada, Japan and any other country in which the offer of financial instruments is not permitted without authorisation by the competent authorities.

b) **Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1, letter b) of the TUF)**

There is no restriction on the free transfer of the Issuer's shares nor any limitation on their possession, nor are there any approval clauses for access to Newlat's ownership structure, pursuant to the law or the By-laws.

c) **Significant shareholdings (pursuant to article 123-bis, paragraph 1, letter c) of the TUF)**

On the basis of the information available at the date of this Report, shareholders that hold stakes equal to or greater than 5% of the voting capital, directly and/or indirectly, including through intermediaries, trustees and subsidiaries, are shown in the following table:

Declarant	Direct shareholder	% share of ordinary capital	% share of voting capital
Angelo Mastrolia	Newlat Group S.A.	61.658%	75.455%

d) **Securities conferring special rights (pursuant to article 123-bis, paragraph 1, letter d) of the TUF)**

At the date of the Report there are no securities conferring special rights of control.

Pursuant to the provisions of Article 127-quinquies of the TUF and in accordance with Art. 44 of the Consolidated Act on Post Trading, as amended by Consob and the Bank of Italy Order of 10 October 2022, each share gives the right to double voting rights (i.e. two votes for each share) if the share is owned by the same person by virtue of a right in rem legitimating the exercise of voting rights (full ownership with voting rights or bare ownership with voting rights or usufruct with voting rights) for a continuous period of at least 36 months from the date of its registration in the list established for this purpose (the "List"), kept by the Company, in compliance with applicable laws and regulations.

The Company shall register and update the List on a quarterly basis or whenever dictated by sector regulations and, in any case, by the record date for the Shareholders' Meeting, provided that the allotment conditions of the previous paragraph have occurred before said record date.

The increase of voting rights is also calculated for the purposes of determining constituent and deliberative quorums that refer to portions of share capital, but it does not affect the non-voting rights due by virtue of the possession of certain portions of share capital.

e) **Employee ownership: mechanism for exercising voting rights (pursuant to article 123-bis, paragraph 1, letter e) of the TUF)**

The By-laws make no special provision for the exercise of employees' voting rights.

f) **Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f) of the TUF)**

There are no special provisions in the By-laws that restrict or limit voting rights or separate the financial rights attached to securities from their ownership.

g) Shareholder agreements (pursuant to article 123-bis, paragraph 1, letter g) of the TUF)

At the date of the Report, the Issuer is not aware of any shareholder agreements pertaining to the Shares within the meaning of article 122 of the TUF.

h) Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h) of the TUF) and By-laws provisions on takeover bids (pursuant to articles 104, paragraph 1-ter and 104-bis, paragraph 1 of the TUF)

Change of control clauses

Below are the change of control clauses of the most important contracts:

(i) On 5 October 2015, Heinz Italia S.p.A., as customer, and the Issuer, as supplier, and Newlat Group S.A., as guarantor, entered into a production and supply contract, subsequently amended on 4 November 2015, 27 January 2016, 28 April 2016, 4 April 2017, 27 November 2017, 30 April 2021 and 23 December 2022 (the "Co-Packing Contract"), governing the terms and conditions of production, packaging and supply by the Company of certain products (including but not limited to biscuits, pasta, milk powder, liquid milk, freeze-dried products, cereals, flours, etc.) to Heinz Italia S.p.A. Under the Co-Packing Agreement, Heinz Italia S.p.A. has the right to terminate the contract, subject to prior written notice of between 60 and 90 days, in certain cases, including a change of control of the Company.[3]

(ii) On 7 July 2020, CLI entered into a loan agreement with MPS Capital Services Banca per le Imprese S.p.A. and Deutsche Bank S.p.A. (the "Loan Agreement") for a maximum amount of Euro 31,500,000.00 at the Euribor rate increased by a margin of 175 basis points, to be repaid within 72 months from the date of signing the agreement. The Company granted the aforementioned lending banks a first-demand personal guarantee for the maximum total amount equal to the principal amount of the loan, as well as the related interest, charges and other accessories. Under the Loan Agreement, in the event of a change of control,[4] CLI shall repay the loan in full, pay interest, as well as any other amount due to the banks no later than 15 working days from such event.

Provisions on takeover bids in the by-laws

The By-laws do not derogate from the passivity rule provisions referred to in article 104, paragraph 1 and 1-bis of the TUF, nor do they make provision for application of the neutralisation rules referred to in article 104-bis, paragraphs 2 and 3, of the TUF.

(i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m) of the TUF)

[3] A "change of control" within the meaning of the Co-Packing Agreement is defined as the case where the Company's control, defined as the power to direct the management and policies of an entity, whether through ownership of voting rights, on a contractual or other basis, is directly or indirectly obtained from an entity other than the one that at the date of the Co-Packing Agreement holds control of the Company.

[4] There is a "change of control" under the Loan Agreement if (i) the Company ceases at any time to hold control of CLI or in any case a shareholding of at least 50% + 1 of CLI's voting share capital, or (ii) Angelo Mastrolia ceases at any time to hold the position of Chairman of CLI's Board of Directors.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1, letter m) of the TUF)

Increase the share capital

Pursuant to the By-laws, the Shareholders' Meeting, by means of a special resolution adopted in an extraordinary session, may grant the Board of Directors the power, pursuant to article 2443 of the Italian Civil Code, to increase the capital on one or more occasions up to a specified amount and for a maximum period of 5 (five) years from the date of the resolution, also excluding the option right. The capital increase resolution adopted by the Board of Directors in execution of this delegation of power must be recorded in the minutes drawn up by the Notary.

Without prejudice to the other cases of exclusion or limitation of the option right provided for by applicable laws and regulations, in paid capital increase resolutions, the option right may be excluded up to a maximum of 10% (ten per cent) of the existing share capital, provided that the issue price corresponds to the market value of the shares and this is confirmed in a special report by an independent auditor or an external audit firm pursuant to article 2441, paragraph 4 of the Italian Civil Code.

The By-laws provide that the Company may issue equity instruments, in compliance with the provisions of law.

At the date of the Report, the Board of Directors was delegated neither to increase the share capital pursuant to article 2443 of the Civil Code nor to issue equity instruments.

Authorisations to purchase treasury shares

Pursuant to article 2357 and following of the Italian Civil Code, as well as the combined provisions of article 132 TUF and article 144-bis of Consob Issuers' Regulation no. 11971/99, and in any case in any other manner allowed under applicable laws and regulations, the Ordinary Shareholders' Meeting convened on 28 April 2022 authorised the purchase of one or more tranches of common shares of Newlat Food S.p.A. up to a maximum number that, taking into account treasury shares held from time to time in the portfolio by the Company and its subsidiaries, does not in the aggregate exceed one-fifth of the Company's share capital as defined in article 2357, section 3, of the Italian Civil Code, or any other maximum amount envisaged by the laws in force at any given time. The authorisation to purchase treasury shares is aimed at providing the Company with a stock of treasury shares at its disposal, using, selling them at any time, in full or in part, on one or more occasions and with no time limits, as part of extraordinary transactions such as, among others, swaps, contributions, exchanges, corporate and/or financial transactions of an extraordinary nature on the capital or even financing transactions and operations of an extraordinary nature such as, among others, mergers or similar, sales and acquisition projects and/or future industrial projects in line with the Company's corporate development strategy, as well as in the context of exchange and/or sale of share packages and/or for the conclusion of commercial and/or strategic alliances or for other uses deemed of financial and/or management interest to the Company as well as to proceed with any acts of disposal of treasury shares acquired also to allow to seize the opportunities for maximising the value that may derive from operations, and therefore also for trading.

The authorisation has a duration of 18 months from the date of the resolution of the Ordinary Shareholders' Meeting.

As at 31 December 2022, the Company had 4,597,101 treasury shares.

The subsidiaries do not hold any shares of the Company.

At the date of the Report, the Company owned 4,773,097 treasury shares, accounting for 10.78% of share capital and 6.87% in terms of voting rights.

l) Management and control activities (pursuant to articles 2497 et seq. of the Italian Civil Code)

The Issuer is subject to management and control activities by Newlat Group S.A. pursuant to article 2497 et seq. of the Italian Civil Code.

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Note also that the information required by article 123-bis, paragraph 1, letter i) ("agreements between companies and directors...providing for indemnities in the event of resignation or dismissal without just cause or if their employment relationship ceases following a takeover bid") is contained in the section of this Report dedicated to remuneration (Section 8).

The information required by article 123-bis, paragraph 1, letter l), first part ("rules applicable to the replacement of directors...if different from and additional to the applicable legislative and regulatory provisions") are illustrated in the section of this Report on the Board of Directors (Sec. 4.2).

Finally, the information required by art. 123-bis, paragraph 1, letter l), second part ("the rules applicable...to the amendment of the by-laws, if different from and additional to the applicable legislative and regulatory provisions") are illustrated in the section of the Report on the Shareholders' Meeting (Sec. 13).

3. COMPLIANCE (pursuant to article 123-bis, paragraph 2, letter a), first part, of the TUF)

The Issuer has acceded to the Corporate Governance Code, applying it from 2021, which is available to the public on Borsa Italiana's website (https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf).

In accordance with the "comply or explain" principle underlying the Corporate Governance Code and in line with EU Recommendation no. 208/2014, this Report gives an account of the recommendations which the Company has not presently decided to comply with in part or in full.

Neither the Issuer nor its subsidiaries are subject to non-Italian legal provisions that influence the Issuer's corporate governance structure.

4. BOARD OF DIRECTORSE

4.1 ROLE OF THE BOARD OF DIRECTORS

The Board of Directors:

- Guides the Company pursuing its sustainable success: (i) By implementing a strategy incorporating environmental, social and governance elements, (ii) including qualitative ESG KPIs in the remuneration policies; (iii) strengthening the internal control and risk management system by assessing, monitoring and managing ESG risks.
- Defines its own strategies and those of the Group aimed at the pursuit of sustainable success by conducting a materiality analysis for ESG issues to identify the main risks and opportunities based on the impacts on its stakeholders and identifying ways to manage these, constantly monitoring their proper implementation.
- Defines the system of corporate governance that is most suitable for carrying out the company's operations and pursuing its strategies.
- Promotes dialogue with shareholders and stakeholders relevant to the Company through the organisation of and/or participation in workshops and specially organised one-to-one meetings with shareholders, investors, analysts and other stakeholders, aimed at understanding market demands and their suggestions in order to create value in the long term.

Pursuant to article 16 of the By-laws, the Board of Directors is vested with all powers for the ordinary and extraordinary management of the Company.

The Board of Directors is responsible, without prejudice to the limits of the law and without the power of delegation, for decisions relating to: a) mergers and demergers, in the cases referred to in articles 2505 and 2505-bis of the Civil Code, also as referred to in article 2506-ter of the Civil Code; b) the establishment and closure of branches; c) which directors can formally represent the company; d) possible capital reductions should one or more shareholders withdraw; e) bringing the Bylaws into line with legal and regulatory provisions; f) the transfer of the registered office within Italy; g) the issuance of bonds within the limits provided for by applicable laws and regulations.

The Board of Directors also:

- reviews and approves the strategic, industrial and financial plans of the Company and the Group, regularly monitoring their implementation;
- defines the Issuer's corporate governance system and the Group's structure;
- defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all risks that may become significant in terms of sustainability in the medium to long term;
- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets;

- assesses the adequacy of the organisational, administrative and accounting structure of the Issuer as well as that of strategically important subsidiaries, with particular reference to the Internal Control and Risk Management System (ICRMS);
- Establishes the frequency with which the delegated bodies must report to the Board on the activity carried out when exercising the powers conferred on them.
- assesses the overall operational performance, taking into account, in particular, the information received from the delegated bodies, as well as periodically comparing the results achieved with targets;
- decides on the operations of the Issuer and its subsidiaries, where such operations are strategic or of significant importance to the Issuer's results, assets and liabilities and cash flows;
- Performs an evaluation of the functioning of the Board and its committees and of their size and composition, taking into account, inter alia, elements such as the professional characteristics and experience (managerial or otherwise) of the members, as well as their gender and seniority with an eye on diversity criteria.
- adopts, in order to ensure proper management of corporate information and as recommended by the Chief Executive Officer or the Chairman of the Board of Directors, a procedure for the internal management and external disclosure of documents and information concerning the Issuer, with particular reference to inside information.

In 2022 the Board of Directors did not deem it necessary or appropriate to develop justified proposals to be submitted to the Shareholders' Meeting for the definition of a corporate governance system that is more functional to the company's needs, as better described in Section 13.

The Board of Directors adopted a policy for the management of dialogue with the general public, which is described in Section 12.

4.2 APPOINTMENTS AND REPLACEMENTS (pursuant to article 123-bis, paragraph 1, letter l) of the TUF)

<u>**Appointments**</u>

The By-laws, in compliance with the provisions of article 147-ter of the TUF, provide for the slate voting mechanism to be used for appointing directors.

The Company is administered by a Board of Directors with no fewer than 3 (three) members and no more than 15 (fifteen).

The appointment of the Board of Directors is resolved by the Ordinary Shareholders' Meeting on the basis of slates submitted by shareholders, in accordance with the procedure described below, without prejudice to other mandatory laws and regulations.

Shareholders who, at the time, hold – either individually or together with other submitting shareholders – a stake at least equal to the share determined from time to time by Consob pursuant to the applicable laws and regulations, are entitled to submit the slates. Ownership of the minimum stake is determined in relation to shares that are registered to the shareholder on the day when the slate is submitted to the Company, it being understood that the relevant certification may be produced between submission and the deadline for publication of the slate.

Each shareholder, the shareholders adhering to a shareholders' agreement pursuant to article 122 of the TUF, the parent company, subsidiaries, joint ventures and the other entities between which there is a direct or indirect link, pursuant to applicable laws and regulations, may submit – or contribute to the submission, even through an intermediary or trust company – and vote for only one slate.

Each candidate may appear on only one slate under penalty of ineligibility.

Each slate shall bear the names, marked with a sequential number, of no more than 15 (fifteen) candidates.

Each slate must include at least some candidates - in accordance with the provisions of applicable legislation - who meet the independence requirements prescribed by applicable laws or regulations (including the market regulations of Borsa Italiana S.p.A.), indicating them separately and placing one of them at the top of the list.

For the period of application of applicable laws and regulations on gender balance, each slate that presents a number of candidates equal to or greater than 3 (three) must include candidates of both genders, at least in the minimum proportion required by applicable laws and regulations.

The following must be filed when the slates are submitted:

- Information on the shareholders who have submitted the list, including their stake.
- A declaration by shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any direct or indirect link, within the meaning of applicable laws and regulations, with the latter.
- The curriculum vitae of the candidates and a statement in which each candidate declares, under his or her own responsibility, that there are no grounds for ineligibility and incompatibility and that he or she fulfils the conditions for appointment.

- Information on candidates and indication of any eligibility to qualify as an independent director in accordance with applicable legislation and with the codes of conduct on corporate governance adopted by the Company.
- A declaration from each candidate accepting their candidacy.
- Any other additional or different declaration, information and/or document required by applicable laws and regulations.

The slates are filed by the deadlines set out in applicable laws and regulations, as indicated in the notice of convocation at the Company's registered office or also communicated remotely, and made available to the public under the terms and conditions set out in applicable laws and regulations.

Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

Each person entitled to vote may vote for only one slate. Each shareholder votes for a particular slate and therefore all the candidates indicated therein, without the possibility of variations or exclusions.

Candidates will be appointed from the slates that have obtained the highest number of votes according to the following criteria:

a) From the slate that has obtained the highest number of votes ("Majority Slate"), all directors to be elected minus one shall be drawn in the progressive order in which they were listed.

b) From the second slate that has obtained the highest number of votes and that is not even indirectly connected with the shareholders who have submitted, or with those who have voted, the Minority Slate ("Minority Slate"), a director is drawn, in the person of the candidate indicated with the first number on said slate.

If votes are tied between lists, the Shareholders' Meeting, using the majorities specified in law, will vote again solely on the tied slates, with the list obtaining the highest number of votes during this second vote prevailing.

If the above methods fail to produce a Board of Directors that complies with provisions on independence requirements, the following procedure is followed: the candidate who does not meet the independent director requirements established by applicable laws and regulations and was elected last sequentially from the Majority Slate will be replaced by the first candidate sequentially from the same slate who does meet said requirements. If this procedure should also fail to ensure the necessary number of directors who meet the independence requirements established by applicable laws and regulations, candidates who do meet said requirements will be presented and the Shareholders' Meeting shall choose replacements using the majorities specified in law.

If the above methods fail to produce a Board of Directors that complies with provisions on gender balance, the candidates of the most represented gender elected last sequentially from the Majority Slate are replaced with the first unelected candidates of the other gender who appear on the same slate; where this is not possible, in order to ensure compliance with the aforementioned provisions on gender balance, the Shareholders' Meeting shall appoint the missing directors using the methods and majorities specified by law, without application of the slate vote.

In any case, slates that have not obtained a percentage of votes equal to at least half of that required for their submission will not be taken into account.

If only one slate has been submitted, the Shareholders' Meeting will vote on it and if it obtains a relative majority, the candidates listed will be elected as directors in sequential order, up to the number set by the Shareholders' Meeting, without prejudice to the obligation to appoint a number of directors who are independent pursuant to article 147-ter of the TUF equal to the minimum number established by the By-laws and by applicable laws and regulations, and to comply with the rules on gender balance, where applicable. If the minimum number of independent and least-represented-gender directors established by the By-laws and by current laws and regulations is not elected, the Shareholders' Meeting will replace the directors with the lowest sequential number who do not fulfil the relevant requirements with the subsequent candidates from the same slate who do. If applying this process fails to identify suitable replacements, the Shareholders' Meeting will hold another vote using the majorities specified by law. In this case, replacements will be made starting with the candidates with the lowest sequential number.

If the number of candidates in the Majority Slate and the Minority Slate is lower than the number of Directors to be elected, the remaining directors shall be elected by the Shareholders' Meeting with the majorities provided for by law, without prejudice to the obligation of the Shareholders' Meeting to appoint a number of independent and least-represented gender directors that is not less than the minimum established by the By-laws and by applicable laws and regulations. All directors will be appointed using the same methods and majorities even if no slate is submitted.

Replacement

Pursuant to article 15 of the By-laws, should the legal or regulatory requirements for the office of a director, including the requirement for independence, no longer be met, this shall entail the forfeiture of the office.

In addition, should the office of one more directors be terminated for any reason, they are replaced freely in accordance with the provisions of article 2386 of the Italian Civil Code, choosing where possible from the candidates originally presented on the same slate as the outgoing director who have re-affirmed their candidacy, without prejudice to the obligation to maintain the minimum number of independent directors pursuant to article 147-ter of the TUF established by the By-laws and by law, and to the obligation to maintain gender balance according to applicable laws and regulations.

Note that in addition to the provisions of the law, of the Consolidated Law on Finance, of the Instructions to the Regulations of Markets Organised and Managed by Borsa Italiana S.p.A. (for issuers with the STAR status) and the provisions of the By-laws and the Corporate Governance Code, the Issuer need not comply with other requirements on the composition of the Board of Directors.

With regard to information on the role of the Board of Directors and the Board Committees in the processes of self-assessment, appointment and succession of directors, please refer to Section 7.

4.3 COMPOSITION (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

The Board of Directors is composed of 3 (three) executive directors and 4 (four) non-executive directors, all of whom have the expertise and skills appropriate to the tasks entrusted to them.

The number and skills of non-executive directors are such as to ensure that they have a significant say in the passing of board resolutions and to guarantee effective monitoring of management. The Board of Directors consists of 3 (three) independent non-executive directors. The Issuer's Board of Directors in office on the date of this Report comprises seven members, as resolved by the Issuer's Ordinary Shareholders' Meeting on 28 April 2022.

The Board of Directors will remain in office for a period of three years, until approval of the financial statements for the year ending 31 December 2024.

The table below displays the composition of the Issuer's Board of Directors as of the date of this Report.

Name and surname	Position	Place and date of birth
Angelo Mastrolia	Chairman of the Board of Directors and Director (**)	Campagna (SA), 5 December 1964
Giuseppe Mastrolia	Chief Executive Officer and Director (**)	Battipaglia (SA), 11 February 1989
Stefano Cometto	Chief Executive Officer and Director (**)	Monza, 25 September 1972
Benedetta Mastrolia	Director (***)	Rome, 18 October 1995
Maria Cristina Zoppo	Director (*)	Turin, 14 November 1971
Valentina Montanari	Director (*)	Milan, 20 March 1967
Eric Sandrin	Director (*)	Saint-Amand-Montrond, 13 August 1964

(*) Independent director pursuant to the combined provisions of articles 147-ter, paragraph 4 and 148, paragraph 3 of the Consolidated Law on Finance and article 2 of the Corporate Governance Code.
(**) Executive Director.
(***)Non-executive director.

Below is a summary of the personal and professional characteristics of the members of the Board of Directors.

Angelo Mastrolia - born in Campagna (SA) on 5 December 1964, he obtained his diploma in surveying in 1982 and attended the Faculty of Law at the University of Salerno. His entrepreneurial activity began in the 1980s in the milk and milk-based products sector, taking on the role of manager in the family company Piana del Sele Latteria S.p.A. After a stint in the leasing and real estate and industrial investments sectors, and in the supply of furnishings for luxury boats, in 2004, through the company TMT Finance SA (now Newlat Group), he began a series of acquisitions in the food & beverage sector, including the acquisition of Industrie Alimentari Molisane S.r.l., a producer of Pezzullo, Corticella and Guacci pasta, and in 2008 the acquisition of Newlat S.p.A. by Parmalat S.p.A., following approval from the antitrust authority. Following the acquisition of Newlat, in his role as controlling shareholder and Executive Chairman Angelo Mastrolia continued to ensure that the Newlat Group consolidated and grew in the domestic and international food & beverage sector, including through the acquisitions of the Birkel and Drei Glocken brands, the production plant at Ozzano Taro, the Delverde company in 2019, Centrale del Latte d'Italia S.p.A. in 2020, in 2021 of the English company Symington's Ltd, and finally in 2022 of the French company EM Foods S.A.S.

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Giuseppe Mastrolia – born in Battipaglia (SA) on 11 February 1989, he obtained his diploma in accounting in 2007 from the Kennedy Institute of Battipaglia (SA), and since 2008 he has been a member of the Issuer's Board of Directors and held the positions of Chief Commercial Officer and Chief Executive Officer (with responsibility for Sales & Marketing). As of April 2020, he also holds the position of Deputy-Chair of the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A. and, as of August 2021, he is CEO of the English subsidiary Symington's Ltd, and from 2022 he holds the position of Managing Director of the French subsidiary EM Foods S.A.S.

Stefano Cometto – born in Monza on 25 September 1972, he received his Law degree from the University of Bologna in 1998 and obtained his Doctorate in Law from Nebrija University in Madrid in 2013. From 1998 to 1999 he was Lieutenant in the Finance Police. From 1999 to 2000 he was an internal lawyer in the credit department of San Paolo IMI S.p.A., and from 2000 to 2001 he was an employment lawyer for Unicredit S.p.A. (at the time, Rolo Banca 1473). From 2001 to 2007 he worked at Confindustria as an official in charge of industrial and trade union relations, as well as a legal adviser for trade unions. In 2008 he joined the Newlat Group, where he is the Issuer's Chief Executive Officer and Chief Operating Officer. As of April 2020, he joined the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A., where – as of July 2022 – he was appointed Chief Executive Officer.

Benedetta Mastrolia – born in Rome on 18 October 1995, she earned a BA in Economics and Business from the University of London in 2017 and an MA in Corporate Finance from City, University of London's Cass Business School in 2018. In 2014 she joined the Issuer's Board of Directors. In April 2020 she joined the Board of Directors of the subsidiary Centrale del Latte d'Italia S.p.A., and in August 2021 she became Director of the English subsidiary Symington's Ltd.

Maria Cristina Zoppo – born in Turin on 14 November 1971, she obtained her degree in Economics and Business from the University of Turin in 1995. Since 1999 she has been enrolled in the Register of Accounting Professionals of Ivrea, Pinerolo and Turin, as well as in the Register of Statutory Auditors. From 1996 to 2015 she served as a consultant and executive manager at the Turin office of Studio Pirola, Pennuto, Zei & Associati. She is currently a Partner at BDO Tax & Legal S.r.l. professional studio, a member of the BDO international network of auditing and consulting firms and Partner of BDO Italia S.p.A. Since 2016, she has held the position of Independent Director and member of the Management Control Committee of Banca Intesa Sanpaolo S.p.A., and since 2022 she has held the position of Standing Auditor of Michelin Italiana S.A.M.I. S.p.A.

Valentina Montanari – born in Milan on 20 March 1967, she obtained her degree in Economics and Business from the State University of Pavia in 1991. Since 1995 she has been enrolled in the Register of the Order of Chartered Accountants of Milan and worked as an auditor at the Register of the Ministry of Justice. In 1996 she obtained a Master's Degree in Management and Financial Policy and in 1997 she obtained a Master's Degree in Corporate Finance, both from SDA Bocconi. She has built up significant experience as chief financial officer of listed Italian groups and as an independent director. From 2003 to 2013 she worked at RCS MediaGroup S.p.A., working as, among other things, director of several companies belonging to the group, group director of administration and taxation and Group CFO. From 2012 to 2013 she was Group CFO at Gefran S.p.A. and from 2013 to 2016 she held the same position at Il Sole 24 Ore S.p.A. From 2017 to 2018 she served as Group CFO of AC Milan, from 2016 to 2021 she served as Independent Director in Cerved Group. Since January 2013 she has held the position of Independent Director in Mediolanum Gestione Fondi SGR p.A., and since October 2021 she has been a member of the Control, Risk and Sustainability Committee in the same company. From 2019 to 2022, she held the position of Group CFO and Financial Reporting Officer at FNM Group S.p.A. Finally, from January 2023 she held the position of CFO at DRI D'Italia S.p.A. Furthermore, since 2022 she has been a member of the Board of Directors of the University of Pavia, since July 2022 she has been a Director in the Fondazione Italia per il Dono (FIDO), and finally since December 2022 she has been a Director in Impresa Sangalli Giancarlo, as well as independent Director, Lead Independent Director, Chair of the Control, Risk and Sustainability Committee and member of the Committee for Transactions with Related Parties of SECO S.p.A.

Eric Sandrin – born in Saint-Amand-Montrond on 13 August 1964, he obtained a degree in Political Science from the Institut d'études politiques in Paris in 1985, a Master's degree (DEA) in private law from Paris XII University (Paris-Est Créteil) in 1990 and a Master's degree from Cornell Law School in 1994. In 1990 he began his career as a lawyer at the Cleary Gottlieb law firm in New York. From 2000 to 2008 he was general counsel art General Electric, before performing the same role at Atos Origin from 2008 to 2011. In 2011 he joined the SCOR Group, holding the position of general counsel until 2014. Since 2014 he has been general counsel at the Kering Group.

Please refer to Table 2 in the appendix for more details on the composition of the Board of Directors.

<u>Diversity criteria and policies in Board composition and corporate organisation</u>

The Company has adopted a diversity policy with respect to the composition of the management and administrative bodies with regard to aspects such as age, gender and educational and professional background, available at https://corporate.newlat.it.

The objective of this policy is to identify the optimal qualitative and quantitative composition of the Board of Directors in terms of the number of members, which must be adequate to the size and complexity of the Company's organisational structure, as well as in terms of diversified skills and profiles with expertise appropriate to the role to be filled.

<u>Maximum number of positions held in other companies</u>

In the same Policy on the Composition of the Board of Directors referred to in the previous point, the Company has also defined, in order to ensure the effective performance of the office of director, that the number of directorships and auditing appointments in other companies may not exceed 3 (three) in companies listed on regulated markets (in Italy or abroad) or in financial, banking, insurance or large companies.

For the purposes of the calculation of such positions, no account shall be taken of any positions held by Newlat Food directors in Group companies. Positions held in more than one company belonging to the same group are considered as a single office, with the executive office taking precedence over the non-executive position.

4.4 OPERATION OF THE BOARD OF DIRECTORS (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

On 10 September 2021 Newlat approved the rules of the Board of Directors, which include the rules for the operation of the Board itself and its committees, including how to record minutes of meetings and procedures for submitting information to directors.

Specifically, minutes are to be taken by the Secretary, who is entitled to make audio recordings of the meetings to facilitate the taking of minutes, or by the Notary in the cases envisaged by current law.

Following the meeting, a draft of the minutes is sent to all directors and auditors for comments and observations, which are then collected by the Corporate & Legal Affairs function.

The final text of the minutes is transcribed in the register of meetings and resolutions of the Board of Directors by the competent company structures and is signed by the Chair and the Secretary.

With regard to the effective management of pre-meeting information, the Board of Directors has established that the documentation supporting the items on the agenda of each meeting must be sent to the directors and statutory auditors sufficiently in advance, as a rule no later than the second day prior to the date set for the meeting, except in cases of urgency in which the documentation is made available as soon as possible. The Company points out that the aforementioned deadline for the submission of pre-meeting documents has always been met.

Pursuant to article 17 of the By-laws, the Board of Directors is validly constituted with the presence of a majority of its serving members and validly resolves by absolute majority of the directors present. In the event of a tie, the vote of the Chair of the Board of Directors prevails.

Pursuant to article 19 of the By-laws, the Board of Directors may delegate, within the limits provided for by current laws and regulations, some of its responsibilities to an executive committee composed of some of its members or to one or more of its members, and determine their powers and, after consulting the Board of Statutory Auditors, their remuneration. The Board of Directors may also set up internal committees with advisory and recommendatory functions, and determine their powers partly in order to ensure that the corporate governance system conforms to codes of conduct adopted by the Company.

The Board of Directors may also appoint General Managers and special attorneys for certain acts or categories of acts, and assign their respective powers.

The Board of Directors appoints a Financial Reporting Officer, subject to the mandatory but non-binding opinion of the Board of Statutory Auditors, and can remove said officer if necessary. The Board of Directors, pursuant to article 154-bis, paragraph 4 of the TUF, ensures that the Financial Reporting Officer has adequate means and powers to carry out the tasks assigned to them by law, and that there is compliance with administrative and accounting procedures.

Pursuant to article 17 of the By-laws, the Chairman of the Board of Directors convenes and chairs board meetings, sets the agenda and coordinates its work.

Convocation takes place using any and all suitable means in consideration of notice times, sent as a rule at least 5 (five) calendar days before the meeting to each member of the Board and the Board of Statutory Auditors; in case of urgency, this time frame may be reduced to 24 (twenty-four) hours before the meeting. In any case, meetings of the Board of Directors will be deemed validly constituted, even in the absence of a formal convocation, if all the serving directors and the majority of the serving statutory auditors are present, and all eligible parties have been previously informed of the meeting and have not opposed the discussion of what is on the agenda. The Board of Directors may also be convened by the Board of Statutory Auditors or even by each individual statutory auditor, pursuant to article 151 of the TUF.

Meetings of the Board of Directors are also held by video or teleconference provided that each of the participants can be identified by all the others and that each is able to intervene in real time during the discussion of the agenda items, as well as to receive, transmit and view documents. Provided these circumstances are in place, the meeting shall be deemed to have been held at the place where the Chairman is present.

The Board – also from time to time – appoints the Secretary of the Board, either from within or outside its own members.

The deliberations of the Board shall be recorded in minutes that are signed by the Chairman and the Secretary.

In accordance with article 18 of the By-laws, the remuneration payable to directors is determined by the Shareholders' Meeting. Directors are entitled to be reimbursed for expenses incurred in the performance of their duties. The remuneration of directors with special responsibilities, as defined in the By-laws, shall be determined by the Board of Directors after consulting the Board of Statutory Auditors.

Pursuant to article 27 of the By-laws, the Board of Directors may, during the year and when it deems it appropriate, distribute interim dividends for the same year, in compliance with applicable laws and regulations.

Dividends not collected within five years from the date on which they become due are retained by the Company.

In 2022, the Board of Directors held 5 meetings lasting an average of 1 hour. The meetings were regularly attended by the directors.

As of the date of this Report, two meetings of the Board of Directors have already been held, one of which – precisely on 17 March 2023 – was called among other things to approve this Report. Furthermore, three more meetings of the Board of Directors were scheduled for the current year to approve the half-yearly financial report and the quarterly interim reports.

Information on the composition of the Board of Directors and the participation of directors in board meetings is given in Table 2 annexed to the Report.

At the invitation of the Chairman and depending on the items on the agenda, board meetings are also attended by the Company's managers in order to provide more extensive information to board meetings, as when non-executive directors acquire detailed information on specific issues that affect the Company's activities. Indeed, people who were invited to participate in the meetings with respect to specific items on the agenda include: the Group Financial Director, Fabio Fazzari, the Financial Reporting Officer, Rocco Sergi, as well as the Head of the Internal Audit function, Fabrizio Carrara.

4.5 ROLE OF THE CHAIR OF THE BOARD OF DIRECTORS

The Chair of the Board of Directors acts as a liaison between the executive and non-executive directors, ensuring the effective operation of the Board.

Specifically, with the help of the Board's Secretary, the Chair of the Board of Directors:

Monitors and ensures that pre-meeting disclosures and supplementary information are provided in a complete, comprehensive manner that enables directors to act in an informed manner in the performance of their role.

Ensures that the activities of Board committees with investigative, propositional and advisory functions are coordinated with the activities of the Board of Directors, through participation in the meetings of those committees.

In agreement with the CEO, ensures that the executives of the Company and those of the Group companies it heads who are responsible for the corporate functions competent according to the subject matter attend Board meetings, including at the request of individual directors, in order to provide the appropriate details on the items on the agenda, ensuring their presence and verifying that such executives provide complete and accurate information. On this subject, note that executives are always present when their presence is required because of the topics on the agenda;

Monitors and ensures that after their appointment and during their terms of office all members of the administration and control bodies can participate in initiatives aimed at providing them with an adequate knowledge of the business sectors the Company operates in, of corporate dynamics and their evolution, also with a view to the sustainable success of the Issuer, as well as of the principles of correct risk management and of the relevant regulatory and self-regulatory framework. On this point, note the initiatives aimed at providing the members of the Board of Directors and the Board of Statutory Auditors with a complete knowledge of the Company.

Ensures the adequacy and transparency of the Board of Directors' self-assessment process, with the support of the appointments committee.

The Secretary of the Board

The Company has not appointed a Secretary of the Board of Directors, who is appointed from time to time at each meeting, even from outside the Company.

4.6 EXECUTIVE DIRECTORS

Chief Executive Officers

Pursuant to article 19 of the By-laws, the Board of Directors may delegate, within the limits provided for by current laws and regulations, some of its responsibilities to one or more of its members, and determine their powers and, after consulting the Board of Statutory Auditors, their remuneration.

By resolution of 2 May 2022, the Board of Directors, without prejudice to the responsibilities, powers and entitlements reserved by law and by the Bylaws for the Board of Directors, the Chairman and other corporate functions, delegated the following powers to the CEOs Giuseppe Mastrolia and Stefano Cometto:

Giuseppe Mastrolia:

All powers of ordinary and extraordinary administration:

with no amount limit in all intra-group transactions,

up to Euro 300,000.00 (three hundred thousand euros) in relation to third parties independently and with sole signing authority,

without any amount limit with the joint signature with another member of the Board of Directors, except for matters and activities relating to the environment, occupational safety and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial responsibilities and powers, or for those matters that the law or the bylaws dictate are the exclusive competence of the Board of Directors and the Shareholders' Meeting

Stefano Cometto:

All powers relating to the function of employer, for all divisions, business units, plants and local units/warehouses belonging to the Company, including activities aimed at implementing and complying with the rules on workplace safety and hygiene, protection of workers' health and protection of the environment, with the power of delegation, as well as all tasks resulting from and/or related to the powers specified herein.

In particular, in his capacity as an employer and in addition to the Company's signature and power of representation, Stefano Cometto is awarded powers in the following areas, among others:

- employment contracts
- production organisation
- food hygiene, safety and safety
- environmental protection
- management and control powers
- leases, real rights

purchase and sale of goods and services; with the following amount limits:

- Movable property up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors.
- Motor vehicles of all kinds, aircraft and boats up to Euro 100,000.00 for each transaction when signed individually and up to Euro 300,000.00 when signed jointly with any other member of the Board of Directors.
- supplies and provisions for any type of use that must have an initial maximum duration of one year, subject to renewal, and up to an annual amount of Euro 100,000.00;
- Works contracts, tenders, consultancies and freelance arrangements, including on an ongoing basis, drawing up the related contracts up to an annual amount of Euro 100,000.00.

collections, disposals and receipts

banking and financial transactions, with the following amount limits:

- Euro 100,000.00 for: withdrawals from the Company's bank accounts and payments to its creditors; drawing or accepting bills of exchange; requesting cashier's checks; collecting cheque books to be issued on the Company's current accounts and signing the related request; issuing statements of indemnity.
- Euro 80,000.00 for: opening, modifying or closing post office current accounts; carrying out any operation permitted on such accounts including withdrawals and the issuance of postal orders; collecting; issuing receipt and discharge in due form for sums or anything else due to the Company from private individuals, firms, entities, institutions, companies of any kind, insurers, banks and pension funds.

insurance

contracts, tenders and licences

judicial proceedings

transactions and arbitration

tax compliance and obligations

Chairman of the Board of Directors

By resolution of 28 April 2022, the Shareholders' Meeting appointed Angelo Mastrolia as Chair of the Board of Directors, assigning him all the powers of ordinary and extraordinary administration, except for matters and activities relating to occupational safety, the environment and product health, which are the exclusive competence of the CEO(s) or managers who have assumed the specific managerial powers and responsibilities, as well as for all matters that by law or by-laws are the exclusive competence of the Board of Directors or the Shareholders' Meeting.

The Chair, Angelo Mastrolia, is also the sole shareholder of Newlat Group S.A., which in turn owns a 61.65% stake in the Company's share capital.

Disclosure to the Board by directors/delegated bodies

The Managing Directors report to the Board of Directors on the most important activities performed in the exercise of the powers delegated to them.

Other executive directors

There are no other executive directors on the Company's Board of Directors, other than those mentioned in the paragraphs above.

4.7 INDEPENDENT DIRECTORS AND LEAD INDEPENDENT DIRECTOR

Independent directors

At the end of 2022, the Issuer's Board of Directors included 3 (three) directors who met the independence requirements set out in article 147-ter of the TUF and the Corporate Governance Code.

The independent directors of the Issuer are indicated below:

- Maria Cristina Zoppo
- Valentina Montanari
- Eric Sandrin

The number and skills of the Independent Directors are considered adequate for the needs of the Company and the operation of the Board of Directors, as well as the constitution of the relevant committees.

Note that the Chair of the Board of Directors does not qualify as independent.

With the support of the Appointments and Remuneration Committee, the current Board of Directors drew up a Policy on the Composition of the Board of Directors, approved by the body on 17 March 2023, which also identifies the quantitative and qualitative criteria for assessing the significance of the relevant circumstances pursuant to the Corporate Governance Code for the purpose of assessing the independence of directors.

As a rule, for the purpose of this assessment a Director is deemed not to be independent in the following representative cases:

- They are significant shareholders of the Company.
- In the previous three financial years they have been an executive director or an employee of the Company, of one of its strategically important subsidiaries or of a company under common control with the Company, or of a significant shareholder of the Company.
- In the previous three financial years the director directly or indirectly (e.g. through subsidiaries or companies they are a significant representative of, or as a partner of a professional firm or consulting company) has or has had a significant commercial, financial or professional relationship:
  a) With the Company or its subsidiaries, or its executive directors or top management.
  b) With a party that, even jointly with others through a shareholders' agreement, controls the Company; or, if the controlling party is a company or entity, with its executive directors or top management.
- In the previous three financial years they have received from the Company, one of its subsidiaries or the parent company significant additional remuneration with respect to the "fixed" remuneration for the office of non-executive director of the Company and to the remuneration envisaged for participation in the Committees recommended by the Corporate Governance Code or envisaged by current regulations, even in the form of participation in incentive plans linked to company performance, including share-based plans.

- They have been a director of the Company for more than nine years, even non-consecutive, in the last 12 years.
- They hold the office of executive director in another company in which an executive director of the Company has an office of director.
- They are shareholders or directors of a company or an entity belonging to the network of the company appointed to audit the Company.
- They are a close member of the family (meaning the spouse not legally separated, cohabiting partner, dependent children, including those of the spouse, and, if cohabiting for at least one year, parents, relatives up to the 4th degree) of a person who is in one of the situations referred to in the preceding points.

As a threshold for the assessment of the cases set out in c) and d) above, the Board of Directors has established that the total value of the dealings and additional remuneration must not exceed 5% of the turnover of the director in question.

In any case, immediately after appointment, during the course of the term of office on an annual basis, as well as upon the occurrence of relevant circumstances, the Board of Directors must verify that each of the non-executive directors meets the independence requirements.

The verification was performed by adopting the above criteria – in accordance with the provisions of the Corporate Governance Code, and in particular Recommendation 7 – based on which the Board of Directors was able to confirm the independence of Maria Cristina Zoppo, Valentina Montanari and Eric Sandrin.

In making the above assessment, the Board of Directors took into consideration all the information available, in particular the information provided by the directors being assessed, which was deemed sufficient and complete for a timely examination of those circumstances that could compromise independence, as stressed by Recommendation 6.

The Board of Statutory Auditors noted that the verification criteria and procedures used by the Board of Directors to assess the independence of its members were correctly applied, as was the Policy on the Composition of the Board of Directors.

The Independent Directors in office at the date of this Report did not meet in the absence of the other directors, considering the opportunities to meet within the meetings of the board committees in which all the independent directors participate to be sufficient.

Lead Independent Director

By resolution of the Board of Directors on 2 May 2022, the Company appointed independent director Eric Sandrin as lead independent director.

The Lead Independent Director is assigned the task of coordinating the requests and contributions of the non-executive directors, and in particular of the independent directors.

Specifically, the Lead Independent Director:

- Cooperates with the Chair of the Board of Directors in order to ensure that directors are provided with complete, timely information flows and to define the initiatives aimed at enabling directors and statutory auditors to have a better knowledge of the Company and the Group and of corporate dynamics.
- Contributes to the evaluation process of the Board of Directors.
- Informs the Chair of the Board of Directors of any matters to be submitted for the examination and assessment of the governing body.
- Coordinates the meetings attended only by Independent Directors.

5. MANAGEMENT OF COMPANY INFORMATION

At its meeting on 6 September 2019, the Company's Board of Directors resolved to approve the Rules for the handling of inside information, the establishment and maintenance of the RIL and Insider List and Internal Dealing ("Rules") aimed at regulating, in addition to confidentiality and reporting obligations, the process of managing documents and information concerning Newlat and the companies belonging to its group, with particular regard to Confidential Information and Insider Information, as well as the establishment, maintenance and updating of the records of the parties who have access to the aforementioned information and the Internal Dealing obligations.

These Rules, which entered into force on the date when the application for the Issuer's shares to be admitted for trading was deposited with the Italian Stock Exchange, are published on the Issuer's website at https://corporate.newlat.it/wp-content/uploads/2020/04/Regolamento-info-privilegiate-internal-dealing.DOCX.pdf.

The purpose of the Rules is to ensure compliance with the applicable laws and regulations and to ensure that the Company timely, completely and adequately discloses the Group's inside information to the market, while guaranteeing maximum privacy and confidentiality until it is disclosed to the public.

Relevant and Inside Information is managed according to a process that breaks down into the following stages:

a) the Relevant or Inside Information is identified and reported by the competent IICOF (i.e. each "Inside Information Competent Organisational Function", identified within the Group, that becomes aware of Relevant or Inside Information due to its own activities) to the IIMF (i.e. the "Inside Information Management Function", in this case, the Chairman of the Board of Directors);

b) the IIMF identifies and records the Relevant or Inside Information;

c) Relevant Information is monitored based on the different stages of its evolution towards Inside Information, and the additional IICOFs involved in the process are recorded;

d) where applicable, the Relevant Information becomes Inside Information.

The IIMF is the corporate figure responsible for deciding whether the information qualifies as inside information. If it does, the IIMF acts to ensure that the Inside Information directly pertaining to the Issuer is communicated to the public as soon as possible, in accordance with the Rules and with applicable laws and regulations, unless there are grounds to activate the delay procedure referred to in article 3.4 of the Rules.

Pursuant to the laws and regulations in force, the Issuer has established an electronic register of persons who have access to Insider Information ("Insider List") and a register of persons who have access to Relevant Information ("RIL"), the keeping of which is the responsibility of the FGIP with the support of the Corporate & Legal Affairs function for the updating and maintenance thereof.

In order to update the Insider List promptly, the IIMF mainly relies on the information contained in the RIL. When a piece of information becomes Inside Information, people are deleted from the RIL and added to the Insider List.

Section II of the Rules on internal dealing governs the reporting obligations, restrictions and control measures in relation to transactions carried out by relevant persons and persons closely associated with them of the Issuer and the Subsidiaries (as defined in the Rules).

In particular, the Relevant Managers are absolutely prohibited from directly or indirectly carrying out Transactions on their own behalf or on behalf of third parties in the 30 days preceding the publication of the annual or semi-annual or infra-monthly results that the Issuer is required to, or has decided to, make public ("Black-Out Period"), without prejudice to the provisions of art. 8 of the Rules.

The Issuer's Board of Directors, by means of a special resolution, may establish additional periods during which there is a ban/limitation on the completion of Newlat securities transactions in conjunction with particular events. It is understood that both Relevant Managers and all Recipients in possession of Inside Information must refrain from carrying out or recommending to third parties any operation on the securities, from inducing third parties to carry out operations on the securities or from communicating the Inside Information to third parties, unless such communication takes place in the normal performance of their role.

6. INTERNAL BOARD COMMITTEES (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

On 2 May 2022, the Company's Board of Directors set up internal committees with investigative, propositional and advisory functions, namely:

- A Control and Risk Committee, which is described in more detail in Section 9.2 (the "Control and Risks Committee").
- An appointments and remuneration committee, which is described in greater detail in Sections 7.2 and 8.2 (the "Appointments and Remuneration Committee").
- A committee for transactions with related parties, which is described in greater detail in Section 10 (the "RPT Committee").

The Board of Directors has determined the composition of the individual board committees by giving priority to the expertise and experience of their members.

At the date of the Report, the Committees were composed as follows:

Position	Control and Risks Committee	Remuneration and Appointments Committee	RPT Committee
Chairman	Valentina Montanari	Eric Sandrin	Maria Cristina Zoppo
Component	Eric Sandrin	Valentina Montanari	Valentina Montanari
Component	Maria Cristina Zoppo	Maria Cristina Zoppo	Eric Sandrin

When setting up the aforementioned board committees, the Board of Directors also adopted the relevant rules defining the operation of the committees, including the procedures for recording minutes of meetings and the procedures for managing the information to be provided to the directors who are members of the committees.

Specifically, each set of rules specifies the composition of the relevant committee, the expertise required of each member, as well as the way in which the chair is to be appointed and the procedure for the replacement of members.

The rules also establishes the manner in which the Committee's meetings are convened, the related timing, specifying the places where the meetings may be held and the persons to whom the notice must be sent, as well as determining the validity of the constitution of each meeting and of the deliberations on the items on the agenda.

Furthermore, in order to ensure the completeness of information flows, while protecting the confidentiality of the data and information provided, the rules provide that any documentation relating to items on the agenda shall normally be made available within the second day prior to the day set for the meeting, except in cases of urgency where the documentation is made available as soon as possible.

Finally, they specify the tasks attributed to each committee, indicating the means that its members may use to carry out their activities. All this in compliance with the duty of confidentiality regarding news and information acquired in the exercise of their functions, even after the expiry of the mandate of the individual members.

Additional committees (other than those envisaged by the law or recommended by the Corporate Governance Code)

The Board of Directors has not established any additional committees - other than those required by law or recommended by the Corporate Governance Code.

7. SELF-ASSESSMENT AND DIRECTOR SUCCESSION - APPOINTMENTS COMMITTEE

7.1 SELF-ASSESSMENT AND DIRECTOR SUCCESSION

The Board of Directors assesses the effectiveness of its activities and the contribution made by its individual members through questionnaires specifically prepared by external consultants of the Company.

The Issuer conducts the self-assessment every year and focuses on its size, composition and actual operation, also considering the role played by the Board of Directors in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.

Specifically, the Board of Directors conducts its own self-assessment and expresses an orientation on its considered optimal quantitative and qualitative composition, the results of which have been published on the Company's website www.newlat.com, from which the following emerged:

- The appropriateness of the current number of 7 (seven) Directors to ensure an adequate balance of expertise and experience required by the Company's and the Group's business, suggesting an increase in the presence of members with digital and IT expertise, as well as ESG and, in particular, with skills in sustainability.
- Adequacy of the current ratio of Executive (3), Non-Executive (4) and Independent Directors pursuant to the Corporate Governance Code (3), as it is suitable to ensure an effective operation of the Board of Directors.

In general, the Board of Directors considers its composition to be adequate in terms of both skills and diversity given the presence of international managers with strong skills in accounting, finance and risk management capable of providing concrete support to the pursuit of the Company's strategic objectives and the tasks of the Board itself.

As far as the operation of the Board of Directors is concerned, the Directors believe that the organisation of the meetings is appropriate to the Company's structure, both in terms of the number of meetings and their duration, at which there is constant participation by all members, as well as external parties involved from time to time due to the topics on the agenda of the various meetings.

The conditions under which the meetings are held were also considered suitable and satisfactory, in terms of participation, in-depth examination of individual issues, and informed and independent deliberation.

With regard to the composition and operation of the internal committees (Control and Risk Committee, Appointments and Remuneration Committee and Related Party Transaction Committee), they were deemed adequate and suitable for the corporate structure. These board committees are all made up of highly experienced professionals who are able to carry out their tasks effectively. The activities entrusted to each of them of an investigative, advisory and propositional nature vis-à-vis the Board of Directors were deemed compliant and in line with the principles and recommendations provided by the Corporate Governance Code.

In conclusion, the Board of Directors considers its composition to be adequate both in qualitative and quantitative terms due to (i) the presence of a high degree of diversification of profiles and professional experience; (ii) the adequate operation of the body itself, whose activities are carried out in a climate of trust, cooperation and interaction between the members of the Board.

Succession plans

As of the date of this Report, due to the fact that Newlat qualifies as a non-large company with concentrated ownership, as defined in the Corporate Governance Code, no succession plan for executive directors has been adopted.

The Board of Directors reserves the right to perform an analysis in the future to assess the appropriateness of defining measures to ensure the continuity of management, including through the adoption of a succession plan, without prejudice to the provisions of the Corporate Governance Code.

7.2 APPOINTMENTS COMMITTEE

Composition and operation of the appointments committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

The Company's Board of Directors set up a single Appointments and Remuneration Committee composed exclusively of independent Directors, appointing the directors Maria Cristina Zoppo and Valentina Montanari as members, and Eric Sandrin as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

In the 2022 financial year the Appointments and Remuneration Committee held 2 meetings with an average duration of 1 hour each, which were attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the appointments committee

The Appointments Committee:

- Assisted the Board of Directors in the self-assessment of the Board itself and its committees, supporting the Chair of the Board of Directors in ensuring the adequacy and transparency of the self-assessment process.
- Assists the Board of Directors in defining the optimal composition of the Board and its committees.
- Assists the Board of Directors in identifying candidates for the office of director in the event of co-option.

Should the Company adopt a succession plan for executive directors, the Appointments Committee will be asked to support the preparation, updating and implementation of such plan.

The Appointments Committee plays an advisory and recommendatory role and has the task of assisting the Board of Directors at a preliminary stage with the assessments and decisions relating to the composition of the Board of Directors.

During the financial year, the Appointments Committee carried out the following main activities:

- Discussion of the findings of the self-assessment questionnaire.
- Analysis of the Policy on the Composition of the Board of Directors.

The Appointments Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

8. REMUNERATION OF DIRECTORS – REMUNERATION COMMITTEE

8.1 REMUNERATION OF DIRECTORS

For the information in this Section, please refer to the Remuneration Report, prepared by the Company and available at https://corporate.newlat.it/corporate-governance/assemblea-azionisti/.

8.2 REMUNERATION COMMITTEE

Composition and operation of the remuneration committee (pursuant to article 123-bis, paragraph 2, letter d) of the TUF)

As stated in Section 7.2, the Company's Board of Directors set up a single Appointments and Remuneration Committee composed exclusively of independent Directors, currently composed of the directors Maria Cristina Zoppo and Valentina Montanari as members, and Eric Sanrdin as its chair.

All the members of the Remuneration Committee have knowledge and experience in financial matters or remuneration policies that was deemed adequate by the Board of Directors at the time of their appointment.

In accordance with the provisions of the Corporate Governance Code, no director takes part in the meetings of the Remuneration Committee at which proposals relating to their remuneration are formulated.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

As already indicated in Section 7.2 above, in the 2022 financial year the Appointments and Remuneration Committee held 2 meetings with an average duration of 1 hour each, which were attended by all members.

As of the date of this Report, 1 meeting of the Appointments and Remuneration Committee has already been held.

Functions of the remuneration committee

The Remuneration Committee:

- Assisted the Board of Directors in drawing up the remuneration policy.
- Submits proposals and expresses opinions on the remuneration of executive directors and other directors holding particular positions, and on the setting of performance targets related to the variable component of such remuneration.
- Monitors the concrete application of the remuneration policy, and verifies the actual achievement of performance targets.

Periodically assesses the adequacy and overall consistency of the policy for the remuneration of directors and top management.

During the financial year, the Remuneration Committee carried out the following main activities:

- Discussion of remuneration policy and analysis of both qualitative and quantitative performance targets.
- Discussion of the Remuneration Report for 2022.

The Remuneration Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

The Remuneration Committee did not use the services of a consultant in order to obtain information on market practices regarding remuneration policies.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM – CONTROL AND RISK COMMITTEE

In accordance with Principle XVIII of the Corporate Governance Code, the Issuer has defined the guidelines of the internal control and risk management system (hereinafter also referred to as "SCIGR") consisting of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the sustainable success of the Company, in accordance with its strategies.

Assessment of the adequacy of the Internal Control and Risk Management System

For the 2022 financial year, the assessment of the overall adequacy of the Internal Control and Risk Management System was expressed on the basis of the analysis of the following aspects:

- Significant events with an impact on the corporate governance and control model;
- Group ERM Risk Assessment;
- ERM procedure;
- 2023 Audit Plan;
- Changes in the composition of the management and control bodies and in the organisational structure;
- Changes in delegated and proxy powers;
- Compliance with Law no. 262/05 on accounting and corporate documentation;
- Group sustainability;
- Information systems;
- Export compliance;
- Transactions involving derivative financial instruments;
- Transactions involving own shares;
- Related-party transactions;
- Intragroup transactions and transactions with a potential conflict;
- Transactions involving internal dealing;
- Monitoring of the Internal Control and Risk Management Systems of subsidiaries;
- Main pending litigation;
- Situation of non-performing loans;

Results of audits performed by internal and external audit bodies:

- Results of monitoring carried out by Internal Audit;
- Meetings between the Control Bodies;
- Information from the financial reporting officer;
- Results of monitoring by the Supervisory Body;
- Results of third-party audits of quality, occupational health and safety, and environmental management systems;
- Impacts of macroeconomic scenarios: war and inflation;
- Information from the Prevention and Protection Service and the Environmental Protection Service.

Based on the information and evidence gathered and having consulted with the Control and Risk Committee, the Board of Directors considers that the Internal Control and Risk Management System in place in 2022 is adequate and effective with respect to the Group's size and characteristics, and overall capable of achieving the corporate objectives.

Internal Control and Risk Management System on financial reporting (ICRMS)

The Company considers the Internal Control and Risk Management System on financial reporting to be an integral part of its risk management system.

With specific regard to the Internal Control and Risk Management System on financial reporting, the Group has defined its own system of accounting control rules that defines the rules that the Group follows.

In addition to this system, there are internal instructions and rules (including, by way of example, the system of powers and proxies, reporting instructions, supporting information systems, visits to the offices of Group companies) through which the Parent Company ensures an efficient system of data exchange with its Subsidiaries.

The 2022 assessment highlighted the relevant processes that were subjected to timely review during the year with respect to specific control objectives (existence, completeness and accuracy, valuation, rights and obligations, presentation and disclosure).

Any deficiencies/improvement actions identified during the audits and reporting as described above require immediate identification of actions to be taken, as well as regular monitoring of their resolution.

The main characteristics of the ICRMS and the methods of coordination between the actors involved therein, inspired by national and international best practice models, are described below.

The corporate and supervisory bodies within the ICRMS are:

- The Board of Directors
- The Control and Risks Committee
- The executive director responsible for internal audit

- The Head of Internal Audit
- The Supervisory Board (Italian Legislative Decree 231/01)
- The Financial Reporting Officer
- The Board of Statutory Auditors
- The Independent Auditor

The Company's ICRMS is based on three levels of control:

Level I Control – the operating teams are primarily responsible for the ICRMS process. These teams – as part of their daily activities – are called upon to identify, measure, evaluate, monitor, mitigate and report the risks deriving from ordinary business activities in accordance with the ICRMS and the applicable internal procedures.

Level II Control – corporate risks are monitored, guidelines on the related control systems are proposed and their adequacy is verified to ensure the efficiency and effectiveness of operations, as well as adequate risk control, prudent conduct of business, reliability of information, and compliance with laws, regulations and internal procedures.

Level III Control – the Head of Internal Audit verifies and ensures the adequacy and effective operation of the Level I and II Controls and – in general – of the ICRMS, evaluating its completeness, functionality and reliability in terms of efficiency and effectiveness, as well as identifying any violations of applicable procedures and standards.

The central role in the Internal Control and Risk Management System is played by the Board of Directors, which defines the nature and level of risk compatible with the Company's objectives.

When working effectively, the Company's ICRMS guarantees, with reasonable certainty, the achievement of operational, disclosure and compliance objectives. Specifically:

- The operational objective of the internal control system concerns the effectiveness and efficiency of the Company in using resources, protecting itself from losses, and safeguarding the Company's assets. This system is also aimed at ensuring that staff work towards the pursuit of company objectives, without putting other interests before Newlat's;
- The objective of disclosure translates into the preparation of timely and reliable reports for the decision-making process within and outside the company organisation;
- The compliance objective ensures, on the other hand, that all operations and actions are conducted in compliance with laws and regulations, prudential requirements and internal company procedures.

The ICRMS involves every sector of the activity carried out by the Company, distinguishing between operational and control tasks and reasonably reducing any possible conflict of interest.

In particular, the internal control system is based on the following elements:

- Formalised and clear organisational system in the allocation of responsibilities.
- Authorisation and signature powers assigned consistent with the responsibilities.
- System of procedures to govern all business processes.

- IT systems geared towards segregation of duties.
- Management control and reporting system.
- Functions responsible in a structured manner for external communication.
- Periodic audits of the main company processes.

The Company's ICRMS is based on the following principles:

- Every operation, transaction and action must be true, verifiable, coherent and documented.
- No one can manage an entire process independently (so-called segregation of duties).
- The internal control system documents the performance of controls, including supervision.

Responsibility for the proper functioning of the internal control system is vested in each business function for all processes for which it is responsible.

The type of corporate control structure existing in the Company includes:

- Line controls, carried out by individual operating units on the processes for which they have operational responsibility, aimed at ensuring the correct conduct of operations.
- Monitoring activities, carried out by the managers of each process and aimed at verifying the correct performance of the underlying activities, on the basis of hierarchical controls.
- Activities for the detection, evaluation and monitoring of the internal control system over the administrative and accounting systems and processes that are relevant to the financial statements.

Lastly, with regard to the ICRMS, it should be noted that in the exercise of its functions, during the Board meeting of 17 March 2023, the Board of Directors:

- Approved the internal audit plan after consulting the Board of Statutory Auditors and the executive director responsible for internal audit, after consulting the Control and Risk Committee.
- After obtaining the opinion of the Control and Risk Committee, assessed the adequacy of the system in relation to the characteristics of the company and its risk profile, as well as its effectiveness.

9.1 CHIEF EXECUTIVE OFFICER

The Board of Directors has identified the Executive Chair of the Board of Directors, Angelo Mastrolia, as the director responsible for establishing, maintaining and supervising the operation of the Internal Control and Risk Management System.

Within the scope of the responsibilities entrusted to him by the Board of Directors, the Chair has implemented the guidelines and directives of the Internal Control and Risk Management System, defined by the Board of Directors. Below are the actions taken.

- Identify the main corporate risks, to be periodically submitted to the Board of Directors, taking into account the characteristics of the activities carried out.

- Implement the guidelines defined by the Board, taking care of the design, creation and management of the internal control and risk management system, continually verifying its adequacy and effectiveness.
- Update the Internal Control and Risk Management system with respect to the dynamics of operating conditions and the legislative and regulatory landscape.
- Entrust the internal audit function with performing audits on specific operational areas and on compliance with internal rules and procedures in the execution of company operations, simultaneously notifying the chair of the Board of Directors, the chair of the Control and Risk Committee and the chair of the board of statutory auditors.
- Promptly report to the Control and Risks Committee on problems and issues emerging in the course of its activities or of which it has been informed, so that the Committee can take appropriate action.

9.2 CONTROL AND RISKS COMMITTEE

Composition and operation of the Control and Risk Committee (pursuant to Article 123-bis, paragraph 2, letter d) of the TUF)

The Company's Board of Directors set up the Control and Risk Committee composed solely of independent directors, namely the directors Maria Cristina Zoppo and Eric Sandrin as members, and Valentina Montanari as its chair.

All the members of the Control and Risk Committee have adequate expertise in the Company's business, functional to assess the relevant risks, and have an adequate knowledge and experience in accounting and finance or risk management.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors.

Meetings of the Control and Risk Committee have always been attended by Newlat's financial reporting officer, as well as – at the invitation of the committee chair – the head of the internal audit department and representatives of the independent auditor, depending on the items on the agenda.

The members of the Board of Statutory Auditors may also attend the meetings as permanent guests.

In 2022, the Control and Risk Committee held 6 meetings lasting an average of 1 hour. These meetings were regularly attended.

As of the date of this Report, 2 meetings of the Appointments and Remuneration Committee have already been held.

Functions assigned to the Control and Risks Committee

The Control and Risks Committee:

- Supports the Board of Directors in carrying out its tasks in the field of internal control and risk management.
- After consulting the Financial Reporting Officer, the independent auditors and the Board of Statutory Auditors, assesses the correct use of the accounting standards, as well as their consistency for the purposes of preparing the consolidated financial statements.
- Assesses the suitability of periodic financial and non-financial information to correctly represent the Company's business model, strategies, the impact of its operations and the performance achieved.
- Examines the content of periodic non-financial information relevant to the internal control and risk management system.
- Expresses opinions on specific aspects relating to the identification of the main corporate risks, and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events the latter has become aware of.
- Examines periodic and particularly significant reports prepared by the internal audit function.
- Where deemed necessary, entrusts the internal audit function to carry out audits on specific operational areas, giving simultaneous notice to the Chair of the Board of Statutory Auditors.
- When it is time to approve the annual and semi-annual financial reports, it reports to the Board of Directors on the activities carried out, as well as on the adequacy of the internal control and risk management system.

During the financial year, the Control and Risks Committee carried out the following main activities:

- Analysis of Group ERM Risk Assessment results.
- Analysis of the ERM procedure.
- Analysis of the 2022 internal audit.
- Analysis of the risks and 2023 audit plan.
- Preparatory activities for drafting the 2022 financial statements.
- Discussions with the Control and Risks Committee of the subsidiary Centrale del Latte d'Italia S.p.A.
- Analysis and approval of the materiality matrix for the Non-Financial Statement ("NFS").
- Illustration of the impairment test procedure and its results.
- Impacts of COVID on the business and financial statement valuations.
- Impacts of macroeconomic scenarios: war and inflation.
- Update with the independent auditors on the activities of the financial statements and NFS.
- 262 testing progress and results.

- Meeting with the Supervisory Body.
- Stakeholder Engagement programme.
- Group sustainability.
- Analysis of the draft Corporate Governance Report.

The Control and Risk Committee has the right to access the information and the corporate functions and structures necessary to perform its tasks, having at its disposal financial resources and making use of external consultants within the terms set by the Board of Directors.

9.3 HEAD OF INTERNAL AUDIT

On 10 September 2021 the Board of Directors appointed Mr Fabrizio Carrara as head of the Internal Audit function, the person responsible for verifying that the internal control and risk management system is functional, adequate and consistent with the guidelines defined by the Board of Directors.

The Board of Directors assigned Fabrizio Carrara a remuneration consistent with company policies, ensuring that he is provided with adequate resources to perform his duties.

The head of the Internal Audit department is not responsible for any operational area, reports hierarchically to the Board of Directors and has direct access to all information useful for carrying out the task.

On 17 March 2023 the Board of Directors approved the work plan prepared by the Head of Internal Audit, having consulted the Board of Statutory Auditors and the CEO.

During the year, the head of the Internal Audit function:

- Verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and suitability of the internal control and risk management system through an audit plan approved by the Board of Directors and based on a structured process of analysis and prioritisation of the main risks.
- Prepares periodic reports containing adequate information on their activities, on the way in which risk management is conducted and on compliance with the plans defined for their containment, as well as an assessment of the suitability of the internal control and risk management system, transmitting such information to the chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of these reports specifically concerns the activities of such parties.
- Prepares timely reports on events of particular importance, also at the request of the Board of Statutory Auditors, submitting them to the chairs of the Board of Statutory Auditors, the Control and Risk Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of such reports specifically concerns the activities of such parties.
- As part of the audit plan, checks the reliability of information systems, including accounting systems.

The main activities carried out by the Head of Internal Audit during the year were as follows:

- Drafting of the Audit Plan proposal based on the identification and prioritisation of the main business risks present in the ERM.
- Carrying out of the independent monitoring programme defined with the Financial Reporting Officer as part of the Corporate Reporting Control System.
- Activities relating to relations with the Independent Auditor.
- Verification of the design of the internal control system to support non-financial reporting (NFS).

9.4 ORGANISATIONAL MODEL AS PER ITALIAN LEGISLATIVE DECREE 231/2001

The Company adopted an organisation, management and control model pursuant to and for the purposes of Italian Legislative Decree 231/2001 (the "Model 231"), as updated during the 2022 financial year.

The Model 231 consists of: (a) a general part, relating to issues concerning, among other things, the validity and application of Italian Legislative Decree no. 231/2001, the composition and functioning of the supervisory body, and the penalty code to be applied in case of violations of the rules of conduct of Model 231; and (b) the special parts, containing the general principles of conduct and control protocols for each of the offences deemed to be a risk to the Company.

Specifically, note that the 231 Model aims to prevent the following types of offences:

- Offences against the Public Administration (articles 24 and 25 of the Decree).
- Computer crimes and unlawful processing of data (article 24-bis of the Decree).
- Organised crime (article 24-ter of the Decree).
- Offences relating to health and safety at work (art. 25 septies).
- Crimes for the purpose of terrorism or subversion of the democratic order (art. 25 quater).
- Offences against industry and commerce (art. 25 bis 1).
- Corporate offences (art. 25 ter).
- Crimes against the individual (art. 25 quinquies).
- Offences concerning copyright infringement (art. 25 novies).
- Transnational offences (Law no. 146/2006).
- Employment of undocumented third-country nationals (art. 25 duodecies).
- Offences of inducement not to make statements or to make false statements to the judicial authority (art. 25 decies).
- Receiving, laundering and using money, goods or benefits of unlawful origin, and self-laundering (art. 25 octies).
- Crimes of counterfeiting money, public credit cards, revenue stamps and instruments or signs of recognition (article 25-bis of the Decree).
- Environmental offences (art. 25 undecies).
- Market abuse offences (article 25-sexies of the Decree).
- Crimes of racism and xenophobia (article 25-terdecies of the Decree).
- Crimes relating to payments with financial instruments other than cash (article 25-octies of the Decree).
- Tax offences (article 25-quinquiesdecies of the Decree).
- Smuggling (article 25-sexiesdecies of the Decree).

The Company's 231 Model is available at https://corporate.newlat.it/corporate-governance/codice-etico-e-modello-231/.

The functions of the Supervisory Board are assigned to Mr Massimo Carlomagno as Chair, and to Ms Ester Sammartino as a member, in exercise of the power provided by the applicable law. In this way, the Supervisory Body meets the applicable requirements of autonomy, independence, professionalism and continuity of action.

9.5 INDEPENDENT AUDITORS

At the date of the Report, the company responsible for independently auditing the Issuer's accounts was PricewaterhouseCoopers S.p.A., with its registered office at Piazza Tre Torri 2, Milan, no. 119644 in the Register of Independent Auditors held by the Ministry of Economy and Finance.

The Issuer's Ordinary Shareholders' Meeting of 8 July 2019 conferred on the Independent Auditors, effective from the Trading Start Date, an external audit assignment (including checking that books are being properly kept and operating events are being properly entered into accounting ledgers) pursuant to articles 13 and 17 of Italian Legislative Decree no. 39 of 2010 for the 2019-2027 financial years, in relation to the Issuer's separate financial statements and the consolidated financial statements of the Newlat Group, replacing PwC's existing assignment awarded on 28 June 2017. Also by resolution of 8 July 2019, and also effective as of the Trading Start Date, the Issuer's Ordinary Shareholders' Meeting awarded the independent auditors the assignment to carry out a limited audit of the Newlat Group's condensed consolidated half-year financial statements for the six-month periods as at 30 June 2020 - 2027.

9.6 FINANCIAL REPORTING OFFICER AND OTHER CORPORATE ROLES AND FUNCTIONS

On 9 August 2019, the Issuer's Board of Directors, in compliance with the provisions of article 154-bis of the Consolidated Law on Finance and with the relevant appointment procedures laid down in article 19 of the By-laws, decided to appoint, with effect from the Company's shares starting to trade on the MTA (now ESM), Rocco Sergi as the Financial Reporting Officer.

Article 19 of the Issuer's By-laws provides that the FRO shall be appointed by the Board of Directors, subject to the mandatory but non-binding opinion of the Board of Statutory Auditors, in accordance with the provisions of Article 154-bis of the Consolidated Law on Finance. The Bylaws also require the FRO to have at least three years' experience in administration, finance and control and to meet the integrity requirements for directors. If these requirements are no longer being met, the office shall be forfeited and this must be declared by the Board of Directors within 30 (thirty) days of becoming aware of the failing.

Pursuant to article 154-bis of the Consolidated Law on Finance, the FRO shall:

- Draw up written statements accompanying the Company's documents and communications disseminated to the market and relating to accounting information, including interim accounting information.
- prepare appropriate administrative and accounting procedures for preparing the separate financial statements and, where applicable, the consolidated financial statements and any other financial communications;
- certify with a special report on the separate financial statements, the condensed half-year financial statements and the consolidated financial statements (i) the adequacy and effective application of the administrative and accounting procedures for the preparation of the financial statements; (ii) that the documents are prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002; (iii) that the documents correspond to the ledgers and accounting records; (iv) the suitability of the documents to provide a true and fair picture of the results, assets and liabilities and cash flows of the Issuer and of the companies included in the consolidation; (v) for the separate and consolidated financial statements, that the report on operations includes a reliable analysis of the operating performance and result, as well as the situation of the Issuer and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed; (vi) for the condensed half-year financial statements, that the interim report on operations contains a reliable analysis of the information referred to in article 154-ter, paragraph 4 of the TUF.

9.7 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company promotes meetings and exchanges of information between the various bodies responsible for the verification and monitoring of organisational, administrative, accounting, internal control and risk management systems.

Specifically, without prejudice to the provisions of the law with regard to auditors and statutory auditors,[5] prior to the approval by the Board of Directors of the Company's draft financial statements (statutory and consolidated) and half-yearly report a collective meeting is held involving the following bodies:

- Control and Risks Committee:
- Board of Statutory Auditors
- Supervisory Board (pursuant to Italian Legislative Decree 231/2001)
- Head of the Internal Audit Function
- Financial Reporting Officer
- Director responsible for the Internal Control and Risk Management System
- Statutory auditors

during which information will be exchanged on the main findings and/or critical issues identified during the audits performed, with regard to organisational, administrative, accounting, internal control and risk management structures. The meetings are recorded in minutes.

In addition to the periodic meetings mentioned above, the continuity and timeliness of information exchanges between the aforementioned control bodies is ensured by:

- The participation of the Board of Statutory Auditors in the meetings of the Control and Risk Committee.
- Periodic reporting by the Supervisory Board to the Control and Risk Committee and the Board of Statutory Auditors.
- Periodic reporting by the Head of Internal Audit to the Control and Risk Committee and the Board of Statutory Auditors.
- The exchange of information between the Control and Risk Committee, the statutory auditor and the Financial Reporting Officer on the accounting standards applied and the adequacy of the administrative and accounting procedures applied in preparing the financial reports of the Company and the Group.

[5] The reference is to the following articles of the Consolidated Law on Finance: art. 150, paragraph 3 (The Board of Statutory Auditors and the statutory auditor or auditing firm shall promptly exchange data and information relevant to the performance of their respective duties) and paragraph 4 (Those in charge of internal control shall also report to the Board of Statutory Auditors on their own initiative or at the request of even one of the Statutory Auditors); art. 151, paragraph 1 (The Statutory Auditors may, even individually, at any time perform inspections and controls, as well as ask the directors for information, also with regard to subsidiary companies, on the performance of company operations or on specific business, or address such requests for information directly to the management and control bodies of the subsidiary companies) and paragraph 2 (The Board of Statutory Auditors may exchange information with the corresponding bodies of the subsidiary companies on the management and control systems and on the general performance of the company's business. [omitted]).

10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

On 26 June 2021 the Issuer's Board of Directors resolved on the amendments made to the procedure for regulating related-party transactions (hereinafter the "Related Party Procedure") adopted by the Company by board resolution on 6 September 2019, available at https://corporate.newlat.it/wp-content/uploads/2021/06/Procedura-OPC-Newlat-2021.pdf

The Related Parties Procedure governs the procedures for the instruction and approval of transactions with related parties defined as of greater importance on the basis of the criteria set out in the regulation adopted by Consob with resolution no. 17221 on 12 March 2010 and subsequent amendments and additions (the "Related Parties Regulation") and transactions with related parties defined as of lesser importance, meaning transactions other than transactions of greater importance and transactions of a small amount (the latter are those transactions with related parties whose value does not exceed Euro 200,000.00 whether it is a natural or a legal person).

The Related Parties Procedure defines transactions of greater importance as those in which at least one of the significance indicators mentioned in Annex 3 of the Related Parties Regulations exceeds the 5% threshold and entrusts a specific corporate structure, consisting of the FRO supported by the competent functions, with the task of ascertaining how the procedure should be applied to a given transaction, including whether a transaction is classified as being of greater or lesser importance.

In accordance with the Related Parties Regulation, the procedure for transactions of lesser importance requires that, before approving a transaction with related parties, the Related Parties Committee, composed exclusively of independent (pursuant to the TUF and the Corporate Governance Code) and unrelated directors, expresses a non-binding reasoned opinion on the Company's interest in completing it, as well as on the suitability and substantial fairness of the conditions envisaged. In this regard, it is noted that the Issuer has identified the RPT Committee as the competent body in relation to transactions with related parties.

With regard to transactions of greater importance, the Related Parties Procedure provides that the RPT Committee be involved in the negotiation and investigation phases, and at the end of the latter express its reasoned opinion on the Company's interest in completing the transaction and on the suitability and substantial fairness of the relevant conditions. The RPT Committee shall make its own assessments and, in the event of a negative opinion or one subject to the acceptance of certain findings:

a) In the case of a transaction of greater importance that is not the responsibility of the Shareholders' Meeting or does not have to be authorised by it, the Board of Directors may: (i) approve the transaction, provided that the approval resolution fully incorporates the findings made by the RPT Committee; or (ii) approve the transaction despite the contrary opinion or in any case without taking into account the findings of the Committee, provided that the completion of the transaction is authorised by the Shareholders' Meeting, pursuant to article 2364, paragraph 1, no. 5) of the Italian Civil Code and in accordance with the provisions of paragraph (b) below; or (iii) decide not to proceed with the transaction.

b) In the case of a transaction of greater importance falling within the competence of the Shareholders' Meeting or which must be authorised by it, without prejudice to the provisions of articles 2368, 2369 and 2373 of the Italian Civil Code, the transaction may not be carried out if the majority of unrelated shareholders (meaning persons entitled to vote other than the counterparty to a given transaction and related parties both to the counterparty to a given transaction and to the Company) who vote do so against the transaction, provided that the unrelated shareholders present at the Shareholders' Meeting represent at least 10% of the share capital.

The provisions of the Related Parties Procedure do not apply to transactions approved by Newlat Food and addressed to all shareholders on equal terms, including:

a) Rights issues, including those servicing convertible bonds, and free capital increases pursuant to article 2442 of the Italian Civil Code.

b) Demergers in the strict sense, whether total or partial, with proportional share allocation.

c) Reductions in share capital by means of reimbursement to shareholders pursuant to article 2445 of the Italian Civil Code and purchases of treasury shares pursuant to article 132 of the Consolidated Law on Finance.

The rules laid down in the Related Parties Procedure also do not apply in the following cases:

a) Shareholders' resolutions on the remuneration payable to members of the Board of Directors pursuant to article 2389, paragraph 1 of the Italian Civil Code, as well as resolutions on the remuneration of directors with special responsibilities included in the total amount for the remuneration of all directors previously determined by the Shareholders' Meeting pursuant to article 2389, paragraph 3 of the Italian Civil Code.

b) Resolutions, other than those indicated under (a), on the remuneration of directors with special responsibilities and other managers with strategic responsibilities, provided that:

- The Company has adopted a remuneration policy approved by the Shareholders' Meeting that the Remuneration and Appointments Committee was involved in drafting.
- A report explaining the remuneration policy has been submitted for the approval or advisory vote of the Shareholders' Meeting.
- The remuneration awarded is identified in accordance with that policy and quantified on the basis of criteria that do not involve discretionary assessments.

c) Transactions of a small amount.

d) Compensation plans based on financial instruments approved by the Shareholders' Meeting pursuant to article 114-bis of the Consolidated Law on Finance and related executive operations.

e) Transactions that are part of ordinary business and the related financial activity of the Company or of the subsidiary that performs the transaction, carried out at conditions similar to those usually practised with unrelated parties for transactions of a corresponding nature, scale and risk, or based on regulated rates or prices imposed on or practised with subjects with whom the Company is legally obliged to enter into a contract at a certain amount.

f) Transactions carried out by the Company with its subsidiaries or transactions carried out between such subsidiaries, as well as those with associates, if there are no significant interests of other related parties of the Company in the subsidiaries or associates.

g) Shareholders' resolutions on the fees payable to members of the Board of Statutory Auditors pursuant to article 2402 of the Italian Civil Code.

h) Transactions to be carried out on the basis of instructions for stability purposes given by Supervisory Authorities, or on the basis of provisions issued by the parent company for the execution of instructions given by Supervisory Authorities in the interest of the stability of the Group.

The procedure allows the adoption of framework resolutions relating to series of homogeneous operations to be carried out by the Company, directly or through subsidiaries, with certain categories of related parties.

Please note that any decisions regarding the renewal – even if tacit or automatic - of contracts and relationships that the Issuer enters into with related parties in the period prior to the formal adoption of the Related Parties Procedure described above will be taken in accordance with this procedure.

Committee for transactions with related parties

The Company's Board of Directors set up the Related Parties Committee, composed solely of independent directors, appointing the directors Eric Sandrin and Valentina Montanari as members, and Maria Cristina Zoppo as its chair.

Minutes are duly taken at meetings of the Committee, and the Chair of the Committee reports these to the next meeting of the Board of Directors. Specifically, the Related Parties Committee:

formulates prior opinions on the procedures governing the identification and management of related party transactions carried out by the Issuer and/or Group companies, as well as on the related amendments;

formulates prior and reasoned opinions, in the cases expressly provided for, on the Issuer's interest in completing the transaction with related parties, as well as on the suitability and substantial fairness of the related conditions; and

in the case of related party transactions of greater importance, the RPT Committee is involved in the negotiation phase and the investigation phase through the receipt of a complete and timely information flow, with the right to request information and to make comments to the parties responsible for conducting the negotiations or the investigation.

In 2022 the Related Parties Committee held 1 meeting lasting approximately 30 minutes, which was attended by all members.

As at the date of this Report, the Related Parties Committee has not seen the need to meet.

11. BOARD OF STATUTORY AUDITORS

11.1 APPOINTMENT AND REPLACEMENT

Pursuant to the provisions of articles 21, 22 and 23 of the By-laws, the Issuer has adopted a transparent procedure for the appointment of statutory auditors which guarantees, among other things, adequate and timely information on the personal and professional characteristics of candidates for the office.

The Board of Statutory Auditors is elected by the Ordinary Shareholders' Meeting on the basis of slates submitted by shareholders as per the provisions below, ensuring gender balance in accordance with the provisions of applicable laws and regulations.

The presentation of slates is governed by applicable laws and regulations and by the By-laws.

Slates can be submitted by shareholders who, alone or together with others, represent, at the time of submission, at least the stake required to submit lists of candidates for the office of director.

The slates are filed with the Company within the deadlines set out in applicable laws, as indicated in the notice of convocation at the Company's registered office or also communicated remotely, and made available to the public under the terms and conditions set out in applicable laws and regulations. Each shareholder, the shareholders adhering to a shareholders' agreement pursuant to article 122 of the TUF, the parent company, subsidiaries, joint ventures and the other entities between which there is a direct or indirect link, pursuant to applicable laws and regulations, may submit – or contribute to the submission, even through an intermediary or trust company – and vote for only one slate. Each candidate may appear on only one slate under penalty of ineligibility.

Each slate shall contain a sequential number of candidates not exceeding the number of members to be elected.

The slates are divided into two sections: one for candidates for the office of standing auditor, the other for candidates for the office of alternate auditor. The first of the candidates in each section must appear in the register of auditors and must have carried out auditing activities for a period of not less than 3 (three) years.

Each slate that – considering both sections – has a number of candidates equal to or greater than 3 (three) must also include candidates of both genders, so that at least two-fifths (rounded downwards since it is a three-member corporate body) of the candidates for the office of standing auditor and at least one candidate for the office of alternate auditor (where the list also includes candidates for the office of alternate auditor) belong to the least-represented gender.

The following must be filed when the slates are submitted: a) information on the identity of the shareholders submitting the slate and an indication of the percentage of share capital held, as well as certification(s) showing ownership of such shareholding(s) as at the date of submission of the slate; b) a declaration by shareholders other than those who hold, even jointly, a controlling interest or a relative majority, certifying the absence of any direct or indirect link, within the meaning of applicable laws and regulations, with the latter; c) the curriculum vitae of the candidates and a statement in which each candidate declares, under his or her own responsibility, that there are no grounds for ineligibility and incompatibility and that he or she fulfils the conditions for appointment; d) information relating to the candidates with an indication of the administration and control positions held in other companies, as well as a statement by the same candidates attesting to the fulfilment of the requirements, including those of integrity, professionalism, independence and related to the accumulation of positions, provided for by current laws and regulations and by the By-laws; e) a declaration from each candidate accepting their candidacy; f) any other additional or different declaration, information and/or document required by applicable laws and regulations.

Any slate that fails to comply with the above provisions shall be deemed not to have been submitted.

Members of the Board of Auditors must meet the requirements of integrity, professionalism, independence and the limit of number of positions envisaged by applicable laws and regulations, as well as by the Corporate Governance Code and the policy adopted by the Company. With regard to the requirements of professionalism, matters relating to commercial law, company law, financial market law, tax law, business economics, corporate finance, disciplines having a similar or comparable object, and matters and sectors relating to the business sector of the Company are considered strictly relevant to the scope of the Company's activities.

The election of the Board of Statutory Auditors shall take place in accordance with the following provisions: a) from the slate that has obtained the highest number of votes ("majority slate"), two effective members and one alternate shall be drawn in the order in which they are listed; b) from the slate that has obtained the second-highest number of votes in the Shareholders' Meeting ("minority slate"), the remaining effective member, who shall also be appointed Chairman of the Board of Statutory Auditors, and the other alternate member shall be drawn in the order in which they are listed. If more than one slate has obtained the same number of votes, a new vote shall be taken on said slates by all those who can vote and are present at the Shareholders' Meeting, with the candidates from the slate that secures a relative majority being elected.

If gender balance is not ensured in accordance with the provisions of applicable laws and regulations, considering the statutory auditors and alternate auditors separately, the elected candidate belonging to the most represented gender who was last in the sequential order in each section of the majority slate, will be replaced by the unelected candidate from the least represented gender taken from the same section of the same slate in the sequential order of presentation. If the number of candidates elected on the basis of the slates submitted is lower than the number of statutory auditors to be elected, the remainder will be elected by the Shareholders' Meeting, which decides by relative majority and in such a way that the gender balance required by applicable laws and regulations is respected.

In the case of submission of a single slate, the Board of Statutory Auditors is drawn entirely from it in compliance with applicable laws and regulations. If, on the other hand, no slate is submitted, the Shareholders' Meeting decides by relative majority in accordance with the provisions of law. In such cases, the Chairman of the Board of Statutory Auditors shall be appointed by relative majority of the votes present at the Shareholders' Meeting.

The Chairman of the Board of Statutory Auditors shall be the statutory auditor elected from the minority slate unless only one slate is voted on or no slate is presented; in such cases, the Chairman of the Board of Statutory Auditors shall be appointed by the Shareholders' Meeting by relative majority of the votes present.

11.2 COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2, letters d) and d-bis) of the TUF)

Pursuant to article 21 of the By-laws, the Board of Statutory Auditors shall consist of 3 (three) standing auditors and 2 (two) alternate auditors who shall hold office for three financial years, expiring on the date of approval of the financial statements for the third financial year of their office, and shall be eligible for re-election.

The Issuer's Board of Statutory Auditors in office on the Report Date consists of 3 standing auditors and 2 alternate auditors. This Board of Statutory Auditors was appointed by the Issuer's Ordinary Shareholders' Meeting on 28 April 2022 for a period of 3 years, until approval of the financial statements for the year ending 31 December 2024.

Only one slate was submitted, by the majority shareholder Newlat Group S.A., owner at the date of this report of 27,084,374 Newlat Food shares, corresponding to 61.65% of the share capital, which proposed the following candidates:

Section 1. Standing Auditors

a) Massimo Carlomagno, born in Agnone (IS) on 22.09.1965, tax code CRLMSM65P22A080Y, male.

b) Ester Sammartino, born in Agnone (IS) on 23.05.1966, tax code SMMSTR66E63A080O, female.

c) Antonio Mucci, born in Montelongo (CB) on 24.03.1946, tax code MCCNTN46C24F548H, male.

Section 2. Alternate Auditors

a) Giovanni Rayneri, born in Turin (TO) on 20.07.1963, tax code RYNGNN63L20L219Y, male.

b) Cinzia Voltolina, born in Moncalieri (TO) on 26.04.1983, tax code VLTCNZ83D66F335E, female.

The aforementioned slate was approved by a majority vote, with 51,337,248 votes for, representing 99.95% of the votes cast, and shares for 25,222 votes against, representing 0.05% of the votes cast.
Therefore, the Issuer's Board of Statutory Auditors in office consists of:

Name and surname	**Position**	**Place and date of birth**
Massimo Carlomagno	Chairman	Agnone (IS), 22 September 1965
Ester Sammartino	Standing Auditor	Agnone (IS), 23 May 1964
Antonio Mucci	Standing Auditor	Montelongo (CB), 24 March 1946
Giovanni Rayneri	Alternate Auditor	Turin, 20 July 1963
Cinzia Voltolina	Alternate Auditor	Moncalieri (TO), 26 April 1983

Below is a summary of the personal and professional characteristics of the members of the Statutory Board of Auditors.

Massimo Carlomagno - born in Agnone (IS) on 22 September 1965, he obtained a degree in Economics and Business from the University of Salerno in 1990 and has been enrolled in the Register of Chartered Accountants since 1996. From 1999 to 2005 he held the position of Chairman of the Board of Directors of Finanziaria Regionale del Molise S.p.A. Since 2005 he has held the position of Chairman of the Issuer's Board of Statutory Auditors.

Ester Sammartino - born in Agnone (IS) on 23 May 1966, she obtained a degree in Economics and Business from the University of Chieti in 1992 and has been enrolled in the Register of Chartered Accountants since 2002. From 1990 to 2005 she served as a director at Lamel Legno S.r.l. Since 2005 she has been a standing member of the Issuer's Board of Statutory Auditors, and since 2021 she has been a Statutory Auditor of Centrale del Latte d'Italia S.p.A.

Antonio Mucci - born in Montelongo (CB) on 24 March 1946, he obtained a degree in Economics and Business from the University of Bari in 1972 and has been enrolled in the Register of Chartered Accountants since 1990 and is also enrolled in the Register of Auditors. From 1991 to 2018 he held the position of auditor in various public bodies, such as the province of Campobasso and the municipalities of Termoli, Larino, Trivento, Riccia, Santa Croce di Magliano, Rotello, Bonefro, Matrice, Montagano, Macchia Valfortore, Morrone del Sannio and Ururi. From 1996 to 2005 he served as Chairman of the Board of Auditors of the Consorzio di Bonifica di Larino. From 1996 to 1999 he served as Chairman of the Board of Statutory Auditors of the cooperative B&G. He was a member of the Board of Statutory Auditors of Piana del Sele S.r.l. from 2007 to 2013. He served first as a member of the board of statutory auditors (from 2011 to 2013) and then as Chairman (from 2014 to 2016) of Finmolise S.p.A. Since 2014 he has held the position of standing auditor on the Issuer's Board of Statutory Auditors.

Giovanni Rayneri – born in Turin, Italy, on 20 July 1963, he graduated in Economics and Business at the University of Turin in 1988 and is a registered Chartered Accountant and Auditor. He is also registered in the Register of Technical Consultants at the Court of Turin. He is the chair or a member of the board of statutory auditors in numerous medium-sized and large companies and groups, including international enterprises.

Cinzia Voltolina – born in Moncalieri (TO) on 26 April 1983, she holds a Bachelor's degree in Business Economics, specialising in professional accountancy, as well as a Master's degree in professional accountancy, both from the University of Turin. She has also been registered as a Chartered Accountant and Auditor since 2014.

The Board of Statutory Auditors in office at the date of this Report has an adequate composition to ensure the independence and professionalism of its function.

Specifically, no situations referred to in Recommendation 7 of the Corporate Governance Code were found.

Diversity criteria and policies

Note that the Issuer has adopted a diversity policy with respect to the composition of the control bodies that ensures a balance between genders, pursuant to the provisions of article 148, paragraph 1-bis of the Consolidated Law on Finance available at https://corporate.newlat.it.

The composition of the Board of Statutory Auditors at the date of the Report complies with these provisions on gender balance.

Independence

The aforementioned Policy on the Composition of the Board of Statutory Auditors also provides that all members of the board of statutory auditors must meet the independence requirements set forth in Article

148, paragraph 3 of the TUF, as well as the independence requirements set forth for Directors in Recommendation 7 of the Corporate Governance Code.

Verification of these requirements is carried out immediately after their appointment and annually thereafter. As per the last evaluation on 17 March 2023, it was possible to confirm the independence of all members of the Board of Statutory Auditors.

In making the above assessment, all the information available to each member of the Board of Statutory Auditors was taken into account, applying all the criteria set out in the Corporate Governance Code with respect to the independence of Directors, as set out in Recommendation 6.

Remuneration

As resolved by the Shareholders' Meeting of 28 April 2022, the remuneration of the Statutory Auditors is appropriate to the competence, professionalism and commitment required by the importance of the role held, the size and sector of the Company, as well as its situation.

Management of interests

Any statutory auditor who, on their own behalf or on behalf of third parties, has an interest in a particular transaction of the Company is required to promptly and exhaustively inform the other members of the Board of Statutory Auditors, as well as the Chairman of the Board of Directors, about the nature, terms, origin and scope of the interest.

12. SHAREHOLDER RELATIONS

Access to information

The Issuer has created an online section on its website that is easily identifiable and accessible and which contains information about the Company that is relevant to its shareholders, in order to allow them to exercise their rights in an informed manner.

This section is available at https://corporate.newlat.it/.

The Issuer has appointed a person responsible for managing relations with shareholders as Investor Relator, in the person of Ms Benedetta Mastrolia.

The Issuer has also entered into a contract with Barabino & Partners, a leading consulting firm in the field of communications, to best convey relevant information and news, both in terms of form and dissemination through the main press organs.

Dialogue with shareholders

In accordance with Recommendation 3 of the Code of Corporate Governance, the Company has adopted a Shareholder Dialogue Policy aimed at governing Newlat Food's current and potential methods of dialogue in order to strengthen, ensure and promote the exchange of information and improve the level of mutual understanding between investors and the Company in the most appropriate forms and in compliance with current regulations, including those on market abuse, all in order to achieve and encourage the exchange of ideas and foster the generation of value in the medium to long term.

Specifically, in addition to indicating the communication channels through which the Company engages in dialogue with the market, as well as the issues that may be the subject of such exchange of information, the aforesaid Policy provides for the possibility that the dialogue may also be initiated at the request of the market, detailing the relative request procedures.

This policy is available at https://corporate.newlat.it.

13. SHAREHOLDERS' MEETINGS

Pursuant to the provisions of applicable laws, an ordinary session of the Shareholders' Meeting is able to approve the financial statements, to appoint and dismiss the directors, statutory auditors and the Chairman of the Board of Statutory Auditors and to determine the remuneration of the directors and statutory auditors, and decides on anything else within its competence under the law. An extraordinary session of the Shareholders' Meeting will deliberate on amendments to the Bylaws, as well as on everything reserved to its competence by law.

The Shareholders' Meeting resolves on all matters for which it is competent under law and under the Bylaws; moreover, it is expressly invested with the power to dismiss the directors of the Company, even in the absence of just cause, if the relationship of trust between them and the Company has ceased to exist for any reason.

Each share gives the right to one vote, except for the shares with increased voting rights, as detailed in Section 2, letter (d) above.

In order to reduce the constraints and formalities that make it difficult and/or burdensome for shareholders to attend shareholders' meetings and exercise their voting rights, the Issuer has promoted initiatives aimed at encouraging the widest possible participation of shareholders in shareholders' meetings and facilitating the exercise of shareholders' rights.

As of the date of this Report, there have been no cases in which shareholders controlling the Issuer have submitted proposals to the Shareholders' Meeting on matters for which the Directors had not made a specific proposal.

As of the date of the Report, the Issuer has not proposed – for the approval of the Shareholders' Meeting – rules governing the conduct of Shareholders' Meetings.

The Shareholders' Meeting of 28 April 2022 was attended by all members of the Board of Directors.

Given that the corporate governance system adopted by the Issuer is considered suitable and functional to the Company's needs, the Board of Directors did not deem it necessary to submit further proposals to the Shareholders' Meeting for approval regarding the identification of a new administration and control model.

14. FURTHER CORPORATE GOVERNANCE PRACTICES (pursuant to art. 123-bis, paragraph 2, letter a), second part of the TUF)

The Issuer has not applied any other corporate governance practices than those indicated in the previous sections of this Report.

15. CHANGES SINCE THE REPORTING DATE

There have been no other changes to the corporate governance structure since the end of the period aside from those reported in the specific sections.

16. COMMENTS ON THE LETTER OF 25 January 2023 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

At the meeting of 17 March 2023, the Chair brought the Chair of the Corporate Governance Committee's letter of 25 January 2023 to the attention of the Board of Directors and the Board of Statutory Auditors.

Below are the Company’s considerations and the initiatives taken regarding the recommendations of the Committee.

On the subject of dialogue with shareholders, the Committee "*invites companies to adopt a policy of dialogue with shareholders that also provides for the possibility of this being initiated at the initiative of investors, defining graduated methods and procedures based on the principle of proportionality, according to the company's characteristics in terms of size and ownership structure", as well as to "assess the appropriateness of providing information in its own corporate governance report on the most relevant issues that have been the subject of dialogue with shareholders and on any initiatives taken to take account of the indications that have emerged*".

In accordance with Recommendation 3 of the Corporate Governance Code, and as described in detail in paragraph 12 above, the Company has adopted a Shareholder Dialogue Policy that – in addition to strengthening, ensuring and promoting the exchange of information and improving the level of mutual understanding between investors and the Company in the most appropriate forms and in compliance with the regulations in force so that there may be a profitable exchange of ideas that allows for the generation of value in the medium-long term – provides for the possibility for investors themselves to request the initiation of a dialogue with the Issuer on various predetermined topics in the manner described in said Policy.

Considering that this Policy was approved during the Board meeting of 17 March 2023, the Company constantly monitors its actual concrete implementation, which will be reflected in the next Corporate Governance Report.

On the topic of dialogue with other relevant stakeholders, the Committee "*invites companies to provide adequate information in their Corporate Governance Report on the criteria and ways in which the board has promoted dialogue with other relevant stakeholders*".

The Company has identified relevant stakeholders and initiated a practice of dialogue with them aimed at gathering opinions on financial and non-financial issues in order to direct its strategic business choices, considering the risks generated and incurred and the following opportunities.

Dialogue takes place through workshops, one-to-one meetings and the filling in of specially prepared questionnaires to gather input from stakeholders. These elements contribute to the identification of so-called material issues in the preparation of the company's business plans, which are periodically reported in the Management Report.

On the subject of the attribution of management powers to the chair, the Committee "*invites companies in which the chair is assigned significant management powers to provide adequate reasons for this choice in the Corporate Governance Report, even if the chair is not named as CEO*".

The Company has delegated management powers to the Chairman of the Board of Directors despite the fact that he is not named CEO.

This choice is dictated by the experience and sensitivity developed by this person over time, who is operationally involved in the main company processes and oversees and guarantees strategic choices.

On the issue of pre-meeting documentation, the Committee "*invites boards of directors to establish procedures for the management of pre-meeting documentation that do not include generic exemptions to the timeliness of such documentation for reasons of confidentiality of data and information, and to provide detailed information in the corporate governance report on any failure to comply with the notice period indicated in the procedures for sending board meeting documentation, explaining the reasons and illustrating how adequate analysis was ensured during the board meeting*".

On 10 September 2021, the Board of Directors adopted its own rules governing among other things the timing of the distribution of supporting documentation for Board meetings to the members of the Board and the Board of Statutory Auditors.

On the subject of the participation of managers in board meetings, the Committee "*invites companies in the rules adopted for the operation of the board of directors and its committees to define the methods by which such bodies may access the support of relevant corporate functions depending on the subject matter, under the coordination of the chair of the board of directors or the committee, respectively in agreement with or informing the CEO. The Committee also invites companies to provide information in the corporate governance report on the actual participation of managers in board and committee meetings, specifying the functions involved and the frequency of their involvement*".

The rules of the Company's Board of Directors provide that the Chair, including at the request of one or more directors, may invite executives of the Company or of the Group companies as well as other individuals or external consultants whose presence is deemed useful with respect to the items on the agenda to attend individual board meetings. However, these persons will be bound by the same confidentiality obligations as the directors and statutory auditors.

Similarly, the rules of the board committees provide that the individual committee may invite any person to attend meetings whose presence is deemed helpful to the best performance of the committee's functions with regard to all or some of the items on the agenda.

On the subject of optimal composition, the Committee "*reiterates the importance of the board of directors, at least in companies other than those with concentrated ownership, expressing an orientation on the optimal composition of the board upon its renewal, and invites companies to publish this orientation sufficiently in advance to allow those submitting slates of candidates to be able to take it into account for the purposes of slate composition*".

Despite belonging to the category of companies with concentrated ownership, in view of its upcoming renewal the Issuer has offered guidance on the optimal composition of the Board of Directors, making it available to the market by publishing this document on its website at https://corporate.newlat.it/corporate-governance/assemblea-azionisti/.

The guideline was made public in good time, and in any case in such a way that those submitting slates of candidates could take it into account when composing their slates.

On the issue of criteria for assessing the significance of relationships that may influence a director's independence, the Committee "*reiterates the importance of defining beforehand and disclosing in the Corporate Governance Report the quantitative parameters and qualitative criteria for assessing the significance of any commercial, financial or professional relationships and any additional remuneration for a director's independence. The Committee invites companies to assess the appropriateness of providing quantitative parameters, even defined in monetary terms or as a percentage of the remuneration attributed for the office and for participation in committees recommended by the Code*".

At the Board meeting of 17 March 2023, the Company approved the Policy on the Composition of the Board of Directors, which among other things sets forth the quantitative parameters and criteria used to assess the significance of certain business, financial or professional relationships, as well as the impact that such relationships could have on the independence of the individual director.

The quantitative parameters were identified in terms of the percentage of the remuneration received by the director, as detailed in the Policy published at https://corporate.newlat.it/corporate-governance/corporate-governance/procedure-e-documenti/.

On the subject of the transparency of remuneration policies on the weight of variable components, the Committee "*invites companies to include an executive summary in tabular form in the remuneration policy of the CEO and other executive directors showing the composition of the remuneration package, with an indication of the characteristics and weighting of the fixed, short-term variable and long-term variable components with respect to the total remuneration, at least with respect to the achievement of the target of the variable components*".

Each year in its Remuneration Policy and Compensation Report the Company discloses the composition of remuneration package, specifying the fixed component as well as the characteristics and weighting of the long-term variable component payable upon achievement of both quantitative and qualitative targets as approved by the Board of Directors.

On the subject of long-term horizons in remuneration policies, the Committee "*urges companies to provide for a variable component with a multi-year horizon in their remuneration policies, consistent with the company's strategic objectives and the pursuit of sustainable success*".

The Company confirms that it has provided for a variable component with a multi-year horizon, specifically three years, payable upon the achievement of both quantitative and qualitative parameters, consistent with the strategic objectives and the pursuit of sustainable success.

Indeed, the quantitative targets are linked to the achievement of certain objectives set out in the plan drawn up for the impairment test procedure, while the qualitative targets are linked to the achievement of objectives concerning the reduction of the ratio of CO2 emissions to turnover, as well as the reuse of production waste.

On the subject of ESG parameters for directors' remuneration, the Committee "*invites companies that envisage incentive mechanisms for the CEO and other executive directors linked to sustainability targets to provide a clear indication of the specific performance objectives to be achieved*". As specified in the previous point, the Company provides a clear indication of the specific performance objectives linked to ESG targets in its report on remuneration policy and compensation paid, which is made available to the public each year in accordance with current regulations.

TABLE 1: OWNERSHIP STRUCTURE INFORMATION ON 17 March 2023

STRUCTURE OF THE SHARE CAPITAL				
	No. of shares	No. of voting rights	Listed (show market) /unlisted	Rights and obligations
Ordinary shares (specifying whether voting rights may be increased)	43,935,050	68,665,050	Listed on Euronext - Star Milan	Increased vote pursuant to art. 6, paragraph 9 of the Bylaws6
Preferred shares	0	0	-	-
Multiple-vote shares	0	0	-	-
Other categories of shares with voting rights	0	0	-	-
Savings shares	0	0	-	-
Convertible savings shares	0	0	-	-
Other categories of non-voting shares	0	0	-	-
Other	0	0	-	-

6 See Section 2 (d) of this Report.

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly issued shares)				
	Listed (show market) /unlisted	No. of instruments issued	Category of shares in service of the conversion/exercise	No. of shares in service of the conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT EQUITY INVESTMENTS			
Declarant	Direct shareholder	Holding % of the ordinary capital	Holding % of the voting capital
Angelo Mastrolia	Newlat Group S.A.	61.65%	75.46%

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors													
Position	Members	Year of birth	Date of first appointment (*)	Start of term	End of term	Slate (presenters) (**)	Slate (M/m) (***)	Exec.	Non exec.	Indep. Code	Indep. TUF	No. of other posts (****)	Participation (*****)
Chairman •	Angelo Mastrolia	1964	30/11/2006	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				13	5/5
Chief Executive Officer	Stefano Cometto	1972	30/01/2013	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				5	5/5
Director Executive Officer	Giuseppe Mastrolia	1989	29/06/2011	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M	x				6	5/5
Director	Benedetta Mastrolia	1995	05/06/2014	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x			3	5/5
Director	Maria Cristina Zoppo	1971	25.09.20	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	4	5/5
Director	Valentina Montanari	1967	29/10/2019	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	9	5/5
Director ○	Eric Sandrin	1964	29/10/2019	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	Shareholders	M		x	x	x	21	5/5
------------------- **DIRECTORS WHO LEFT OFFICE DURING THE YEAR** -------------------													
Director	-	-	-	-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the year: 5
Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to article 147-ter of the TUF): 2.5%

NOTES
The following symbols must be inserted in the "Position" column:
• This symbol indicates the director responsible for the internal control and risk management system.
○ This symbol indicates the Lead Independent Director (LID)
(*) The date of first appointment of each director is the date on which the director was appointed for the very first time to the Issuer's Board of Directors.
(**) This column indicates whether the slate from which each director was drawn was submitted by shareholders (specifying "Shareholders") or by the Board of Directors (specifying "BoD").
(***) This column indicates whether the slate from which each director was drawn is "majority" (specifying "M") or "minority" (specifying "m").
(****) This column shows the number of directorial or statutory auditor positions held by the person concerned in other listed companies or of significant size. The Corporate Governance Report provides more details on these positions.
(*****) This column indicates the attendance of directors at board meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).

TABLE 3: STRUCTURE OF THE BOARD COMMITTEES AT THE END OF THE YEAR

BoD		Executive Committee		RPT Committee		Control and Risks Committee		Remuneration Committee		Remuneration and		Other committee		Other committee	
Position/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Independent as per TUF and Code	Maria Cristina Zoppo	N/A	N/A	1/1	C	6/6	M	2/2	M	2/2	M	-	-	-	-
Independent as per TUF and Code	Valentina Montanari	N/A	N/A	1/1	M	6/6	C	2/2	M	2/2	M	-	-	-	-
Independent as per TUF and Code	Eric Sandrin	N/A	N/A	1/1	M	6/6	M	2/2	C	2/2	C	-	-	-	-
------------------- DIRECTORS WHO LEFT OFFICE DURING THE YEAR -------------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
--------------ANY MEMBERS WHO ARE NOT DIRECTORS--------------															
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES
(*) This column indicates the attendance of directors at committee meetings (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).
(**) This column shows the status of the director within the committee: "P": chairman; "M": member.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE YEAR

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment (*)	Start of term	End of term	Slate (M/m) (**)	Indep. Code	Attendance at Board of Statutory Auditors meetings (***)	No. of other posts (****)
Chairman	Massimo Carlomagno	1965	28.02.05	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	6
Standing Auditor	Ester Sammartino	1966	28.02.05	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	6
Standing Auditor	Antonio Mucci	1946	12.06.09	28.04.22	Shareholders' Meeting to approve the 2024 financial statements	M	x	7/7	1
Alternate Auditor	Giovanni Rayneri	1963	28.04.22	N/A	Shareholders' Meeting to approve the 2024 financial statements	M	N/A	N/A	N/A
Alternate Auditor	Cinzia Voltolina	1983	28.04.22	N/A	Shareholders' Meeting to approve the 2024 financial statements	M	N/A	N/A	N/A
-------------------STATUTORY AUDITORS WHO LEFT OFFICE DURING THE YEAR-------------------									
-	-	-	-	-	-	-	-	-	-

Indicate the number of meetings held during the year: 7
Indicate the quorum required for the submission of slates by minorities for the election of one or more members (pursuant to article 148 of the TUF): 2.5%

NOTES
(*) The date of first appointment of each statutory auditor is the date on which they were appointed for the very first time to the Issuer's Board of Statutory Auditors.
(**) This column indicates whether the slate from which each statutory auditor was drawn is "majority" (specifying "M") or "minority" (specifying "m").
(***) This column indicates the attendance of statutory auditors at meetings of the board of statutory auditors (indicate the number of meetings attended out of the total number of meetings attended; e.g. 6/8, 8/8 etc.).
(****) This column shows the number of director or statutory auditor positions held by the person in question pursuant to article 148-bis of the Consolidated Law on Finance and the related implementing provisions contained in the Consob Issuers' Regulation. The full list of positions is published by Consob on its website in accordance with article 144-quinquiedecies of the Consob Issuers' Regulation.

Annex A - List of the main positions held by the Directors

List of the main positions held, at the date of this Report, by each Director in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	Status
Angelo Mastrolia	TMT Property S.r.l.	Chairman of the Board of Directors	In office
	Symington's Ltd	Managing Director	In office
	EM Foods S.A.S.	Chairman	In office
	Centrale del Latte d'Italia S.p.A.	Chairman of the Board of Directors	In office
	Newservice S.r.l.	Chairman of the Board of Directors	In office
	New Property S.p.A.	Chairman of the Board of Directors	In office
	Newlat Group SA	Sole Director	In office
	Newlat GmbH	Director	In office
	Latterie Riunite Piana del Sele S.r.l. in liquidation	Liquidator	In office
	Biochemia System S.r.l.	Sole Director	In office
	ABGM Group S.A.	Sole Director	In office
	CFR Hypermarché S.A.	Sole Director	In office
	TMT Group S.A.	Sole Director	In office
Giuseppe Mastrolia	New Property S.p.A.	Deputy Chairman of the Board of Directors	In office
	Symington's Ltd	CEO	In office
	EM Foods S.A.S.	Managing Director	In office
	Centrale del Latte d’Italia S.p.A.	Deputy Chairman of the Board of Directors	In office
	Newlat GmbH	CEO	In office
	TMT Property S.r.l.	Director	In office
Stefano Cometto	Newservice S.r.l.	Deputy Chairman and	In office

		Chief Executive Officer	
	Centrale del Latte d'Italia S.p.A.	Director	In office
	New Property S.p.A.	Chief Executive Officer	In office
	RA Creations S.r.l.s in liquidation	Liquidator	In office
	Gopura Consulting Srl.s	Sole Director	In office
Benedetta Mastrolia	New Property S.p.A.	Director	In office
	Centrale del Latte d'Italia S.p.A.	Director	In office
	Symington's Ltd	Director	In office
Maria Cristina Zoppo	Banca Intesa Sanpaolo S.p.A.	Director	In office
		Management Control Committee Member	In office
	Michelin Italiana S.p.A.	Standing Auditor	In office
	BDO Tax S.r.l. S.t.p.	Proxy	
Valentina Montanari	University of Pavia	Director	In office
	Impresa Sangalli Giancarlo	Director	In office
	Fondazione Italia per il Dono (FIDO)	Director	In office
	Seco S.p.A.	Independent Director	In office
		Lead Independent Director	In office
		Chair of the Control, Risks and Sustainability Committee	In office
		Member of the Related Parties Committee	In office
	Mediolanum Fund Management SGR p.A.	Director	In office
		Member of the Control, Risks and Sustainability Committee	In office
Eric Sandrin	Gucci (China) Trading Limited	Shareholder representative	In office
	Kering Investment Management Group Co. Limited	Director	In office
	Kering Tokyo Investment Limited	Director	In office
	Kering Investment SA	Chief Executive Officer	In office

	Kering RE	Chief Executive Officer	In office
	Kering Studio	General Manager (Directeur Général)	In office
	Boucheron Uk Limited	Director	In office
	Bottega Veneta International Sarl	Director	In office
	Autumnpaper Limited	Director	In office
	Birdswan Solutions Limited	Director	In office
	Alexander Mcqueen Trading Limited	Director	In office
	Balenciaga Uk LTD	Director	In office
	Balenciaga Japan LTD	Director	In office
	Boucheron Holding SAS	Member of the Strategic Committee (comité stratégique)	In office
	Kering Eyewear Apac Limited	Director	In office
	Kering Holland NV	Director	In office
	Balenciaga SA	Director	In office
	GG France 14	Chairman	In office
	Boucheron Joaillerie (USA), INC	Director	In office
	Kering (China) Enterprise Management Limited	Director	In office
	GG France 13	Chairman	In office

Annex B - List of the main positions held by the Statutory Auditors

List of the main positions held, at the date of this Report, by each Statutory Auditor in other companies listed on regulated markets, including abroad, in financial, banking, insurance or other companies of significant size.

Name and surname	Company	Position	Status
Massimo Carlomagno	New Property S.p.A.	Chairman of the Board of Statutory Auditors	In office
	Korg Italy S.p.A.	Statutory Auditor	In office
	Bakoo S.p.A.	Statutory Auditor	In office
	Centrale del Latte d'Italia S.p.A.	Alternate Auditor	In office
		SB Chair	In office
	Municipality of Esine	Sole Auditor	In office
Ester Sammartino	New Property S.p.A.	Statutory Auditor	In office
	Centrale del Latte d'Italia S.p.A.	Statutory Auditor	In office
		SB member	In office
	Municipality of Pognana Lario	Sole Auditor	In office
	Municipality of Caslino D'Erba	Sole Auditor	In office
	Municipality of Borghetto Lodigiano	Sole Auditor	In office
Antonio Mucci	New Property S.p.A.	Statutory Auditor	In office

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In thousands of euros)	Notes	At 31 December	
		2022	2021
Non-current assets			
Property, plant and equipment	8.1	154,106	157,417
Right-of-use assets	8.2	46,509	38,572
of which from related parties		*16,722*	*3,948*
Intangible assets	8.3	92,345	97,824
Equity investments in associates	8.4	1,401	1,401
Non-current financial assets measured at fair value through profit or loss	8.5	1,213	731
Financial assets measured at amortised cost	8.6	801	801
of which from related parties		*735*	*735*
Deferred tax assets	8.7	7,148	7,580
Total non-current assets		**303,522**	**304,326**
Current assets			
Inventories	8.8	85,213	63,881
Trade receivables	8.9	91,982	67,184
of which from related parties		*681*	*19*
Current tax assets	8.10	1,889	3,324
Other receivables and current assets	8.11	19,045	11,262
Current financial assets measured at fair value through profit or loss	8.12	6,525	34
Financial receivables measured at amortised cost	8.13	13,099	-
of which from related parties		*13,099*	-
Cash and cash equivalents	8.14	287,820	384,888
of which from related parties		*97,909*	*126,552*
Total current assets		**505,573**	**530,574**
TOTAL ASSETS		**809,094**	**834,900**
Shareholders' equity			
Share capital		43,935	43,935
Reserves		77,296	81,447
Translation reserve		(2,982)	(478)
Net profit/(loss)		6,223	5,134
Total shareholders' equity attributable to the Group	8.15	**124,471**	**130,038**
Shareholders' equity attributable to minority interests	8.15	**14,834**	**14,477**
Total consolidated equity	8.15	**139,306**	**144,515**
Non-current liabilities			
Provisions for employee benefits	8.16	11,399	14,223
Provisions for risks and charges	8.17	2,038	2,030
Deferred tax liabilities	8.7	19,991	19,097
Non-current financial liabilities	8.18	304,723	287,216
Non-current lease liabilities	8.2	39,173	31,175
of which from related parties		*14,703*	*1,261*
Total non-current liabilities		**377,324**	**353,741**
Current liabilities			
Trade payables	8.19	193,776	179,024
of which from related parties		*0*	*163*
Current financial liabilities	8.18	65,780	127,280
of which from related parties		*8,929*	*40,435*
Current lease liabilities	8.2	7,567	7,887
of which from related parties		*2,356*	*2,881*
Current tax liabilities	8.10	3,688	3,364
Other current liabilities	8.20	21,654	19,087
of which from related parties		*0*	*411*
Total current liabilities		**292,466**	**336,643**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**809,094**	**834,900**

CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	Notes	At 31 December 2022	2021
Revenue from contracts with customers	9.1	741,094	555,863
Cost of sales	9.2	(607,693)	(440,414)
of which from related parties		*(2,235)*	*(3,052)*
Gross operating profit/(loss)		**133,400**	**115,449**
Sales and distribution costs	9.2	(89,509)	(74,137)
Administrative costs	9.2	(21,746)	(22,460)
of which from related parties		*(215)*	*268*
Net write-downs of financial assets	9.3	(1,247)	(1,201)
Other revenues and income	9.4	5,238	7,839
Other operating costs	9.5	(6,015)	(8,436)
Operating profit/(loss)		**20,121**	**17,054**
Financial income	9.6	2,058	1,157
of which from related parties		*595*	*154*
Financial expenses	9.6	(12,278)	(8,658)
of which from related parties		*(796)*	*(133)*
Profit/(loss) before taxes		**9,901**	**9,555**
Income taxes	9.7	(3,304)	(3,317)
Net profit/(loss)		**6,597**	**6,239**
Profit/(loss) attributable to minority interests		**374**	**1,106**
Group net profit/(loss)		**6,223**	**5,134**
Basic net profit/(loss) per share	9.8	0.16	0.12
Diluted net profit/(loss) per share	9.8	0.16	0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of euros)	Notes	At 31 December 2022	2021
Net profit/(loss) (A)		**6,597**	**6,239**
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:			
Actuarial gains/(losses) net of tax effects	8.15	1,534	(159)
Total other components of comprehensive income that will not be subsequently reclassified to the income statement:		**1,534**	**(159)**
b) Components of comprehensive income that will not be subsequently reclassified to the income statement:			
Hedging instruments net of tax effects	8.15	583	(778)
Translation reserve	8.14	(2,628)	(478)
Total other components of comprehensive income that will not be subsequently reclassified to the income statement		**(2,045)**	**(1,256)**
Total other components of comprehensive income, net of tax effect (a+b)		**(511)**	**(1,415)**
Total comprehensive net profit/(loss) (A)+(B)		**6,086**	**4,824**
Profit/(loss) attributable to minority interests		**374**	**1,113**
Group net profit/(loss)		**5,712**	**3,711**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In thousands of euros)	Notes	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity attributable to the Group	Shareholders' equity attributable to minority interests	Total
At 31 December 2020	8.14	**43,935**	**61,136**	**37,555**	**142,626**	**13,431**	**156,057**
Allocation of net profit/(loss) for the previous year			37,555	(37,555)	**-**		**-**
Treasury shares			(15,759)		(15,759)		(15,759)
Total treasury shares			**(15,759)**		**(15,759)**		**(15,759)**
Other changes			(541)		**(541)**	(67)	**(608)**
Net profit/(loss)				5,134	**5,134**	1,106	**6,239**
Hedging instruments net of tax effects			(779)		**(779)**		**(779)**
Translation reserve			(478)		**(478)**		**(478)**
Actuarial gains/(losses), net of tax effects			(166)		**(166)**	7	**(159)**
Total comprehensive net profit/(loss) for the year			**(1,423)**	**5,134**	**3,711**	**1,113**	**4,824**
At 31 December 2021	8.14	**43,935**	**80,968**	**5,134**	**130,038**	**14,477**	**144,515**
Allocation of net profit/(loss) for the previous year			5,134	(5,134)	**-**		**-**
Treasury shares			(11,731)		(11,731)		(11,731)
Total treasury shares			**(11,731)**		**(11,731)**		**(11,731)**
Other changes			453		**453**	(17)	**436**
Net profit/(loss)				6,223	**6,223**	374	**6,597**
Hedging instruments net of tax effects			583		**583**		**583**
Translation reserve			(2,628)		**(2,628)**		**(2,628)**
Actuarial gains/(losses), net of tax effects			1,534		**1,534**	-	**1,534**
Total comprehensive net profit/(loss) for the year			**(511)**	**6,223**	**5,712**	**374**	**6,086**
At 31 December 2022	8.14	**43,935**	**74,313**	**6,223**	**124,472**	**14,834**	**139,306**

CONSOLIDATED CASH FLOW STATEMENT

(In thousands of euros)	Notes	At 31 December 2022	2021
Profit/(loss) before taxes		9,901	9,555
- Adjustments for:			
Amortisation, depreciation and write-downs	8.1-8.2-8.3	36,283	30,843
Capital losses/(gains) on disposal		-	-
Financial expense/(income)	9.7	10,220	7,500
of which from related parties		*(201)*	*21*
Cash flow generated /(absorbed) by operating activities before changes in net working capital		**56,404**	**47,898**
Change in inventory	8.8	(21,332)	(4,413)
Change in trade receivables	8.9	(26,397)	14,848
Change in trade payables	8.19	15,826	5,315
Change in other assets and liabilities	8.5-8.10-8.18-8.20	(5,215)	2,872
Use of provisions for risks and charges and for employee benefits	8.16-8.17	(678)	(744)
Taxes paid	8.10	(824)	(4,539)
Net cash flow generated /(absorbed) by operating activities		**17,784**	**61,236**
Investments in property, plant and equipment	8.1-8.2	(14,477)	(12,936)
Investments in intangible assets	8.3	(979)	(380)
Investments of financial assets	8.5-8.11	(6,390)	(19)
Deferred fee for acquisitions	8.17-8.20		(600)
Acquisition net of cash acquired		(300)	(63,914)
Net cash flow generated /(absorbed) by investment activities		**(22,146)**	**(77,849)**
New financial payables	8.18	73,241	82,976
Repaid financial payables	8.18	(117,234)	(24,866)
Issuance of Bond Loan	8.18	-	198,455
Repayments of lease liabilities	8.2	(13,645)	(13,865)
of which from related parties		*(2,980)*	*(2,814)*
Net interest expense	9.6	(10,220)	(7,500)
Acquisition of minority interests		(17)	(67)
Purchase of treasury shares		(11,732)	(15,759)
Net cash flow generated/(absorbed) by financing activities		**(79,607)**	**219,374**
Total changes in cash and cash equivalents		**(83,969)**	**202,760**
Cash and cash equivalents at start of year		**384,888**	**182,127**
of which from related parties		*126,552*	*69,351*
Offsetting of cash and cash equivalents	8.14	(13,099)	
Total changes in cash and cash equivalents	8.14	(83,969)	202,760
Cash and cash equivalents at end of year		**287,820**	**384,888**
of which from related parties		*97,909*	*126,552*

RECONCILIATION STATEMENT AS AT 31 December 2022 WITH THE VALUES OF THE PARENT COMPANY'S SEPARATE FINANCIAL STATEMENTS

(In thousands of euros)	Equity	of which Net profit for the period
Balances resulting from the Parent Company's separate financial statements	129,851	3,302
Effect of full consolidation: -		
- Difference between the book value of the consolidated subsidiary Newlat GmbH and the relative share of equity	(35,693)	
- Difference between the book value of the consolidated subsidiary Centrale del Latte d'Italia SpA and the relative share of equity	36,857	
- Difference between the book value of the consolidated subsidiary Symington's Limited and the relative share of equity	(6,471)	
- Pro-rata results achieved by investees	2,925	2,925
- Other changes in shareholders' equity	(2,628)	
- Recognition of minority interests/shareholders	14,464	370
Shareholders' equity and profit/loss for the period from the Group's consolidated financial statements	139,306	6,597

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General information and significant transactions carried out in 2022

Newlat Food S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at Via J. F. Kennedy 16, Reggio Emilia.

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

The Company is subject to the direction and coordination of its parent company Newlat Group S.A. (hereinafter "**Newlat Group**"), which directly holds 61.66% of its share capital, 27.9% is held by institutional investors and the remainder (10.46%) is held by Newlat Food itself through the purchase of treasury shares.

1. ADOPTED ACCOUNTING STANDARDS

The accounting standards and measurement criteria adopted in the preparation and drafting of the annual report at 31 December 2022 are set out below.

The annual financial report at 31 December 2022 was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the International Financial Interpretations Committee, which was formerly named the International Financial Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions that have an effect on the assets, liabilities, costs and revenues. The final results may be different to those obtained through these estimates. 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, trademarks with an indefinite useful life, depreciation and amortisation of non-current assets, deferred taxes, the provision for doubtful receivables and the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the payables for the purchase of equity investments contained in the other liabilities.

In particular, discretionary measurements and significant accounting estimates relate to the determination of the recoverable amount of non-financial assets calculated as the greater of fair value less costs to sell and value in use. Value in use is calculated based on a discounted cash flow model. The recoverable value depends significantly on the discount rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used. The key assumptions used to determine the recoverable value for the two cash-generating units, including a sensitivity analysis, are described in note 8.3 of the Consolidated Financial Statements at 31 December 2022.

The use of significant accounting estimates and assumptions also relates to the determination of the fair value of assets and liabilities acquired as part of business combinations. In fact, at the date of acquisition, the Group must separately recognise, at their fair value, assets, liabilities and contingent liabilities identifiable and acquired or assumed as part of the business combination, and determine the present value of the strike price of any call options on minority shares. This process requires the preparation of estimates, based on valuation techniques, which require judgement in the forecasting of future cash flows as well as the development of other assumptions such as long-term growth rates and discount rates for valuation models developed also with the use of experts outside the management team.

1.1 Basis of preparation

The Consolidated Financial Statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes.

The layout adopted for the statement of financial position provides for the separation of assets and liabilities between current and non-current.

An asset is classified as current when:

- it is assumed that this activity is carried out, or is owned for sale or consumption, in the normal course of the operating cycle;
- it is held primarily for the purpose of trading;
- it is assumed that it will be realised within twelve months of the reporting date;
- it consists of cash and cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets as non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it will be extinguished within twelve months of the reporting date;
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Clauses of a liability that could, at the discretion of the counterparty, result in its extinction through the issue of equity instruments do not affect its classification.

The chosen income statement layout provides for the classification of costs by destination.

The statement of other comprehensive income includes the result for the year and, with the same categories, income and expenses that, according to IFRSs, are directly recognised under equity.

The statement of changes in equity includes, in addition to the total gains / losses for the period, the amounts of transactions with shareholders and movements in reserves during the year.

In the statement of cash flows, the financial flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted by the effects of non-monetary operations, by any deferral or provision of previous or future operating inflows or outflows, and by elements of revenue or costs related to financial flows deriving from investment activities or financing activities.

The Consolidated Financial Statements have been prepared in thousands of euro, the functional currency of the Group. The statement of financial position, income statement, statement of cash flows, explanatory notes and tables are in thousands of euro, unless otherwise indicated.

The consolidated financial statements were prepared:

- on the basis of the best knowledge of IFRSs and taking into account the best doctrine on the subject;
- under the going-concern principle, in accordance with the principle of accrual accounting, in compliance with the principle of materiality of information and substance over form, and with a view to encouraging consistency with future presentations. The assets and liabilities and costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards;
- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where application of the fair value criterion is mandatory.

Criteria for preparation of the consolidated financial statements

The consolidated financial statements were prepared in order to represent the assets, liabilities, revenues and costs directly and indirectly attributable to the Newlat Group.

1.2 Consolidation criteria and methodology

The Consolidated Financial Statements include the results, assets and liabilities and cash flows of Newlat Food and the subsidiaries approved by the respective administrative bodies, prepared on the basis of their relative accounting situations and, where applicable, adjusted accordingly to bring them into compliance with IFRS.

The reporting date of the consolidated entities is aligned with that of the Parent Company.

The following table summarises, with reference to the companies included in the scope of the Consolidated Financial Statements, the information relating to the company name, registered office, functional currency and share capital at 31 December 2022:

Name	Registered Office	Currency	Share capital at 31 December 2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050
Newlat Deutschland GmbH	Germany - Franzosenstraße 9, Mannheim	EUR	1,025,000
Centrale del Latte d'Italia S.p.A.	Italy - Via Filadelfia 220, 10137 Turin	EUR	28,840,041
Symington's Limited	Leeds, 2528254 Dartmouthway	GBP	100,000

It should be noted that at the reference dates of the Consolidated Financial Statements, all the companies included within the scope were consolidated using the line-by-line method.

Note also that the 25% interest held by Centrale del Latte d'Italia S.p.A in Mercafir was valued using the equity method

In preparing the Consolidated Financial Statements, all balances and transactions carried out between the companies included in the scope have been eliminated and therefore the Consolidated Financial Statements do not include any of the transactions in question.

Subsidiaries

An investor controls an entity when: (i) it is exposed, or has rights, to variable returns from its involvement with the entity and (ii) it has the ability to affect those returns through its power over said entity. The existence of control is checked every time facts and/or circumstances point to a change in one of the aforementioned elements constituting control. Subsidiaries are consolidated using the line-by-line method from the date on which control was acquired. They cease to be consolidated from the date on which control is transferred to third parties. The following criteria were adopted for line-by-line consolidation:

- assets and liabilities and income and expenses of the subsidiaries are consolidated line-by-line, attributing to the minority shareholders, where applicable, their portion of equity and net profit/loss for the period; these portions are shown separately in equity and the statement of other comprehensive income;
- gains and losses, including related tax effects, on transactions between companies consolidated on a line-by-line basis and unrealised gains and losses on transactions with third parties are derecognised, except for losses that are not derecognised if the transaction provides evidence of impairment of the transferred asset. The mutual debit and credit positions, costs and revenues and financial expenses and income are also eliminated.

Equity investments in associates

An associate is a company over which the Group exercises significant influence. Significant influence means the power to participate in determining the financial and operating policies of the investee company without having control or joint control over it. Investments in associates are measured using the shareholders' equity method. Under the equity method, the equity investment in an associate is initially recognised at cost. The carrying amount of the investment is increased or decreased to recognise the equity interest of the participant in the gains and losses of the investee realised after the acquisition date

Conversion of items in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than the euro are then adjusted at the exchange rate in place on the reporting date. Any forex differences are reflected in the income statement under “Foreign exchange gains and losses”.

Intra-group transactions

Profits arising from transactions between consolidated companies and not yet realised with respect to third parties are eliminated, as are the receivables, payables, income and expenses, guarantees, commitments and risks between consolidated companies. Intra-group losses are not eliminated because they are considered representative of impairment of the transferred asset.

1.3 Accounting standards and measurement criteria

Adopted accounting standards

The Consolidated Financial Statements were prepared based on the IFRSs in force issued by the International Accounting Standards Board ("**IASB**") and endorsed by the European Union at the closing date of each year in question.

Below are the criteria used with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the criteria used to recognise the income components.

Property, plant and equipment

Property, plant and equipment is recognised as such only if the following conditions are met simultaneously:

- it is probable that the future economic benefits related to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Property, plant and equipment are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations made to acquire an asset, at the time of purchase or replacement. Subsequent to initial recognition, property, plant and equipment are valued using the cost method, net of recorded depreciation and any accumulated impairment losses.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the return of the asset to its original condition.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalisation of the costs inherent in the extension, modernisation or improvement of structural elements owned or used by third parties shall be carried out to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful life estimated by the Group for the various categories of property, plant and equipment is shown below:

Category of assets	Useful Life
Land and buildings	10-33 years
Plant and machinery	4-20 years
Industrial and commercial equipment	2-9 years
Other assets	5-20 years

At the end of each financial year, the company checks whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalised assets and, if so, modifies the depreciation criterion, which is considered a change in accounting estimate in accordance with IAS 8.

The value of the asset is completely reversed at the time of its disposal or when the company expects that it will not be able to derive any economic benefit from its disposal.

Capital grants shall be accounted for when it is reasonably certain that they will be received and all conditions relating to them are met. Contributions are then deducted from the value of assets or suspended among liabilities and credited pro rata to the income statement in relation to the useful life of the related assets.

Intangible assets

An intangible asset is an asset that simultaneously fulfils the following conditions:

- it is identifiable;
- it is non-monetary;
- it has no physical consistency;
- it is under the control of the company preparing the accounts;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to acquire it or generate it internally is recognised as a cost when incurred.

Intangible assets are initially stated at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognised as an asset, neither are intangible assets arising from research (or the research phase of an internal project).

An intangible asset arising from development or the development phase of an internal project is recognised if compliance with the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so as to be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;
- the manner in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and the use or sale of the asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method in accordance with one of the two different criteria set out in IAS 38 (cost model and revaluation model). The cost model requires an intangible asset to be recognised at cost after initial recognition, net of accumulated amortisation and any accumulated impairment losses.

The useful life estimated by the Group for the various categories of intangible assets is shown below:

Category of assets	Useful Life
Goodwill	unlimited
Drei Glocken and Birkel brands	unlimited
Other brands ITALY	18 years
Intangible assets with a finite useful life SYM (core brands, other brands, customer relationships, know-how)	25 years 15 years 13 years
Software licences	5 years
Other assets	5 years

The following main intangible assets can be identified within the Group:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, as described earlier, and then subjected to (at least) annual testing to determine whether it has impaired (for more details, see the below paragraph "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets"). Reversals are not permitted in the case of a previous write-down due to impairment.

Trademarks with an indefinite useful life

Trademarks, for which the conditions for classification as intangible assets with an indefinite useful life are met, are not amortised systematically and are subject to impairment testing at least once a year and whenever there are indicators of impairment.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as previously described, net of accumulated amortisation and any impairment losses.

Amortisation begins when the asset becomes available for use and is apportioned systematically based on the asset's estimated useful life; the criteria mentioned in the paragraphs "Property, plant and equipment" and "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets", respectively, contain the criteria for the value to be amortised and the recoverability of the book value.

Lease contracts

a) Right-of-use assets and lease liabilities – 31 December 2022 (IFRS 16)

The Group chose early adoption, from 1 January 2018, of the new accounting standard IFRS 16 - "Leases", which replaces IAS 17 - "Leasing" and its related interpretations.

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it conveys the right to control the use of a specified asset for a period of time. The contract is re-evaluated to verify whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Group applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each class of underlying asset, not to separate the non-lease components from the lease components and to recognise each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which must be added both the following periods:

- periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option; and
- periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option.

In assessing whether the lessee is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option shall be considered. The lessee must redefine the lease term in the event of a change in the non-cancellable lease period.

At the effective date of the contract, the Group recognises the right-of use-asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

- The initial value of the lease liability.
- payments due for the lease made on or before the effective date, net of the lease incentives received;
- the initial direct costs incurred by the lessee; and
- The estimate of the costs to be incurred by the lessee for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset under the terms and conditions of the lease, unless such costs are incurred for the production of inventories.

On the lease start date, the lessee shall measure the lease liability at the current value of the payments due for the lease but not yet paid. Payments due for the lease include the following amounts:

- fixed payments, net of any outstanding lease incentives;

- variable payments due for the lease that depend on an index or rate, initially measured using an index or rate on the effective date;
- the amounts expected to be paid by the lessee as guarantees of the residual value;
- The exercise price of the purchase option, if the lessee is reasonably certain to exercise the option.
- Lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its marginal lending rate, i.e. the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease agreement.

Subsequent to initial recognition, right-of-use assets are measured at cost:

- net of accumulated depreciation/amortisation and impairment; and
- adjusted to take into account any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- by increasing the book value to take account of interest;
- by decreasing the book value to take account of lease payments that have been made; and
- by restating the book value to take account of any new valuations or changes in the lease or revision of payments due for fixed leases.

In the case of lease changes that do not constitute a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated according to the new terms of the lease agreement, using the discount rate at the date of the change.

It should be noted that the Group makes use of two exemptions under IFRS 16, with reference to: (i) short-term leases (i.e. leases with a duration of 12 months or less from the effective date), in relation to certain categories of fixed assets, and (ii) leases of low-value assets (i.e. when the value of the underlying asset, if new, is less than USD 5,000, for example). In such cases, the right-of-use asset and the related lease liability are not recognised, and the payments due for the lease are recognised in the income statement.

Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets

On each reporting date, a test is carried out to ascertain whether there are any indicators of impairment of property, plant and equipment and intangible assets that are not fully depreciated/amortised or of indefinite useful life.

Where these indicators are present, the recoverable value of the above-mentioned assets is estimated, and any write-down is recognised in the Income Statement. The recoverable value of an asset is the higher of the fair value, less costs to sell, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if they are significant and can be reasonably determined, those arising from the sale at the end of its useful life, net of any costs of disposal. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of the money, in proportion to the period of the investment and the specific risks of the asset.

For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which said asset belongs.

Impairment is recognised in the income statement if the book value of the asset, or of the CGU to which it is allocated, is higher than its recoverable value. The impairment of a CGU is initially recognised as a reduction in the book value of any goodwill attributed to it and, therefore, as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previous write-down no longer exist, the book value of the asset is restored via the income statement, up to the limit of the net book value that the asset in question would have had without write-down and amortisation/depreciation. Reversals of goodwill impairment are not permitted in the case of a previous write-down due to impairment.

Financial assets

At the time of initial recognition, financial assets must be classified as "Financial assets at amortised cost", "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" on the basis of the following elements:

- The entity's business model for the management of the financial assets.
- The characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets measured at amortised cost net of the related amortisation provision

a) Financial assets at amortised cost – 31 December 2022 (IFRS 9)

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets valued at historical cost whose short duration makes the effect of discounting negligible, those without a defined maturity or for revocable credit lines.

This category mainly includes trade receivables arising from the transfer of goods and the provision of services, recognised in accordance with the terms of the contract with the customer in accordance with IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already rendered).

Moreover, since trade receivables are generally short-term and do not provide for the payment of interest, the amortised cost is not calculated, and they are recognised on the basis of the nominal value reported in invoices issued or contracts concluded with customers: this provision is also adopted for trade receivables with a contractual maturity of more than 12 months, unless the effect is particularly significant. The choice stems from the fact that the amount of short-term receivables is very similar whether you apply the historical cost method or the amortised cost method, and the impact of discounting would therefore be wholly negligible.

Trade receivables are subject to impairment testing in accordance with IFRS 9. For the purposes of the measurement process, trade receivables are divided into maturity time bands. For performing loans, a collective assessment is made by grouping the individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics based on historical experience and takes into account expected losses.

a) Financial assets at fair value through other comprehensive income – 31 December 2022(IFRS 9)

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Following initial recognition, equity investments that do not qualify as subsidiaries, associates or joint control investees are measured at fair value, and amounts recognised as a counter-entry in equity should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category and not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

a) Financial assets at fair value through profit or loss – 31 December 2022(IFRS 9)

This category contains financial assets other than those classed as "Financial assets at fair value through other comprehensive income" or as "Financial assets at amortised cost". This item, in particular, includes only equity instruments held for purposes other than trading for which the Group has not opted for measurement at fair value through other comprehensive income, and bonds.

Financial assets at fair value through profit or loss are initially recognised at fair value, usually represented by the transaction price.

After initial recognition, these financial assets are measured at fair value. Any gains or losses resulting from the change in fair value are attributed to the Consolidated income statement.

Current financial assets at amortised cost

Upon initial recognition, financial assets are classified as appropriate according to the subsequent measurement method, i.e. at amortised cost, at fair value through other comprehensive income, or at fair value through profit (loss) for the year. The classification of financial assets upon initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model the Group uses to manage them. A financial asset is measured at amortised cost if the asset is held to collect contractual cash flows (Held to Collect), represented solely by the payment of principal and interest on the principal amount to be repaid. These assets are valued at amortised cost in accordance with the effective interest method, less impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognised in profit (loss) for the year, as are derecognition gains or losses. In accordance with IFRS 9, the Group has adopted a new impairment model for financial assets measured at amortised cost or at fair value through other comprehensive income, except for equity securities and assets arising from contracts with customers. A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised in the first instance (e.g. removed from the statement of financial position) when: - The rights to receive cash flows from the asset are extinguished, or - The Company has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has transferred substantially all risks and rewards of ownership of the financial asset, or (b) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control thereof. The gain (loss) on a financial asset that is measured at amortised cost and is not part of a hedging relationship must be recognised in profit or loss when the financial asset is derecognised or reclassified through the amortisation process, or when impairment gains or losses are recognised.

Inventories

Inventories are assets:

- held for sale in the normal course of business;
- used in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognised and measured at the lesser of cost and the net realisable value.

The cost of inventories includes all purchase costs, transformation costs and other costs incurred to bring inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is less than cost, the surplus is immediately written down in the income statement.

Derivative financial instruments

It is the Group's policy not to invest in derivative financial instruments of a speculative nature. However, in cases where derivative financial instruments do not meet all the conditions for hedge accounting, changes in the fair value of such instruments are recognised in the income statement as financial expenses and/or income. Derivative financial instruments are accounted for under hedge accounting rules when:

- There is formal designation and documentation of the hedging relationship at the inception of the hedge.
- The hedge is assumed to be highly effective.
- The effectiveness can be reliably measured and the hedge is highly effective during the designation periods.

The method of accounting for derivative financial instruments changes depending on whether or not the conditions and requirements of IFRS 9 are fulfilled. Specifically:

- Cash flow hedges

In the case of a derivative financial instrument for which a hedging relationship is formally documented for changes in cash flows originating from an asset or liability or from a future transaction (underlying hedged item) that is deemed to be highly probable and could affect profit or loss, the effective portion resulting from the fair value adjustment of the derivative financial instrument is recognised directly in an equity reserve. When the underlying hedged item becomes manifest, this reserve is removed from equity and allocated to the carrying amount of the underlying item. Any ineffective portion of the change in value of the hedging instrument is immediately allocated to the income statement under financial expenses and/or income. When a hedging financial instrument matures, is sold or exercised, or the company changes the correlation with the underlying item, and the expected transaction originally hedged has not yet occurred but is still considered probable, the related gains and losses arising from the fair value adjustment of the financial instrument remain in equity and are recognised in the income statement when the transaction occurs as described above. If the likelihood of the underlying transaction ceases to exist, the related gains and losses of the derivative contract originally recognised in equity are immediately recognised in the income statement.

- Fair value hedges of monetary assets and liabilities

Where a derivative financial instrument is used to hedge changes in the value of monetary assets or liabilities already recorded in the financial statements that could affect the income statement, profits and losses related to changes in fair value of the derivative financial instruments are immediately recorded in the income statement. Similarly, gains and losses relating to the hedged item change the carrying value of that item and are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recorded, depending on their nature, at nominal value or amortised cost. Other cash equivalents represent short-term and highly liquid financial commitments that are readily convertible into known cash values and subject to a negligible risk of change in value, with an original maturity or a maturity at the time of purchase of not more than 3 months.

Payables

Payables relating to the year ended 31 December 2022.

Trade and other payables are recognised initially at fair value and are subsequently measured using the amortised cost method.

Payables to banks and other lenders are initially stated at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost, applying the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal effective rate initially determined. Payables to banks and other lenders are classified as current liabilities, unless the Group has an unconditional right to defer payment for at least twelve months after the reference date.

Payables are derecognised when they are settled and when the Group has transferred all risks and charges relating to the instrument.

Employee benefits

These include benefits granted to employees or their dependants and can be liquidated by means of payments (or with the supply of goods and services) made directly to employees, spouses, children or other dependants or to third parties such as insurance companies, and are divided into short-term benefits, benefits due to employees for termination of employment and post-employment benefits.

Short-term benefits, which also include incentive programmes in the form of annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (cost provision) after deducting any amount already paid, and as a cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example, the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for termination of employment includes departure incentive plans arising in the event of voluntary resignation involving the participation of the employee or a group of employees in trade union agreements for the activation of so-called solidarity funds, and redundancy plans, which take place when the company unilaterally terminates the contract. The company recognises the cost of these benefits as a financial liability at the earliest of the time when the company is unable to withdraw the offer of these benefits and the time when the company recognises the costs of a restructuring that falls within the scope of IAS 37. Provisions for departures shall be reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds involving a defined contribution by the company;
- the severance indemnity fund, limited to the shares accruing from 1 January 2007 for undertakings with more than 50 employees, irrespective of the destination chosen by the employee;
- employee severance indemnities accruing from 1 January 2007 and earmarked for supplementary pensions, in the case of undertakings with fewer than 50 employees;
- supplementary healthcare funds.

Defined benefit plans, on the other hand, include:

- the severance indemnity, limited to the amount accrued up to 31 December 2006 for all undertakings, as well as the amounts accrued since 1 January 2007 and not intended for supplementary pensions for undertakings with fewer than 50 employees;
- supplementary pension funds that provide for the payment of a defined benefit to members;
- long-service bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of working seniority.

In defined contribution plans, the obligation of the reporting company is determined on the basis of the contributions due for that year and therefore the measurement of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting for defined benefit plans is characterised by the use of actuarial assumptions to determine the value of the obligation. This valuation is entrusted to an external actuary and is carried out annually. For discounting purposes, the company uses the projected unit credit method, which projects future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. Actuarial gains and losses are recognised as a counter-entry in equity as required by IAS 19.

Provisions for risks and charges, and contingent assets and liabilities

Contingent assets and liabilities can be divided into several categories depending on their nature and their accounting impact. Specifically:

- the provisions are actual obligations of an uncertain amount and occurrence/maturity which arise from past events and for which it is probable that there will be a financial outlay that can be reliably estimated in terms of amount;
- contingent liabilities are possible obligations with a distinct probability of having to make a financial outlay;
- remote liabilities are those for which a financial outlay is unlikely;
- potential assets are assets which are uncertain and cannot therefore be recognised in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract;
- restructuring is a programme planned and controlled by the company's management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognising the charge, provisions are recorded in cases where there is uncertainty about the maturity or the amount of the flow of resources necessary to fulfil the obligation or other liabilities and in particular trade payables or provisions for presumed payables.

Provisions differ from other liabilities in that there is no certainty as to their maturity or the amount of future expenditure required. Due to their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

Liabilities or allocations to a provision are recognised when:

- there is a current legal or implied obligation resulting from past events;
- it is probable that resources designed to produce economic benefits will have to be used to settle the obligation;
- the obligation can be reliably estimated.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, the liability is classed as a contingent liability.

The allocation to the provision for risks and charges is an amount that represents the best possible estimate of the expenditure needed to liquidate the relevant obligation outstanding on the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. The amount of the allocation reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that they will occur.

Once the best possible estimate of the expense necessary to settle the related obligation outstanding on the reporting date has been determined, the current value of the provision is determined, in the event that the effect of the present value of money is a relevant aspect.

__Revenue from contracts with customers__

a) Revenue from contracts with related customers - year ended 31 December 2022 (IFRS 15)

The Group applies IFRS 15 as of 1 January 2018. In accordance with this standard, revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Group recognises revenue from contracts with customers when (or as) it fulfils the performance obligation, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Group transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- The customer simultaneously receives and uses the benefits arising from the entity's service as it is provided.
- The service of the Group creates or improves the asset (e.g. work in progress) that the customer controls as the asset is created or improved.
- The service of the Group does not create an asset which has an alternative use for the Group and the Group has the enforceable right to payment for the service completed up to the date in question.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Group recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions, incentives, penalties or other similar elements), the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group includes the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Group expects them to be recovered. Incremental costs for obtaining the contract are costs that the Group incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Recognition of costs

Costs are recognised in the income statement according to the accruals principle.

Dividends

Dividends received are recognised in the income statement according to the accruals principle, i.e. in the year in which the related right to receive them emerges, following the shareholders' resolution to distribute dividends from the investee company.

Distributed dividends are shown as changes in equity in the year in which they are approved by the Shareholders' Meeting.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the tax rates in force at the date of the financial statements. Current taxes for the year and for prior years, where unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current year and for prior years, must be determined at the value expected to be recovered from or paid to, respectively, the tax authorities, applying the tax rates and legislation that is in force or imminent at the reporting date.

Deferred taxes can be divided into:

- deferred tax liabilities, which are the amounts of income taxes payable in future years relating to taxable temporary differences;
- deferred tax assets, which are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry-over of unused tax losses, carry-over of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the temporary taxable or deductible differences identified, or to unused tax losses and unused tax credits.

At each reporting date, recognised and unrecognised deferred tax assets are revalued to check whether they are likely to be recovered.

The dictates of IFRIC 12 have been considered without detecting any significant impacts.

Net profit/(loss) per share

Basic earnings per share are calculated by dividing the net profit (loss) pertaining to the Group by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit (loss) pertaining to the Group by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average number of shares in circulation is modified assuming that all assignees exercise rights with a potentially dilutive effect, while the profit (loss) pertaining to the Group is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

Operating segments

The operating segment is a part of the group that undertakes business activities that generate revenue and costs, whose operating results are periodically reviewed by the Chairman of the Board of Directors, in his role as Chief Operating Decision Maker (CODM), for the purpose of taking decisions on the resources to be allocated to the sector and evaluating results, and for which financial information is available.

1.4 Recently issued accounting standards

The following new standards, amendments and interpretations were issued by the International Accounting Standards Board (IASB) and have not been adopted by the European Union. The following new standards, amendments and interpretations were not applied in the preparation of the financial statements.

At the date of these financial statements, the competent bodies of the European Union have not yet concluded the endorsement process required for the adoption of the following accounting standards and amendments:

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current.	In January 2020 the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Classification of liabilities as current or non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that can be settled by conversion to equity. These amendments will go into effect on 1 January 2024.
IFRS 16 - Leases: Liability in a Sale and Leaseback	In September 2022 the IASB made changes to IFRS 16 - Leases: Liability in a Sale and Leaseback to provide guidelines for the valuation of the liability arising from a sale and leaseback transaction designed to ensure that the seller-lessee does not recognise any amount of gain or loss in respect of the retained right of use. These amendments will go into effect on 1 January 2024. The Group does not expect any significant impact from the adoption of these amendments.

IAS 1 – Presentation of Financial Statements: Non-current Liabilities with Covenants	In October 2022 the IASB amended IAS 1 – Presentation of Financial Statements: Non-current Liabilities with Covenants to clarify how conditions that an entity must meet within 12 months after the reporting period affect the classification of a liability. These amendments will come into force on 1 January 2024. The Group does not expect any significant impact from the adoption of these amendments.

The Group will assess any potential impact on the financial statements when these new standards are endorsed by the European Union.

Accounting standards, amendments and interpretations not yet adopted but applicable in advance

At the date of these financial statements, the competent bodies of the European Union have endorsed the adoption of the following accounting standards and amendments, but they are yet to be adopted by the company:

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	In December 2021 the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information, which provides a transitional option relating to comparative information on financial assets presented upon initial adoption of IFRS 17. The amendments are intended to help companies avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of disclosures for users of financial statements. These amendments will go into effect on 1 January 2023.
Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	In May 2021 the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, to specify how companies should account for deferred taxation on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. Specifically, it was clarified that the exemption does not apply and that companies are required to recognise deferred taxation on such transactions. These amendments will go into effect on 1 January 2023, with advance application allowed.
IFRS 17 – Insurance Contracts	In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which establishes standards for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation characteristics issued. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and making it easier for companies to explain their financial performance. The new principle and amendments will go into effect on 1 January 2023.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	In February 2021 the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies that require companies to disclose information about their material accounting policies rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments will go into effect on 1 January 2023.
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	In February 2021 the IASB issued amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of accounting estimates that clarifies how companies should distinguish changes in accounting principles from changes in accounting estimates. These amendments will go into effect on 1 January 2023.

The Group does not expect any significant economic and financial impacts from the provisions resulting from the entry into force of the aforementioned principles.

In any case, the Group has not adopted in advance any accounting standards or amendments with a later effective date.

New accounting standards, amendments and interpretations adopted by the Company

The following standards and amendments in force on 1 January 2022 were adopted by the Company.

The Company adopted the amendments to IFRS 3 - Business Combinations, containing an update to a reference in IFRS 3 to the Conceptual Framework for Financial Reporting that did not result in changes to the accounting requirements for business combinations. The adoption of these amendments had no significant effect.

The Company adopted the amendments to IAS 37, which clarify the nature of costs directly related to the contract, consisting of both incremental costs of contract performance and other costs directly related to contract performance. The adoption of these amendments had no significant effect.

The Company adopted the amendments to IAS 16 that prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from the sale of items produced while the entity is preparing the asset for its intended use. These changes had no impact on the Company's year-end financial statements, as there were no sales of such property, plant and equipment made available for use at the beginning or after the beginning of the first period presented.

In May 2020 the IASB published Annual Improvements to IFRSs for the 2018-2020 cycle. The improvements amended four standards: i) IFRS 1 - First-time Adoption of International Financial Reporting Standards, regarding the ability of a subsidiary to measure cumulative translation differences using amounts reported by its parent; ii) IFRS 9 - Financial Instruments, regarding what fees an entity includes when applying the "10%" test for the derecognition of financial liabilities; iii) IAS 41 - Agriculture, regarding the exclusion of tax cash flows in measuring the fair value of a biological asset; and iv) IFRS 16 - Leases, regarding an example of repayment for leasehold improvements. The adoption of these amendments had no significant effect.

2. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances.

Applying these estimates and assumptions affects the amounts presented in the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income and the Statement of Cash Flows, and in other information provided. The amounts of the financial statement items for which the aforementioned estimates and assumptions have been used may differ, even significantly, from those reported in the financial statements that highlight the effects of the occurrence of the event being estimated, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The following areas require the directors to be most subjective when producing the estimates and would significantly affect the Group's results if there were a change in the conditions underlying the assumptions used:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to testing in order to ascertain whether impairment has occurred when indicators exist that predict difficulties in recovering the corresponding net book value through use. Checking for the existence of the aforementioned indicators requires directors to make subjective valuations based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that impairment may have occurred, the Group calculates said impairment using what are deemed to be suitable valuation techniques. Correctly identifying impairment indicators, as well as the estimates for their calculation, depends on subjective valuations and factors that can vary over time, influencing the valuations and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is verified annually in order to check for any impairment that should be recognised in the income statement. In particular, the test in question involves allocating goodwill to cash generating units and then calculating the relative recoverable value, understood as the greater of fair value and value in use. If the recoverable value is less than the book value of the cash generating units, the goodwill allocated to them is written down. Goodwill is verified at least once a year, and in the event of trigger events verification is repeated during the year.

c) Impairment of intangible assets with an indefinite useful life (trademarks): the value of trademarks with an indefinite useful life is subject to an impairment test each year and whenever there are indicators of impairment. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit forecast period of 4 years in accordance with the plans approved by the Group. After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future legal developments and possible developments in the market the Group competes in. Therefore, write-downs may be necessary in subsequent years.

d) Provision for bad debts: the determination of this provision reflects management estimates related to the historical and expected solvency of the bad debts in question.

e) Provisions for risks and charges: it is sometimes hard to determine whether or not a current obligation (legal or implied) exists. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors believe it to be merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting any allocation being made.

f) Useful life of property, plant and equipment and intangible assets: useful life is determined when the asset is recorded in the financial statements. Useful life is measured based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. As a result, the effective useful life may differ from the estimated useful life.

g) Prepaid tax assets: prepaid tax assets are recognised to the extent that it is probable that there will be sufficient future tax gains against which temporary differences or any tax losses may be used.

h) Inventories: Closing inventories of obsolete or slow-to-move products are periodically subjected to valuation tests and are written down where their recoverable value is less than their book value. The write-downs carried out are based on assumptions and estimates of the directors based on their experience and the historical results achieved.

i) *Lease* liabilities: the amount of *the lease* liability and consequently of the related right-of-use assets depends on the determination of *the lease term*. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease agreements. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that has an impact on management's reasonable certainty of exercising an option not previously considered in determining the lease term or not exercising an option previously considered in determining the lease term.

3. MANAGEMENT OF FINANCIAL RISKS

The main business risks identified, monitored and, as specified below, actively managed by the Group are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Group operates.
- credit risk, arising from the possibility of counterparty default;
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Group's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Group to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Group's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

3.1 Market risk

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Group is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.
- Euro/CHF, in relation to transactions carried out in Swiss francs.
- GBP/AUD, in relation to transactions carried out by the subsidiary Symington's.

The Group does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Group's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Group operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the consolidated income statement and consolidated shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period, while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2022	(251)	251	(251)	255
Year ended 31 December 2021	(255)	255	(255)	255

3.2 Credit risk

The Group is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Group's commercial activity, where its counterparties are mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The Group manages the credit risk of both types of customers through a consolidated practice, which provides for targeted and prudent management with a credit limit granted on the basis of commercial, financial and perceived market risk information.

The Group operates in business areas with low levels of credit risk, given the nature of its activities and the fact that its credit exposure is spread over a large number of customers. Assets are recognised net of any write-downs determined on the basis of counterparties' default risk, taking into account available solvency information and historical and prospective data.

Positions are regularly monitored for compliance with payment terms and overdue reminder actions are conducted in coordination with the sales force. If, on the other hand, a spot analysis of the individual case reveals an objective condition of partial or total bad debt, the amount of the write-down takes into account an estimate of recoverable flows. The credit management methodology means it is not deemed important to divide customer exposure into different risk classes.

Moreover, the Group has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

The credit risk deriving from receivables that the Group has with banks is, on the other hand, moderate and derives substantially from temporary surplus liquidity stocks usually invested in bank deposits and current accounts.

The following table provides a breakdown of trade receivables at 31 December 2022 and 2021 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	**Not overdue**	**1-90 days overdue**	**91-180 days overdue**	**More than 181 days overdue**	**Total**
Gross trade receivables at 31 December 2022	54,712	32,757	3,844	20,407	**111,720**
Provision for bad debts	-	(166)	(1,405)	(18,166)	**(19,737)**
Net trade receivables at 31 December 2022	**54,712**	**32,591**	**2,439**	**2,241**	**91,982**
Gross trade receivables at 31 December 2021	52,423	16,587	862	16,937	**86,809**
Provision for bad debts	-	(1,825)	(862)	(16,937)	**(19,624)**
Net trade receivables at 31 December 2021	**52,423**	**14,762**	**-**	**(0)**	**67,184**

3.3 Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Group may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Group's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Group's liquidity is the resources absorbed by operating activities: the sector in which the Group operates has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group's commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

The need for liquidity related to inventory dynamics is also subject to analysis, as it too is subject to seasonality. The planning of raw material purchases for the warehouse is managed according to established practices, which include the involvement of the chair in decisions that could affect the Group's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Group's financing activity involves negotiating credit lines with the banking system and continually monitoring the Group's cash flows.

The following table shows, by contractual maturity bands, the Group's financial requirements at 31 December 2022 and 2021, expressed according to the following assumptions:

(vi) cash flows are not discounted;

(vii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(viii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(ix) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(x) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2022					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	65,780	47,653	49,352	221,850	**384,635**	**370,503**
Lease liabilities	7,567	9,514	15,486	14,825	**47,391**	**46,740**
Trade payables	193,776	-	-	-	**193,776**	**193,776**
Other current liabilities	21,654	-	-	-	**21,654**	**21,654**

	At 31 December 2021					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	136,648	39,302	44,013	219,652	**439,615**	**414,496**
Lease liabilities	6,973	10,777	8,550	13,205	**39,505**	**39,062**
Trade payables	179,024	-	-	-	**179,024**	**179,024**
Other current liabilities	19,087	-	-	-	**19,087**	**19,087**

As also emphasised in the section on business continuity, the group's cash and cash equivalents, cash-generating capacity and available credit lines are deemed to be amply sufficient to guarantee liquidity requirements.

4. CAPITAL MANAGEMENT POLICY

The Group's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in compliance with contractual commitments made with lenders.

The Group provides itself with the capital necessary to finance the needs of business development and operations; the sources of financing are divided into a mix of risk capital and debt capital, to ensure a balanced financial structure and the minimisation of the total cost of capital, thereby benefiting all stakeholders.

The remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations have been fulfilled, including debt servicing; therefore, in order to ensure an adequate return on capital, the safeguarding of business continuity and business development, the Group continually monitors the level of debt in relation to equity, business performance and expected cash flow forecasts, in the short and medium/long term.

5. FINANCIAL ASSET AND LIABILITY CATEGORIES AND INFORMATION ON FAIR VALUE

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category at 31 December 2022 and 2021:

(In thousands of euros)	Book value at 31 December	
	2022	**2021**
FINANCIAL ASSETS:		
Financial assets at amortised cost:		
Financial assets measured at amortised cost	801	801
Trade receivables	91,982	67,184
Other receivables and current assets	19,045	11,262
Cash and cash equivalents	287,820	384,888
Financial receivables measured at amortised cost	13,099	-
	412,748	**464,136**
Financial assets valued at fair value through profit or loss:		
Non-current financial assets measured at fair value through profit or loss	1,213	731
Current financial assets measured at fair value through profit or loss	6,525	34
	7,738	**765**
TOTAL FINANCIAL ASSETS	**420,485**	**464,901**

(In thousands of euros)	Book value at 31 December	
	2022	**2021**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost:		
Non-current financial liabilities	304,723	287,216
Non-current lease liabilities	39,173	31,175
Trade payables	193,776	179,024
Current financial liabilities	65,780	127,280
Current lease liabilities	7,567	7,887
Other current liabilities	21,654	19,087
TOTAL FINANCIAL LIABILITIES	**632,674**	**651,670**

The tables above show that most of the outstanding financial assets and liabilities are short-term items. In view of their nature, for most items, the book value is considered a reasonable approximation of the fair value.

Non-current financial assets and liabilities are settled or valued at market rates and it is therefore considered that their fair value is substantially in line with current book values.

Note also that the bond loan included in non-current liabilities and having a carrying amount of Euro 199,450 thousand had a quotation value on the Irish market of Euro 190,600 thousand at the same date.

Information on fair value

In relation to assets and liabilities recognised in the statement of financial position and measured at fair value, IFRS 13 requires that these values be classified on the basis of a hierarchy of levels, reflecting the significance of the inputs used in determining fair value. The following table shows the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using unadjusted prices listed on active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the entity's ability to transact the asset or liability at the price of that market on the valuation date.
- **Level 2**: fair value determined with valuation techniques using variables observable on active markets. The inputs for this level include: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in non-active markets; (c) data other than observable listed prices for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implicit volatility, credit spreads, input corroborated by the market.
- **Level 3**: fair value determined with valuation techniques using non-observable market variables.

The following tables summarise the financial assets and liabilities measured at fair value, broken down by hierarchy, at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December 2022		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	477	-	736
Current financial assets measured at fair value through profit or loss	6,209	316	
Total financial assets measured at fair value	**6,686**	**316**	**736**

(In thousands of euros)	At 31 December 2021		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	-	-	731
Current financial assets measured at fair value through profit or loss	-	34	-
Total financial assets measured at fair value	**-**	**34**	**731**

There were no transfers between the different levels of the fair value hierarchy in the periods considered.

6. OPERATING SEGMENTS

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

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

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

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Group's performance at and for the year ended 31 December 2022, and the reconciliation of these items with respect to the corresponding amount included in the Consolidated Financial Statements:

	At 31 December 2022							
(In thousands of Euro)	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles	Other assets	**Consolidated Financial Statements total**
Revenue from contracts with customers (third parties)	211,464	243,019	44,519	50,033	42,440	135,939	13,681	**741,094**
EBITDA (*)	12,604	16,462	7,714	3,599	5,165	10,415	443	**56,403**
EBITDA margin	5.96%	6.77%	17.33%	7.19%	12.17%	7.66%	3.24%	**7.61%**
Amortisation, depreciation and write-downs	4,497	15,794	1,650	316	1,912	10,710	157	**35,036**
Net write-downs of financial assets	-	-	-	-	-	-	1,247	**1,247**
Operating profit/(loss)	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(961)**	**20,121**
Financial income	-	-	-	-	-	-	2,058	**2,058**
Financial expenses	-	-	-	-	-	-	(12,278)	**(12,278)**
Profit/(loss) before taxes	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(11,181)**	**9,901**
Income taxes	-	-	-	-	-	-	(3,304)	**(3,304)**
Net profit/(loss)	**8,107**	**668**	**6,065**	**3,283**	**3,253**	**(295)**	**(14,485)**	**6,597**
Total assets	**88,107**	**197,184**	**21,322**	**8,911**	**34,048**	**55,954**	**403,567**	**809,094**
Total liabilities	**72,482**	**104,715**	**20,004**	**8,458**	**20,500**	**62,424**	**381,208**	**669,790**
Investments	3,762	1,752	1,167	1,306	1,973	5,208	305	**15,473**
Employees (number)	501	524	194	63	155	643	73	**2,153**

The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Group's performance at and for the year ended 31 December 2021, and the reconciliation of these items with respect to the corresponding amount included in the Consolidated Financial Statements:

	At 31 December 2021							
(In thousands of Euro)	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles	Other assets	Total Financial Statements
Revenue from contracts with customers (third parties)	150,184	229,957	39,467	40,026	34,787	48,030	13,413	**555,863**
EBITDA (*)	**12,781**	**16,831**	**7,069**	**4,720**	**3,752**	**2,165**	**580**	**47,898**
EBITDA margin	**8.51%**	**7.32%**	**17.91%**	**11.79%**	**10.79%**	**4.51%**	**4.32%**	**8.62%**
Amortisation, depreciation and write-downs	4,386	15,841	1,871	334	2,286	4,384	541	**29,643**
Net write-downs of financial assets	-	-	-	-	-	-	1,201	**1,201**
Operating profit/(loss)	**8,395**	**990**	**5,199**	**4,386**	**1,466**	**(2,219)**	**(1,162)**	**17,055**
Financial income	-	-	-	-	-		1,157	**1,157**
Financial expenses	-	-	-	-	-		(8,658)	**(8,658)**
Profit/(loss) before taxes	**8,395**	**990**	**5,199**	**4,386**	**1,466**	**(2,219)**	**(8,663)**	**9,555**
Income taxes	-	-	-	-	-		(3,316)	**(3,316)**
Net profit/(loss)	**8,395**	**990**	**5,199**	**4,386**	**1,466**	**(2,219)**	**(11,979)**	**6,239**
Total assets	**109,960**	**244,525**	**16,017**	**942**	**16,814**	**54,548**	**392,094**	**834,900**
Total liabilities	**90,480**	**185,627**	**18,661**	**588**	**10,287**	**24,098**	**360,644**	**690,384**
Investments	**1,718**	**6,823**	**561**	**542**	**582**	**2,257**	**201**	**12,684**
Employees (number)	**502**	**589**	**196**	**72**	**167**	**622**	**72**	**2,220**

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

Revenue from contracts with customers in the "Pasta" and "Milk Products" segments totalled Euro 454,483 thousand and Euro 380,141 thousand for the years ended 31 December 2022 and 2021, equal to 61.3% and 68% respectively of all revenue from contracts with customers.

EBITDA in the "Pasta" and "Milk Products" segments totalled Euro 29,066 thousand and Euro 29,612 thousand respectively for the years ended 31 December 2022 and 2021, equal to 51.5% and 61.8% respectively.

The biggest EBITDA margins in 2022 were delivered by the "Bakery Products" and "Special Products" segments.

In particular, revenues from the "Pasta" sector increased by Euro 61,280 thousand from Euro 150,184 thousand to Euro 211,464 thousand in the year ended 31 December 2022. EBITDA from the "Pasta" segment is substantially in line with the previous year, going from Euro 12,781 to Euro 12,604. The related EBITDA margin decreased from 8.5% as at 31 December 2021 to 6.0% as at 31 December 2022, mainly due to the strong inflationary pressure during the year.

Revenues from the "Milk Products" sector increased by Euro 13,062 thousand from Euro 229,957 thousand in the year ended 31 December 2021 to Euro 243,019 thousand in the year ended 31 December 2022. This increase is mainly attributable to an increase in sales volumes and a higher average sales price than in the previous year. EBITDA from the "Milk Products" segment decreased both in absolute values and as a percentage of sales due to a worsening of purchasing conditions in the raw materials and packaging segment.

Revenues from the "Special Products" sector increased by Euro 7,653 thousand from Euro 34,787 thousand in the year ended 31 December 2021 to Euro 42,440 thousand in the year ended 31 December 2022. This increase is mainly attributable to an increase in sales volumes and a higher average sales price than in the previous year. EBITDA increased both in absolute terms and as a percentage of turnover due to higher sales volumes at higher margins.

Revenues from the "Instant Noodles" sector increased by Euro 87,909 thousand from Euro 48,030 thousand in the year ended 31 December 2021 to Euro 135,939 thousand in the year ended 31 December 2022. This increase was mainly due to the fact that Symington's Limited was only included in the scope of consolidation from the second half of 2021. EBITDA therefore increased both in absolute terms and as a percentage of turnover.

In addition to the sectoral information, the statement of financial position and income statement data by geographical area, as required by IFRS 8, is provided below.

The following table displays revenue from contracts with customers by geographical area for the years ended 31 December 2022 and 2021:

(In thousands of euros)	**Year ended 31 December**	
	2022	**2021**
Italy	385,421	303,719
Germany	132,844	103,188
United Kingdom	142,781	51,108
Other countries	80,047	67,036
Total revenue from contracts with customers	**741,094**	**555,863**

Finally, in accordance with IFRS 8, paragraph 34, for the years ended 31 December 2022 and 2021, the Group did not have any customers generating more than 10% of its revenues.

8. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8.1 Property, plant and equipment

The table below shows a breakdown of and changes in the item "Property, plant and equipment" for the years 31 December 2022 and 2021:

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2021	**106,393**	**307,293**	**26,335**	**7,054**	**2,630**	**449,705**
Investments	613	11,332	1,295	49	1,205	14,494
Disposals	-	(275)	(80)	-	-	(355)
Net exchange rate effect	(98)	(340)	(21)	-	-	(459)
Reclassifications	-	921	-	-	(921)	-
Change to the consolidation scope	-	212	27	-	-	239
Historical cost at 31 December 2022	**106,908**	**319,143**	**27,557**	**7,103**	**2,914**	**463,625**
Accumulated depreciation as at 31 December 2021	**(37,866)**	**(224,869)**	**(24,329)**	**(5,226)**	**-**	**(292,290)**
Depreciation	(2,728)	(13,373)	(1,167)	(121)	-	(17,389)
Disposals	-	258	80	-	-	338
Change to the consolidation scope	-	(158)	(21)	-	-	(179)
Accumulated depreciation as at 31 December 2022	**(40,594)**	**(238,142)**	**(25,437)**	**(5,347)**	**-**	**(309,520)**
Net carrying amount at 31 December 2021	**68,527**	**82,424**	**2,006**	**1,828**	**2,630**	**157,417**
Net carrying amount at 31 December 2022	**66,314**	**81,001**	**2,119**	**1,756**	**2,914**	**154,106**

Investments in property, plant and equipment for the year ended 31 December 2022 totalled Euro 14,494 thousand and were attributable mainly to the renovation of production lines in the Dairy and Milk segment, and above all in the Pasta and Special Products segment. For more information on investments, please refer to the specific chapter "Investments".

The net value of property, plant and equipment disposed of in the years ending 31 December 2022 and 2021 is not significant.

At 31 December 2022 there were no capital contributions to the reduction of core plant and equipment.

At 31 December 2022 the Group did not record any write-downs of tangible assets.

8.2 Right-of-use assets and lease liabilities

The table below shows a breakdown of the item "Right-of-use assets" for the year ended 31 December 2022:

(In thousands of euros)	Right-of-use assets
Historical cost at 31 December 2021	**71,601**
Increases and re-measurements	22,488
Decreases	(2,420)
Exchange rate effect	(1,334)
Historical cost at 31 December 2022	**90,335**
Accumulated depreciation as at 31 December 2021	**(33,029)**
Depreciation	(13,115)
Disposals	2,317
Accumulated depreciation as at 31 December 2022	**(43,827)**
Net carrying amount at 31 December 2021	**38,572**
Net carrying amount at 31 December 2022	**46,509**

At 31 December 2022, the Group found no indicators of long-term impairment for right-of-use assets.

The following table displays the non-discounted contractual values of the Group's lease liabilities at 31 December 2022, following the application of IFRS 16 as of 1 January 2018:

	At 31 December 2022					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Lease liabilities	7,567	9,514	15,486	14,825	**47,391**	**46,740**

	At 31 December 2021					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Lease liabilities	6,973	10,777	8,550	13,205	**39,505**	**39,062**

The discount rate was determined on the basis of the marginal borrowing rate of the Group, i.e. the rate that the Group would have to pay for a loan, with a similar maturity and collateral, needed to obtain an asset of similar value to the right-of-use asset in a similar economic climate. The Group has decided to apply a single discount rate to a lease portfolio with reasonably similar characteristics, such as leases with a similar residual maturity for a similar underlying asset class, in a similar economic climate.

The main information relating to the lease agreements held by the Group, which acts mainly as a lessee, is shown in the following table:

(In thousands of euros)	At 31 December 2022
Net book value of right-of-use assets (real estate)	41,409
Net book value of right-of-use assets (machinery)	2,530
Net book value of right-of-use assets (motor vehicles)	2,570
Total net book value of right-of-use assets	**46,509**
Current lease liabilities	7,567
Non-current lease liabilities	39,173
Total lease liabilities	**46,740**
Depreciation of right-of-use assets (real estate)	(8,997)
Depreciation of right-of-use assets (machinery)	(3,206)
Depreciation of right-of-use assets (motor vehicles)	(912)
Total depreciation of right-of-use assets	**(13,115)**
Interest expense on leases	**1,442**

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), Bologna and Corte de' Frati (CR), leased to Newlat under the agreements entered into with the related party New Property S.p.A. The term of the lease of the aforementioned properties has been set at six years, based on the withdrawal options provided for in the contracts themselves and on managerial assessments. The rental contracts stipulated between the parties have the same structure, namely: (i) a term of six years automatically extendable for a further six years, with any subsequent tacit renewals every six years, and (ii) the early termination options exercisable by the lessor upon renewal and by the lessee, which may withdraw at any time and without cause, with six months' notice. Based on the assessments made and in accordance with IFRS 16 and after evaluating possible alternative options, during the year Management determined that it was reasonably certain to extend the contracts for plants with contracts expiring in mid-2023 for a further six years. The lease terms were therefore extended by remeasuring the relevant contracts. The remeasurement effect included in the increases for the year amounted to Euro 16,938 thousand. .

These leases fall within the scope of related party transactions; please see the specific section of these consolidated financial statements.

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

8.3 Intangible assets

The table below shows a breakdown of and changes in the item "Intangible assets" for the years 31 December 2022 and 2021.

(In thousands of euros)	**Goodwill**	**Patents and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other assets**	**Assets under development**	**Total**
Historical cost at 31 December 2021	**13,701**	**5,125**	**132,499**	**36,061**	**26**	**187,412**
Investments		112	63	705	99	**979**
Net exchange rate effect	(631)	-	(749)	(1,054)	-	**(2,434)**
Change to the consolidation scope	220	-	10	10	-	**240**
Historical cost at 31 December 2022	**13,290**	**5,237**	**131,823**	**35,721**	**125**	**186,196**
Accumulated amortisation as at 31 December 2021	**-**	**(4,226)**	**(73,157)**	**(12,203)**	**-**	**(89,586)**
Change to the consolidation scope	**(220)**	-	-	-	-	**(220)**
Amortisation	-	(190)	(2,481)	(1,372)		**(4,044)**
Accumulated amortisation as at 31 December 2022	**(220)**	**(4,416)**	**(75,638)**	**(13,575)**	**-**	**(93,850)**
Net carrying amount at 31 December 2021	**13,701**	**899**	**59,342**	**23,858**	**26**	**97,824**
Net carrying amount at 31 December 2022	**13,070**	**821**	**56,185**	**22,146**	**125**	**92,345**

Investments in intangible assets for the year ended 31 December 2022 amounted to Euro 979 thousand and were mainly attributable to investments in the customers of the subsidiary Symington's. For more information on investments, please refer to the specific chapter "Investments" included in the Management report.

There were no indicators of long-term impairment for intangible assets with a finite useful life for the year ended 31 December 2022.

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

Goodwill

The goodwill refers

- To the acquisition of Centrale del Latte di Salerno S.p.A. merged by incorporation into Newlat Food S.p.A. from 2019, which represents a cash generating unit (CGU). This amount of Euro 3,863 thousand reflects the difference between the purchase price and the equity of Centrale del Latte di Salerno on the acquisition date in December 2014.

The *impairment* test, approved by the Board of Directors on 17 March 2023, was prepared with the support of an independent professional, comparing the book value of goodwill with the recoverable value of the related *cash generating unit* (CGU).

The impairment test is carried out at least annually and whenever there are indicators of impairment.

The recoverable amount is the value in use, determined by discounting the CGU's forecast data represented by the Centrale del Latte di Salerno division ("DCF Method") for the four years after the reporting date. The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and deemed to be slightly higher than in 2022.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2022**	**At 31 December 2021**
Growth rate	0.5%	0.5%
WACC	8.8%	8.23%

For the purposes of estimating the value in use of the CGU to which goodwill is allocated:

(i) the following sources of information have been used:

a) <u>internal sources:</u> IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the goodwill impairment test a three-year 2023-2025 plan was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2023.

b) <u>external sources:</u> for the goodwill impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

- the CAPM to estimate the cost of equity;

- the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

The cost of capital was calculated considering the Group's financial structure corresponding to 81% equity and 19% cost of debt.

(ii) the following main basic assumptions were also used:

a) average revenue increase of 2 % per annum from 2023 to 2025; and

b) EBITDA margin in the forecast years of 21.7%.

The revenue growth assumed for the years of the explicit period is in line with the expected growth of the Italian market, in view of the good competitive position of the subsidiary, but above all in view of (i) the company's planned growth strategies, focused on R&D activities (including high protein milk); (ii) a guaranteed supply chain with strong local roots; (iii) and the development of new Group products.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its book value by more than Euro 10 million. The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 8.80%, and a terminal cash flow growth rate (g) of 0.5%. Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

- The acquisition of Symington's for a total amount of Euro 9,207 following the definition of the purchase price allocation process.

The impairment test, approved by the Board of Directors on 17 March 2023, was prepared with the support of an independent professional, comparing the book value of goodwill with the recoverable value of the related cash generating unit (CGU).

The impairment test is carried out at least annually and whenever there are indicators of impairment.

The recoverable amount is the value in use, determined by discounting the CGU's forecast data represented by the company Symington's Limited ("DCF Method") for the four years after the reporting date. The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2022**
Growth rate	0.5%
WACC	8.51%

For the purposes of estimating the value in use of the CGU to which goodwill is allocated:

(iii) the following sources of information have been used:

a) internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the goodwill impairment test a three-year 2023-2026 plan was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2023.

b) external sources: for the goodwill impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

- the CAPM to estimate the cost of equity;

- the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

The cost of capital was calculated considering the Group's financial structure corresponding to 81% equity and 19% cost of debt.

(iv) the following main basic assumptions were also used:

a) average revenue increase of 10.4 % per annum from 2023 to 2026; and

b) EBITDA margin in the forecast years of 11.3%.

The revenue growth assumed for the years of the period in question is in line with the company's current growth (+16% to 31 December 2022) as well as its development plans in the market.

The EBITDA was in line with the value recorded in 2022.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its book value by more than Euro 15 million. The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 8.51%, and a terminal cash flow growth rate (g) of 0.5%. Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

Industrial patents and rights to use intellectual property

This item consists almost exclusively of software costs.

Concessions, licences, trademarks and similar rights and other intangible assets

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 December 2022 and 2021:

(In thousands of euros)	**At 31 December**	
	2022	**2021**
Trademarks with an indefinite useful life *(a)*	44,799	44,799
Trademarks with a finite useful life *(b)*	600	695
Symington's assets with a definite useful life *(c)*	33,404	36,444
Total net book value	**78,803**	**81,938**

The impairment test on brands with an indefinite useful life is carried out at least annually and whenever there are indicators of impairment.

a) Trademarks with an indefinite useful life

This item refers to:

- the Drei Glocken and Birkel brands registered by Newlat Deutschland for a total of Euro 18.8 million. The value of these brands has been subjected to impairment testing, with the help of an independent third-party professional. The 2023-2025 economic and financial was used for the impairment test as at 31 December 2022. The Board of Directors approved this *impairment test*, as well as the flows represented therein, on 17 March 2023.

The impairment test was carried out using the Relief From Royalty method. In line with valuation doctrine and standard practice, this technique involves estimating the additional costs that would arise if the company was without a particular asset and had to obtain it under license from third parties. First, royalty rates in line with the relevant sector were used. These rates were then applied not only to the expected revenues generated by the brands over the period covered by the Plan, but also to a normalised flow, considering a perpetual return as a terminal value, consistent with the indefinite useful life of the trademarks. Consistent with standard valuation practice, there was also a tax amortisation benefit (TAB) amount, representing the tax benefit related to the deductibility of amortisation of the asset under analysis, which constitutes an additional element for determining the value attributable to the brands.

Under the relief from royalty method, the brands were measured using an explicit forecast period of 3 years, which reflects the assumptions regarding the short- and medium-term developments of the reference market. After the explicit forecast period, the terminal value of the assets was determined using the perpetuity method, assuming a specific long-term growth rate defined according to the expected long-term inflation rate and the characteristics of the sector. The information relating to the explicit forecast period used to determine the value in use is based on assumptions founded on past experience, supplemented by current internal developments and verified through market data and external analyses. In this regard, the most important assumptions include: (i) the development of future sales prices, revenues and costs; (ii) the influence of the market regulatory environment; (iii) expected investments and expected market shares; and (iv) exchange rates and growth rates. For the revenues of the financial years 2024 and 2025, however, the Company's annual growth rate (CAGR) was estimated at 3%, in line with the growth prospects of the German pasta market and the Company's historical data, as well as the market-leading positions of the "Birkel" and "Drei Glocken" brands. Any significant changes to the assumptions described above would affect the determination of the value in use.

The discount rates applied are determined on the basis of external factors deriving from the market and adjusted on the basis of the prevailing risks of the cash generating units.

The main assumptions used for the purposes of the impairment test are summarised below:

(Percentage)	**At 31 December 2022**	**At 31 December 2021**
WACC	8.04%	6.6%
Long-term growth rate (inflation rate expected in the long term)	0.5%	0.5%

The following were also assumed when determining the value of the trademarks:

- A growth rate (g) of 0.5%, which is prudent compared with medium-to-long-term inflation estimates for Germany.
- A TAB of Euro 3.7 million, determined on the basis of the original value of the asset, assuming a reference period of 15 years from the date of reference of the impairment and using a tax rate of 31%.

The results of the impairment tests carried out at 31 December 2022 showed that the recoverable value of each asset exceeds the relative book value at each reference date. In particular, for the impairment test conducted on the year ending 31 December 2022, the recoverable value was estimated at Euro 21.5 million, compared with a book value of approximately Euro 18.9 million, i.e. a surplus of Euro 2.6 million.

Sensitivity analyses were also carried out to verify the effects on the results of the impairment test of changes to certain significant parameters.

Sensitivity analyses were performed to test the change in the value of the three brands when certain critical variables changed. The variables taken into account are the discount rate and the explicit post-period growth coefficient. For both variables, a +/- 0.5% for WACC +/- 0 25% for "g" was created.

Moreover, a sensitivity analysis was conducted on the expected revenue streams. For this variable, an expected revenue stream 5% lower than the plan data used for the impairment test was considered. The analysis shows that the test is satisfied even in the presence of a 5% reduction in revenue streams.

- The Centrale Latte Rapallo-Latte Tigullio, Mukki and Centrale del Latte di Vicenza brands recorded in the separate financial statements of the subsidiary for a total of Euro 19,132 thousand and revalued during purchase price allocation for a total of Euro 6,823 thousand.

Below are the carrying values of Centrale del Latte d'Italia SpA brands following the purchase price allocation:

(In thousands of euros)	**At 31 December**
	2022
MUKKI	9,206
CENTRALE LATTE DI VICENZA	5,395
RAPALLO – LATTE TIGULLIO	5,897
TAPPO ROSSO	5,372
Total intangible assets with an acquired indefinite net useful life	**25,870**

Trademarks with an indefinite useful life are tested for impairment at least annually on the basis of the requirements of IAS 36.

Considering the level of interconnectedness of the production factors in the subsidiary, the impairment test prepared for this purpose is based on the calculation of the value in use of the CGU of Centrale del Latte d'Italia and compared with the relative CIN of the CGU subject to verification.

The value in use is determined using the discounted cash flow (DCF) method, using a discount rate and an explicit forecast period of five years in accordance with the updated Business Plan approved by the Board of Directors on 17 March 2023.

The cash flows used by the Directors for impairment testing purposes do not include the economic and financial components arising from the lease of the "Milk & Diary" business operations stipulated with the controlling company Newlat Food S.p.A. on 21 December 2020, expiring on 31 December 2023.

After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future legal developments and possible developments in the market the Company competes in. Therefore, write-downs may be necessary in subsequent years.

The analysis required by IAS 36 concerning the determination of cash-generating units led the directors to identify a single CGU coinciding with the company's scope, among other things in line with the management structure and the decision-making and strategic planning process, as well as the company's performance review model.

The impairment test, approved by the Board of Directors on 17 March 2023, was prepared with the support of an independent professional, comparing the book value with the recoverable value of the related cash generating unit (CGU).

The recoverable amount is the value in use, determined by discounting the CGU's forecast data ("DCF Method") for the five years after the reporting date.

The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and in fact aligned with the margin achieved in 2022.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a zero growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2022**	**At 31 December 2021**
WACC	8.8%	6.6%
Long-term growth rate (inflation rate expected in the long term)	0.5%	0%

For the purposes of estimating the value in use of the CGU:

(i) the following sources of information have been used:

a) Internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the indefinite useful life impairment test as at 31 December 2022 the updated 2023-2027 Business Plan was used, estimating the result flows in a uniform manner for subsequent years. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2023. For the purpose of estimating the value in use, "maintenance" investments of approximately Euro 4.7 million were envisaged. For the impairment test as at 31 December 2022, in the interests of prudence, no improvements in operating costs are predicted aside from those already achieved in the current year, and therefore a constant margin was considered over the period.

b) External sources: for the purpose of the impairment test, external sources of information were used to calculate the cost of capital, the estimate of which was based on:

- the CAPM to estimate the cost of equity;

- the WACC formula for estimating the weighted average cost of capital (after tax).

The cost of capital was calculated using the financial structure of the panel of comparables considered in the analysis.

(ii) the following main basic assumptions were also used:

a) average revenue increase of 1.1% per annum from 2023 to 2027, and

b) EBITDA margin in the forecast years of 8.5%.

The revenue growth assumed for the years of the period is substantially in line with the growth expectations of the Italian market, in view of the good competitive position of the company, but above all in view of (i) the company's planned growth strategies; (ii) a guaranteed supply chain with strong local roots.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its net invested capital by more than Euro 5.5 million.

The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 8.8% and a terminal cash flow growth rate (g) of 0.5%.

Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

Moreover, a sensitivity analysis was conducted on the expected streams. For this variable, an expected future margin stream 5% lower than the plan data used for the impairment test was considered. The analysis shows that the test is satisfied even in the presence of a 5% reduction in streams.

b) Trademarks with a finite useful life

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

c) Symington's Limited assets with a finite useful life

This item includes allocations to trademarks with a finite useful life, know how and customer lists, defined in the purchase price allocation following the acquisition of Symington's and amortised over their estimated remaining useful life based on the period of time they are expected to generate cash flows.

8.4 Equity investments in associates

At 31 December 2022 the investments of associate companies amounting to Euro 1,401 thousand refer mainly to the investment held by Centrale del Latte d'Italia SpA in Mercafir Scpa.

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

At 31 December 2022 and 2021, non-current financial assets valued at fair value through profit or loss amounted to Euro 1,213 thousand and Euro 731 thousand respectively. These balances, which are not material, relate to smaller corporate capital instruments. The increase was due to minority investments in equities.

8.6 Financial assets measured at amortised cost

At 31 December 2022 and 2021, financial assets at amortised cost amounted to Euro 801 thousand. These balances refer to security deposits paid against existing lease agreements.

8.7 Prepaid tax assets and deferred tax liabilities

Prepaid tax assets are recognised on the financial statements where it is probable that future taxable income will be realised against which they can be used.

At 31 December 2022, no prepaid tax assets relating to tax losses of the incorporated Delverde Industrie Alimentari S.p.A. were recognised in 2019, as they were the subject of an appeal to the Revenue Agency to have them recognised and to be exempt from the carry-over restriction up to the limit of the equity of the incorporated company. The amount of these tax losses, not recognised in the financial statements, is approximately Euro 30.6 million.

The following table shows a breakdown of "Prepaid tax assets" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Provisions	3,003	3,008
Tax losses carried forward	32	107
Leases	64	80
Amortisation	526	682
Other	(9)	743
Sym Tax losses	1,365	1,607
PPA effects	1,276	1,353
Gross prepaid tax assets	**6,257**	**7,580**
Reclassification	891	-
Total prepaid tax assets	**7,148**	**7,580**

Deferred tax liabilities arising from intangible assets at 31 December 2022 are attributable to the Drei Glocken and Birkel brands belonging to Newlat Deutschland and the tax effect of the purchase price allocation:

(In thousands of euros)	At 31 December	
	2022	**2021**
Intangible assets	11,566	11,086
Property, plant and equipment	1,911	464
Other	24	622
PPA Allocation	6,490	6,925
Gross deferred tax liabilities	**19,991**	**19,097**
Offsetting with prepaid tax assets	-	-
Total deferred tax liabilities	**19,991**	**19,097**

The following table displays a breakdown of and changes in the gross value of prepaid tax assets and deferred tax liabilities for the years ending 31 December 2022 and 2021:

(In thousands of euros)	**Provisions**	**Tax losses carried forward**	**Leases**	**Amortisation**	**Reclassifications**	**Other**	**Total prepaid tax assets**
Balance at 31 December 2021	**3,008**	**1,714**	**80**	**682**	-	**2,096**	**7,580**
Provisions (releases) to income statement	(5)	(353)	(16)	(155)	-	(99)	(628)
Other changes	-	36	-	-	-	(358)	(322)
Reclassifications	-	-	-	-	891	-	891
Provisions (releases) to statement of other comprehensive income	-	-	-	-	-	(373)	(373)
Balance at 31 December 2022	**3,003**	**1,397**	**64**	**527**	**891**	**1,266**	**7,148**

(In thousands of euros)	Trademarks	Land	Others	PPA Allocation	Total deferred tax liabilities
Balance at 31 December 2021	**11,086**	**464**	**622**	**6,925**	**19,097**
Provisions (releases) to income statement	-	-	(70)	(435)	(505)
Provisions (releases) to statement of other comprehensive income	-	-	149	-	149
Other changes	-	-	359	-	359
Reclassifications	-	-	891	-	891
Balance at 31 December 2022	**11,086**	**464**	**1,060**	**6,490**	**19,991**

Prepaid tax assets and deferred tax liabilities arise from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to that asset or liability for tax purposes.

8.8 Inventories

The following table shows a breakdown of "Inventories" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Raw materials, supplies, consumables and spare parts	49,478	34,353
Finished products and goods	34,795	29,850
Semi-finished products	2,862	2,535
Advance payments	26	26
Total gross inventories	**87,162**	**66,764**
Inventory write-down reserve	(1,949)	(2,883)
Total inventories	**85,213**	**63,881**

Inventories are recorded net of the obsolescence reserve, which amounted to Euro 1,949 thousand at 31 December 2022 and related mainly to spare parts for slow-moving equipment. Changes in the inventories write-down reserve during 2022 are shown below:

(In thousands of euros)	**Inventory write-down reserve**
Balance at 31 December 2020	**1,013**
Uses/Releases	(45)
Change to the consolidation scope	1,916
Balance at 31 December 2021	**2,883**
Provisions	96
Uses/Releases	(1,112)
Exchange rate effect	82
Balance at 31 December 2022	**1,949**

8.9 Trade receivables

The following table shows a breakdown of "Trade receivables" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	2021
Trade receivables from customers	111,038	86,790
Trade receivables from related parties	681	19
Trade receivables (gross)	111,719	86,809
Provision for doubtful trade receivables	**(19,737)**	**(19,624)**
Total trade receivables	**91,982**	**67,185**

The following table displays the changes in the provision for doubtful trade receivable for the year ended 31 December 2022:

(In thousands of euros)	Provision for doubtful trade receivables
Balance at 31 December 2020	**18,677**
Provisions	1,201
Uses	(317)
Change to the consolidation scope	63
Balance at 31 December 2021	**19,624**
Provisions	1,027
Uses	(914)
Balance at 31 December 2022	**19,737**

The net value of overdue trade receivables at 31 December 2022 amounted to Euro 58,378 thousand, an increase compared with the previous year.

Analysis of the credit risk, including details of the provisioning for doubtful receivables for the individual bands of overdueness, can be found in the section "Management of Financial Risks" above.

Analysis of trade receivables from related parties can be found in the section "Transactions with Related Parties" below.

The book value of trade receivables is deemed to approximate their fair value.

8.10 Current tax assets and liabilities

Current tax assets amounted to Euro 1,889 thousand and Euro 3,324 thousand at 31 December 2022 and 2021, respectively.

Current tax liabilities totalled Euro 3,688 thousand at 31 December 2022 and Euro 3,364 thousand at 31 December 2021.

The changes in the net balances of the assets and liabilities under review for the year ended 31 December 2022 mainly concern the setting aside of current income taxes, amounting to Euro 2,949 thousand, and offsets amounting to Euro 1,287 thousand.

8.11 Other receivables and current assets

The following table shows a breakdown of "Other receivables and current assets" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Tax assets	9,615	2,573
Receivables from social security institutions	691	3
Accrued income and prepaid expenses	834	3,270
Advance payments	2,322	1,936
Other receivables	5,584	3,480
Total other receivables and current assets	**19,045**	**11,262**

Receivables from social security institutions at 31 December 2022 and 2021 mainly refer to receivables from INAIL, amounting to Euro 691 thousand and Euro 3 thousand respectively.

Advance payments at 31 December 2022 and 2021 refer mainly to sums paid for future supplies in the respective amounts of Euro 2,322 thousand and Euro 1,936 thousand.

Tax assets as at 31 December 2022 mainly include VAT credits.

8.12 Current financial assets measured at fair value through profit or loss

The following table provides a breakdown of "Current financial assets measured at fair value through profit or loss" at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Derivative financial instruments	316	20
Listed bonds	6,209	14
Total current financial assets measured at fair value through profit or loss	**6,525**	**34**

This item mainly includes government bonds held for the temporary management of excess liquidity and with a view to sale.

8.13 Financial receivables measured at amortised cost

Financial receivables measured at amortised cost refer to financial receivables from the related party Newlat Property SpA for a total amount of Euro 13,099 thousand.

8.14 Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Bank and postal deposits	287,386	384,534
Cash in hand	434	354
Total cash and cash equivalents	**287,820**	**384,888**

Bank and postal deposits refer to cash and cash equivalents deposited mainly in current accounts held with leading banking and financial institutions.

At 31 December 2022, cash and cash equivalents were not subject to restrictions or constraints.

Part of the aforementioned cash and cash equivalents, amounting to Euro 126,552 thousand and Euro 97,909 thousand respectively at 31 December 2021 and 2022, is attributable to the cash pooling of Newlat Food and Newlat GmbH with the parent company Newlat Group S.A.

Please see the statement of cash flows for changes in the "Cash and cash equivalents" item during the periods under review, a change that includes an offsetting of reciprocal credit and debit items with the parent company.

8.15 Shareholders' equity

At 31 December 2022 the item Shareholders' Equity totalled Euro 139,306 thousand.

As reported in the statement of changes in consolidated equity, such changes in the year ended 31 December 2022 related to:

- The group net profit for the year in the amount of Euro 6,223 thousand.
- Purchase of treasury shares for Euro 11,731 thousand.
- Actuarial losses net of the related tax effect for Euro 1,534,000 related to the discounting of the employee severance indemnity provision.
- Negative translation reserve of Euro 2,628 thousand.
- Recognition of positive components in the amount of Euro 583 thousand net of the related tax effect, related to hedge accounting transactions:
- Other changes of Euro 453 thousand.
- Recognition of minority interests for a total amount of Euro 14,834 thousand.

Share capital

As at 31 December 2022, the Company's fully subscribed and paid-up share capital totalled Euro 43,935,050, divided into 43,935,050 ordinary shares that were dematerialised as a result of the IPO operation.

8.16 Provisions for employee benefits

The table below shows a breakdown of and changes in the item "Provisions for employee benefits" for the years 31 December 2022 2021:

(In thousands of euros)	**Employee severance indemnity (Italian companies)**	**Newlat Deutschland Pension Plan**	**Employee benefits**
Balance at 31 December 2021	**13,578**	**646**	**14,223**
Financial expenses	74	34	108
Actuarial losses/(gains)	(1,874)	(186)	(2,060)
Benefits paid	(872)	-	(872)
Balance at 31 December 2022	**10,906**	**494**	**11,399**

Provisions for employee benefits represent the estimated obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees when their employment with the company ends.

Employee severance indemnity (TFR)

The liability for Newlat's employee severance indemnity, which falls within the IAS 19 definition of defined benefit plans, was determined according to actuarial logic. The following are the main actuarial, financial and demographic assumptions used to determine the value of the liability at 31 December 2022 and 2021, in accordance with the provisions of IAS 19:

	At 31 December	
	2022	**2021**
Financial assumptions		
Discount rate	3.70%	0.56%
Inflation rate	2.70%	1.75%
Annual rate of salary increase	2.70%	1.75%
Demographic assumptions		
Death	SIM/SIF2002 ISTAT table	SIM/SIF2002 ISTAT table
Retirement	Achievement of the first pensionable requirement according to current legislation	Achievement of the first pensionable requirement according to current legislation

The following table summarises the main assumptions relating to the annual turnover rate and requests for specific severance pay advances adopted for the calculation of Newlat's provisions for employee benefits in accordance with the provisions of IAS 19:

	At 31 December	
	2022	**2021**
Annual turnover rate and TFR Advances	**Italy**	**Italy**
Frequency of advances	1.90%	1.90%
Frequency of turnover	2.82%	1.90%

The following table summarises the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute terms) that would have occurred as a result of changes to the reasonably possible actuarial assumptions on 31 December 2022 and 2021:

(In thousands of euros)	**Discount rate**		**Inflation rate**		**Rate of salary increase**		**Change in retirement age**	
	+0.50 %	**-0.50 %**	**+0.50 %**	**0.50 %**	**+0.50 %**	**-0.50%**	**+ 1 year**	**- 1 year**
Employee benefits (severance indemnities) at 31 December 2022	(488)	524	327	(327)	-	-	20	(20)
Employee benefits (severance indemnities) at 31 December 2021	(629)	678	371	(371)	-	-	176	(156)

Newlat Deutschland Pension Plan

The following table summarises the main actuarial and financial assumptions made, in accordance with IAS 19, to determine the value of the liability relating to the Newlat Deutschland staff pension plan at 31 December 2022 and 2021:

	At 31 December	
	2022	**2021**
Discount rate	2.02%	2.02%
Rate of pension increase	1.70%	1.70%

8.17 Provisions for risks and charges

The table below shows a breakdown of and changes in the item "Provisions for risks and charges" for the years 31 December 2022 and 2021:

(In thousands of euros)	**Provision for agents' indemnities**	**Provision for legal risks**	**Other provisions for risks and charges**	**Total provisions for risks and charges**
Balance at 31 December 2021	**1,212**	**690**	**127**	**2,030**
Provisions	98	-	-	98
Uses	(90)	-	-	(90)
Balance at 31 December 2022	**1,220**	**690**	**127**	**2,038**

The provision for agents' indemnities, amounting to Euro 1,220 thousand at 31 December 2022, represents a reasonable forecast of the charges that would be borne by the Group in the event of future interruption of agency relationships.

The provision for legal risks relates to the contingent liability following an audit by the Guardia di Finanza for the years 2016 and 2017. The Company's management has prudently decided to set aside a provision representing the maximum potential risk.

8.18 Current and non-current financial liabilities

The following table shows a breakdown of "Current and non-current financial liabilities" as at 31 December 2022 and 2021:

(In thousands of euros)	**At 31 December 2022**		**At 31 December 2021**	
	Current portion	**Non-current portion**	**Current portion**	**Non-current portion**
Total financial liabilities	**65,780**	**304,723**	**127,280**	**287,216**

Some loan contracts require compliance with financial parameters. At 31 December 2022 the parameters indicated above were met.

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The following table shows the net financial position, in the format as per the Consob Communication:

(In thousands of euros)	At 31 December	
Net financial debt	**2022**	**2021**
A. Cash and cash equivalents	149,911	247,736
B. Cash equivalents	137,909	137,152
C. Other current financial assets	19,625	35
D. Cash and cash equivalents (A)+(B)+(C)	**307,445**	**384,923**
E. Current financial payables	(32,282)	(104,642)
F. Current portion of non-current financial debt	(41,067)	(30,525)
G. Current financial indebtedness (E)+(F)	**(73,349)**	**(135,167)**
H. Net current financial indebtedness (G)+(D)	**234,096**	**249,756**
I. Non-current financial debt	(144,447)	(119,937)
J. Debt instruments	(199,450)	(198,455)
K. Trade and other non-current payables	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	**(343,897)**	**(318,392)**
M. Net financial indebtedness (H)+(L)	**(109,799)**	**(68,636)**
Purchase of treasury shares	28,413	15,759
N. Proforma net financial debt	**(81,386)**	**(52,877)**

Without considering the effects of IFRS 16, the net financial position would be determined as follows:

(In thousands of euros)	At 31 December	
	2022	**2021**
Net financial debt	**(81,386)**	**(52,877)**
Current lease liabilities	7,567	7,887
Non-current lease liabilities	39,173	31,175
Net Financial Position	**(34,646)**	**(13,815)**

The following table shows, in accordance with IAS 7, changes in financial liabilities arising from cash flows generated and/or absorbed by financing activities, as well as from non-monetary items:

(In thousands of euros)	**At 31 December 2021**	**Change in consolidation scope**	**New loans**	**Repayments**	**Reclassifications**	**At 31 December 2022**
Non-current financial liabilities	287,216	-	49,212	-	(31,705)	304,723
Current financial liabilities	127,280	-	24,029	(117,234)	31,705	65,780
Total financial liabilities	**414,496**	-	73,241	(117,234)	-	**370,503**

(In thousands of euros)	**At 31 December 2021**	**New loans**	**Repayments**	**At 31 December 2022**
Non-current lease liabilities	31,175	21,062	(13,064)	39,173
Current lease liabilities	7,887		(321)	7,566
Total lease liabilities	**39,062**	**21,062**	**(13,385)**	**46,740**

8.19 Trade payables

The following table shows a breakdown of "Trade payables" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Trade payables to suppliers	193,776	178,861
Trade payables to related parties	-	163
Total trade payables	**193,776**	**179,024**

This item mainly includes payables relating to the Group's normal production activities.

Analysis of trade payables to related parties can be found in the section "Transactions with Related Parties" of the Consolidated Financial Statements.

The book value of trade payables is deemed to approximate their fair value.

8.20 Other current liabilities

The following table shows a breakdown of "Other current liabilities" as at 31 December 2022 and 2021:

(In thousands of euros)	**At 31 December**	
	2022	**2021**
Payables to employees	11,131	9,263
Payables to social security institutions	3,481	3,606
Tax liabilities	3,783	2,200
Accrued expenses and deferred income	3,021	2,407
Miscellaneous payables	237	1,610
Total other current liabilities	**21,654**	**19,087**

Payables to employees relate mainly to salaries to be settled and deferred charges such as holidays, leave and additional monthly payments.

Payables to social security institutions mainly refer to liabilities with the INPS and other social security institutions for the payment of contributions.

Tax payables at 31 December 2022 mainly include payables to the Treasury for withholding taxes, amounting to Euro 3,783 thousand.

9. NOTES TO THE CONSOLIDATED INCOME STATEMENT

9.1 Revenue from contracts with customers

The following table displays a breakdown of "Revenue from Contracts with Customers" by operating segment:

(In thousands of euros)	Year ended 31 December	
	2022	2021
Pasta	211,464	150,137
Milk products	243,019	230,004
Bakery Products	44,519	39,467
Dairy products	50,033	40,026
Special Products	42,440	34,787
Instant noodles	135,939	13,413
Other assets	13,681	48,030
Total revenue from contracts with customers	**741,094**	**555,863**

The following table displays a breakdown of "Revenue from Contracts with Customers" by distribution channel:

(In thousands of euros)	Year ended 31 December	
	2022	2021
Mass Distribution	451,195	358,731
B2B partners	79,920	50,489
Normal trade	79,933	71,296
Private labels	110,910	63,048
Food services	19,136	12,299
Total revenue from contracts with customers	**741,094**	**555,863**

The following table displays "Revenue from Contracts with Customers" by geographical area:

(In thousands of euros)	Year ended 31 December	
	2022	2021
Italy	385,421	330,419
Germany	132,844	107,300
United Kingdom	142,781	51,108
Other countries	80,047	67,036
Total revenue from contracts with customers	**741,094**	**555,863**

Revenue from contracts with customers for the year ended 31 December 2022 is almost exclusively related to the sale of goods. Revenues associated with such sales of goods are recognised when control of the asset is transferred to the customer.

In the year just ended, the Group had consolidated revenues of Euro 741,094 thousand, up 33% compared with Euro 555,863 thousand recorded in the same period of the previous year. This result is mainly attributable to the performance of the business previously analysed in the management report and to the change in the scope of consolidation that saw the inclusion of the subsidiary Symington's Limited as of 1 January 2022 compared to only 5 months in 2021.

9.2 Operating costs

The following table provides details of operating costs broken down by purpose for the years ending 31 December 2022 and 2021:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Cost of sales	(607,693)	(440,414)
Sales and distribution costs	(89,509)	(74,137)
Administrative costs	(21,746)	(22,460)
Total operating costs	**(718,948)**	**(537,011)**

The table below shows details of the same operating costs broken down according to their nature:

(In thousands of euros)	Year ended 31 December			
	2022	**%**	**2021**	**%**
Raw materials and finished products	403,230	54%	276,151	44%
Personnel costs	93,445	13%	82,090	13%
Packaging	55,107	7%	42,024	7%
Transport	49,646	7%	28,108	4%
Utilities	26,482	4%	17,832	3%
Depreciation/Amortisation	34,548	5%	27,465	4%
Sales commissions	8,834	1%	16,433	3%
Porterage and logistics	6,436	1%	7,501	1%
Surveillance and cleaning	4,911	1%	3,837	1%
Maintenance and repair	11,871	2%	10,211	2%
Royalties payable	1,880	0%	1,923	0%
Cost for use of third-party assets	3,655	0%	4,115	1%
Advertising and promotions	7,444	1%	7,639	1%
Consultancy and professional services	1,380	0%	2,135	0%
Insurance	2,032	0%	1,361	0%
Laboratory analysis and testing	989	0%	1,584	0%
Production plant services	403	0%	359	0%
Remuneration of the chairman and directors	638	0%	995	0%
External auditor's fees	397	0%	371	0%
Statutory auditors' fees	59	0%	81	0%
Other minor costs	5,561	1%	4,796	1%
Total operating costs	**718,949**		**537,011**	

Operating expenses for the year ended 31 December 2022 increased as a result of the inclusion of Symington's Limited in the scope of consolidation as of 1 January and the inflationary effects disclosed in the management report. For more a more detailed analysis see the report on operations.

9.3 Net write-downs of financial assets

The item "Net write-downs of financial assets", amounting to Euro 1,247 thousand for the year ended 31 December 2022, refers to the write-down of overdue trade receivables and other late receivables. A breakdown of changes to the provision for bad debts for the years ended 31 December 2022 and 2021 can be found in Note 8.9 above, "Trade receivables" of the Consolidated Financial Statements.

9.4 Other revenues and income

The following table provides a breakdown of "Other revenues and income":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Repayments and compensation	2,975	3,788
Leases receivable	30	60
Other revenues from the Ozzano plant	555	1,063
Operating grant	334	362
Other	1,344	2,567
Total other revenue and income	**5,238**	**7,839**

9.5 Other operating costs

The following table shows a breakdown of "Other operating costs":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Stamps, duties and local taxes	968	1,837
Corporate canteen	152	140
Repayments and compensation	-	447
Benefits and membership fees	21	61
Other	4,874	5,952
Total other operating costs	**6,015**	**8,436**

9.6 Financial income and expenses

The following table provides a breakdown of "Financial income":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Interest income from cash pooling	845	-
Net foreign exchange gains	-	855
Other financial income	1,213	302
Total financial income	**2,058**	**1,157**

The following table provides a breakdown of "Financial expenses":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Interest on loans	1,800	2,112
Interest expense on lease liabilities	807	435
Fees and commissions	1,035	401
Net foreign exchange losses	730	562
Net interest expense on provisions for employee benefits	34	38
Other financial expenses	2,346	347
Bond interest	5,525	4,763
Total financial expenses	**12,278**	**8,658**

9.7 Income taxes

The following table provides a breakdown of "Income taxes":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Current taxes	2,893	2,857
Prior-year taxes	134	63
Current taxes to equity		469
Total current taxes	**2,929**	**3,389**
Decrease (increase) in prepaid taxes	783	774
Increase (decrease) in deferred taxes	(505)	292
Change in consolidation scope		(1,138)
Total deferred taxes	**278**	**(72)**
Total income taxes	**3,304**	**3,317**

The following table displays a reconciliation of the theoretical tax rate with the effective impact on the pre-tax result:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Profit/(loss) before taxes	**9,901**	**9,555**
Theoretical rate	27.9%	27.9%
Theoretical tax charge	**2,762**	**2,666**
Adjustments		
Prior-year taxes	134	
Provision for disputed taxes		469
Other	408	182
Income taxes	**3,304**	**3,317**

9.8 Net profit/(loss) per share

The table below shows the net profit/loss per share, calculated as the ratio of net income to the weighted average number of ordinary shares in circulation during the period.

	At 31 December	
	2022	**2021**
Profit for the year attributable to the Group in thousands of euros	6,223	5,133
Weighted average number of shares in circulation	39,337,949	41,292,222
Earnings per share (in Euro)	**0.16**	**0.12**

The diluted earnings per share is the same as the basic earnings per share because there are no financial instruments with potential dilutive effects.

TRANSACTIONS WITH RELATED PARTIES

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

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

The Group deals with the following related parties:

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

The following table provides a detailed breakdown of the statement of financial position items relating to the Group's transactions with related parties at 31 December 2022 and 2021:

(In thousands of euros)	Parent company	Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Group	New Property	Other companies controlled by the parent companies			
Right-of-use assets						
At 31 December 2022	-	16,722	-	16,722	46,509	36.0%
At 31 December 2021	-	3,948	-	3,948	38,572	10.2%
Non-current financial assets at amortised cost						
At 31 December 2022	-	735	-	735	801	91.8%
At 31 December 2021	-	735	-	735	801	91.7%
Trade receivables						
At 31 December 2022	681	-	-	681	91,854	0.7%
At 31 December 2021	-	-	19	19	67,184	0.0%
Financial receivables measured at amortised cost						
At 31 December 2022	-	13,099	-	13,099	13,099	100.0%
Cash and cash equivalents						
At 31 December 2022	97,909	-	-	97,909	287,820	34.0%
At 31 December 2021	126,552	-	-	126,552	384,888	32.9%
Non-current lease liabilities						
At 31 December 2022	-	14,703	-	14,703	39,173	37.5%
At 31 December 2021	-	1,261	-	1,261	31,175	4.0%
Trade payables						
At 31 December 2022	25	(194)	169	-	193,776	-
At 31 December 2021	105		58	163	179,024	0.1%
Current financial liabilities						
At 31 December 2022	8,929	-	-	8,929	65,780	13.6%
At 31 December 2021	40,435	-	-	40,435	127,280	31.8%
Current lease liabilities						
At 31 December 2022	-	2,356	-	2,356	7,567	31.1%
At 31 December 2021	-	2,881	-	2,881	7,887	36.5%
Other current liabilities						
At 31 December 2022	-	-	-	-	21,654	0.0%
At 31 December 2021	-	411	-	411	19,087	2.2%

The following table provides a breakdown of the income statement items relating to the Group's transactions with related parties for the years ended 31 December 2022 and 2021:

(In thousands of euros)	Parent company	Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Group	New Property	Other companies controlled by the parent companies			
Cost of sales						
At 31 December 2022		2,235	-	2,235	607,693	0.4%
At 31 December 2021	-	2,760	292	3,052	440,414	0.7%
Administrative costs						
At 31 December 2022	215			215	21,746	1.0%
At 31 December 2021	268	-	-	268	22,460	1.2%
Financial income						
At 31 December 2022	595			595	2,058	28.9%
At 31 December 2021	154			154	1,157	13.3%
Financial expenses						
At 31 December 2022	99	697		796	12,278	6.5%
At 31 December 2021	-	133	-	133	8,658	1.5%

Transactions with parent company Newlat Group

Cash and cash equivalents, amounting to Euro 97,909 thousand and Euro 126,552 thousand respectively at 31 December 2022 and 2021, as well as financial liabilities for Euro 8,929 thousand and Euro 40,435 thousand are attributable to the cash pooling relationships with the parent company. The administrative expenses as at 31 December 2022 are attributable to operating expenses incurred by Newlat Food SpA for Euro 215 thousand for service contracts and fees for the cost sharing agreements.

Transactions with companies controlled by the parent companies

The following are the companies controlled by the parent companies with which the Group has conducted transactions during the periods under review:

- New Property S.p.A., a real estate company to which lease royalties are paid;
- Other companies controlled by the parent companies, such as Newservice S.r.l., Latterie Riunite Piana del Sele S.r.l. and Piana del Sele Latteria Sociale S.p.A.

New Property S.p.A.

At 31 December 2022, Euro 16,722 thousand of right-of-use assets and Euro 2,356 thousand and Euro 14,703 thousand respectively of current and non-current lease liabilities relate to the real estate spun off to New Property S.p.A. of 2017 and subsequently leased to Newlat. The recognition of these contracts according to IFRS 16 led to the recognition of depreciation, recorded in the cost of sales, of Euro 2,235 thousand, and financial charges of Euro 697 thousand for the year ended 31 December 2022.

10. OTHER INFORMATION

10.1 Remuneration of Directors and Statutory Auditors

The fees payable to Directors and Statutory Auditors amounted to Euro 638 thousand and Euro 59 thousand respectively in the year ended 31 December 2022.

Remuneration for executives with strategic responsibilities amounted to Euro 394 thousand

10.2 External Auditor's fees

Fees payable to the independent auditors for services provided to the Company and the Group for the year ended 31 December 2022 amounted to a total of Euro 422 thousand and are broken down as follows:

a) Fees for the provision of audit services amounting to Euro 279 thousand

b) Fees for services other than auditing and aimed at issuing a certificate in the amount of Euro 46 thousand.

c) Fees for audit services provided by companies other than PricewaterhouseCoopers SpA in the amount of Euro 97 thousand.

10.3 Research and Development

R&D within the Group is focused on the ability to develop innovative products, occasionally evocative of local traditions in the relevant markets.

Research and development costs incurred during the three-year period under review have been instrumental in pursuing the Group's production and commercial strategies, aimed at making product ranges more innovative and strengthening its position in the market.

Research and development expenses totalled Euro 7,637 thousand for the year ended 31 December 2022, corresponding to 1.03 % of revenues from contracts with Group customers, fully expensed in the income statement.

It should be noted that, for 2022, the Company intends to avail itself of the research and development tax credit provided for in article 1, paragraph 35, of Law no. 190 of 23 December 2014, and to use it in the manner specified in the said legislation.

Outlook

Considering the short period of time historically covered by the Group's order book and the difficulties and uncertainties of the current global economic situation, it is not easy to develop detailed economic/financial forecasts. The Group 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.

At the date of approval of this annual report, inflationary pressure is still strong, particularly for raw materials and utilities. Speculation in the Oil & Gas sector and in the procurement of raw materials 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 Group's commercial policies, leading to a redefinition of sales conditions with the main customers.

In view of the above, the Group is unable to predict the extent to which these events might affect the outlook for the next few years, but, based on the data available when this report was being prepared, the Directors believe they can reasonably exclude the possibility of significant negative impacts.

On this basis and in spite of the difficult market environment, all actions put in place by the management allow us sufficient flexibility to confirm our target for the 2023 fiscal year:

- Continuous organic growth

- A recovery of margins through supply chain optimisation

- A recovery of cash generation through the recovery of margins and the streamlining of certain business processes

Going concern

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

- The considerable level of cash reserves available at 31 December 2022.
- the presence of authorised and unused lines of credit at 31 December 2022 from the Newlat Group to the majority shareholder Newlat Group S.A.;
- the continual support given by the leading banks to the Newlat Group, partly because of its market-leading status.

Note that the Group's economic and financial performance in 2022 was higher than budgeted. It should also be noted that the cash and cash equivalents at 31 December 2022, amounting to Euro 307 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 Group's operations.

Events after the reporting date

On 2 January 2023 was finalised the contract for the purchase and transfer of 100% of the ordinary shares and voting rights of EM Foods S.A.S. ("EM Foods") to Newlat Food SpA. For further details, see the introduction to the following management report.

On 15 February 2023 the management of Newlat Food S.p.A. informed its shareholders and all group stakeholders of a further consolidation of the strategic partnership with the CDP Group through the investment of Euro 10 million in CDP Venture Capital's Corporate Partners I Fund and the signing of a letter of intent with CDP Venture Capital to study further strategic initiatives for innovation in the agri-food sector.

There are no further significant events subsequent to the closing date of this annual report.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

Taking into consideration article 154-*bis* (3) and (4) of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Angelo Mastrolia, as Chair of the Board of Directors, and Rocco Sergi, as Financial Reporting Officer, of Newlat Food Group, certify:

- The financial statements are adequate, in relation to the characteristics of the company, and
- The effective application of the administrative and accounting procedures for preparing the consolidated financial statements during the 2022 financial year.

It is furthermore declared that the consolidated financial statements at 31 December 2022:

a) were prepared in compliance with the applicable international accounting standards adopted by the European Community, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;
b) correspond with the accounting books and records;
c) provide a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the key risks and uncertainties they are exposed to.

Reggio Emilia, 17 March 2023

Chair of the Board of Directors	Financial Reporting Officer
Angelo Mastrolia	Rocco Sergi

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of Newlat Food SpA

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Newlat Food SpA (the "Company") and its subsidiaries (the "Group" or "Newlat Group"), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Newlat Group as of 31 December 2022 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of this report. We are independent of Newlat Food SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key audit matters	*Auditing procedures performed in response to key audit matters*

Indefinite-lived intangible assets and impairment testing process

(See notes 1.3 – "Accounting standards and measurement criteria" and 8.3 - "Intangible assets" to the consolidated financial statements as of 31 December 2022)

Indefinite-lived intangible assets recognised in the consolidated financial statements of Newlat Food as of 31 December 2022 are related to:

- Goodwill from the acquisition of Centrale del Latte di Salerno (for an amount of some Euro 3.8 million);
- Goodwill from the acquisition of Symington's Ltd (for an amount of some Euro 9.2 million);
- Brands "Drei Glocken" and "Birkel" related to the German subsidiary Newlat GmbH (for an amount of some Euro 18.9 million);
- Brands "Mukki", "Centrale del Latte di Rapallo – Latte Tigullio" and "Tappo Rosso" related to the subsidiary Centrale del Latte d'Italia SpA (for an amount of some Euro 25.9 million).

These indefinite-lived intangible assets are subject to impairment test on an annual basis, in accordance with the international accounting standard IAS 36, to identify any impairment losses.

Estimating the recoverable amounts of assets being tested for impairment, determined using the value in use method, requires the Directors of Newlat Group to develop estimates that by nature contain significant elements of judgement in relation to the following:

- the identification of the cash generating units ("CGUs") to which an asset is to be allocated;

The process of identification and measurement of the recoverable amounts of indefinite-lived intangible assets, preliminary to the identification of possible impairment losses, requires in-depth knowledge of the relevant markets and specialist skills. In performing our audit procedures on this financial statements area, we also used the support of business valuation experts from the PwC network.

We obtained an understanding of the evaluations and criteria used by the Directors to identify the CGUs to which the indefinite-lived intangible assets have been allocated.

We verified the correct identification of the CGUs in accordance with the international accounting standard IAS 36.

We verified, on a sample basis, the accuracy and reasonableness of the projections used to determine the future cash flows of the CGUs identified.

We assessed the reasonableness of the assumptions underlying the calculation of the recoverable amounts of indefinite-lived intangible assets recognised in the consolidated financial statements, also through specific sensitivity analyses performed independently on the key parameters used in the impairment test, namely the discount rate applied to the estimated future cash flows and the perpetual growth rate "g".

- the definition of the assumptions underlying the estimation of future cash flows from the CGUs identified, discounted to 31 December 2022, for the purpose of determining the recoverable amount of those assets. We considered this a key audit matter in consideration of the significance and complexity of the estimated components on the evaluations connected with the recoverability of the carrying amounts in relation to the consolidated statement of financial position of Newlat Group as of 31 December 2022. In particular, we considered that the evaluation process involves a high level of professional judgement for the Directors when they estimate the recoverable amount of the indefinite-lived intangible assets, and in particular the assumptions adopted in the calculation models used to determine: (i) the economic performance and future cash flows of the CGUs identified; (ii) the perpetual growth rate; and (iii) the discount rate.	Finally, we verified the disclosures provided by the Company on those assets in the explanatory notes to the consolidated financial statements.

Other matters

The Company, as required by law, has included in the explanatory notes to the consolidated financial statements the key figures of the latest financial statements of the entity which directs and coordinates its activities. Our opinion on the consolidated financial statements of Newlat Food SpA does not extend to those figures.

Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the parent company Newlat Food SpA or to cease operations, or have no realistic alternative but to do so.

Those charged with governance *("Collegio Sindacale")* are responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

The shareholders of Newlat Food SpA, in general meeting on 8 July 2019, engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The Directors of Newlat Food SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italy) n° 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2022 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of Newlat Food SpA are responsible for preparing a report on operations and a report on corporate governance and ownership structure of Newlat Group as of 31 December 2022, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) n° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/1998 with the consolidated financial statements of Newlat Food SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Newlat Group as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of CONSOB's Regulation implementing Legislative Decree no. 254 of 30 December 2016

The Directors of Newlat Food SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree no. 254 of 30 December 2016.

We have verified that the Directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree no. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milano, 31 March 2023

PricewaterhouseCoopers SpA

signed by
Davide Abramo Busnach
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian is authoritative.

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

SEPARATE STATEMENT OF FINANCIAL POSITION

(In euros)	Notes	At 31 December 2022	At 31 December 2021
Non-current assets			
Property, plant and equipment	8.1	23,412,571	24,004,976
Right-of-use assets	8.2	16,807,267	7,713,708
of which from related parties		*12,542,047*	*2,964,000*
Intangible assets	8.3	4,931,097	4,992,992
Equity investments in subsidiaries	8.4	157,860,987	158,192,025
Non-current financial assets measured at fair value through profit or loss	8.5	509,210	31,746
Financial assets measured at amortised cost	8.6	622,055	618,104
of which from related parties		*552,000*	*552,000*
Deferred tax assets	8.7	2,510,854	3,518,246
Total non-current assets		**206,654,041**	**199,071,798**
Current assets			
Inventories	8.8	31,384,683	20,737,505
Trade receivables	8.9	74,401,083	57,223,671
of which from related parties		*28,728,329*	*19,060,000*
Current tax assets	8.10	1,569,541	3,008,076
Other receivables and current assets	8.11	7,494,040	3,138,940
of which from related parties		*235,963*	*124,348*
Current financial assets measured at fair value through profit or loss	8.12	6,212,532	4,240
Financial receivables measured at amortised cost	8.13	10,074,790	-
of which from related parties		*10,074,790*	-
Cash and cash equivalents	8.14	252,588,939	318,854,380
of which from related parties		*81,133,033*	*116,018,042*
Total current assets		**383,725,608**	**402,966,811**
TOTAL ASSETS		**590,379,650**	**602,038,609**
Shareholders' equity			
Share capital		43,935,050	43,935,050
Reserves		85,915,983	95,822,604
Net profit/(loss)		3,301,855	860,156
Total shareholders' equity attributable	8.15	**133,152,888**	**140,617,810**
Non-current liabilities			
Provisions for employee benefits	8.16	4,627,591	6,092,874
Provisions for risks and charges	8.17	801,658	846,480
Non-current financial liabilities	8.18	252,632,617	223,437,672
Non-current lease liabilities	8.2	13,672,481	4,550,759
of which from related parties		*11,024,204*	*954,000*
Total non-current liabilities		**271,734,347**	**234,927,784**
Current liabilities			
Trade payables	8.19	84,410,985	71,624,270
of which from related parties		*2,982,958*	*883,418*
Current financial liabilities	8.18	79,970,272	135,182,447
of which from related parties		*41,051,575*	*64,682,572*
Current lease liabilities	8.2	2,427,374	2,834,796
of which from related parties		*1,774,887*	*2,156,000*
Current tax liabilities	8.10	2,293,085	1,590,031
Other current liabilities	8.20	16,390,700	15,261,472
of which from related parties		*5,390,107*	*6,293,246*
Total current liabilities		**185,492,415**	**226,493,015**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**590,379,650**	**602,038,609**

SEPARATE INCOME STATEMENT

(In euros)	Notes	At 31 December	
		2022	2021
Revenue from contracts with customers	9.1	231,457,149	157,079,788
of which from related parties		*52,522,854*	*20,191,000*
Cost of sales	9.2	(200,604,877)	(134,509,452)
of which from related parties		*(4,854,324)*	*(5,768,432)*
Gross operating profit/(loss)		**30,852,272**	**22,570,336**
Sales and distribution costs	9.2	(17,145,295)	(13,125,333)
Administrative costs	9.2	(8,129,277)	(8,384,321)
of which from related parties		*(120,000)*	*(180,000)*
Net write-downs of financial assets	9.3	(616,404)	(446,906)
Other revenues and income	9.4	8,906,711	13,108,624
of which from related parties		*7,185,691*	*6,777,000*
Other operating costs	9.5	(2,632,331)	(6,546,288)
Operating profit/(loss)		**11,235,675**	**7,176,114**
Financial income	9.6	1,728,042	1,024,357
of which from related parties		*755,367*	*52,000*
Financial expenses	9.6	(8,564,818)	(6,189,483)
of which from related parties		*(520,583)*	*(101,000)*
Profit/(loss) before taxes		**4,398,900**	**2,010,987**
Income taxes	9.7	(1,097,045)	(1,150,832)
Net profit/(loss)		**3,301,855**	**860,155**
Basic net profit/(loss) per share	9.8	0.08	0.02
Diluted net profit/(loss) per share	9.8	0.08	0.02

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

(In euros)	Notes	At 31 December	
		2022	2021
Net profit/(loss) (A)		**3,301,855**	**860,155**
a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:			
Actuarial gains/(losses)	8.15	1,337,904	(297,000)
Tax effect on actuarial gains/(losses)	8.15	(373,275)	82,875
Total other components of comprehensive income that will not be subsequently reclassified to the income statement		**964,629**	**(214,125)**
Total other components of comprehensive income, net of tax effect (B)		**964,629**	**(214,125)**
Total comprehensive net profit/(loss) (A)+(B)		**4,266,484**	**646,030**

SEPARATE STATEMENT OF CHANGES IN EQUITY

(In euros)	Notes	Share capital	Reserves	Net profit/(loss)	Total net equity
At 31 December 2020		**43,935,050**	**104,279,104**	**7,254,348**	**155,468,502**
Allocation of net profit/(loss) for the previous year		-	**7,254,348**	**(7,254,348)**	-
Treasury shares		-	(15,759,634)	-	(15,759,634)
Total treasury shares	**8.15**	**-**	**(15,759,634)**	**-**	**(15,759,634)**
Net profit/(loss)		-	-	860,155	860,155
Actuarial gains/(losses) net of the related tax effect		-	(214,125)	-	(214,125)
Other changes		-	262,912	-	262,912
At 31 December 2021	**8.15**	**43,935,050**	**95,822,605**	**860,155**	**140,617,810**
Allocation of net profit/(loss) for the previous year		-	**860,155**	**(860,155)**	-
Treasury shares		-	(11,731,406)	-	(11,731,406)
Total treasury shares	**8.15**		**(11,731,406)**		**(11,731,406)**
Net profit/(loss)		-	-	3,301,855	3,301,855
Actuarial gains/(losses) net of the related tax effect		-	964,629	-	964,629
At 31 December 2022	**8.15**	**43,935,050**	**85,915,983**	**3,301,855**	**133,152,888**

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SEPARATE STATEMENT OF CASH FLOWS

(In euros)	Notes	At 31 December	
		2022	2021
Profit/(loss) before taxes		4,398,900	2,010,987
- Adjustments for:			
Amortisation, depreciation and write-downs	8.1-8.2-8.3	8,504,076	9,198,906
Financial expense/(income)	9.6	6,836,775	5,165,127
of which from related parties		*234,784*	*(49,000)*
Cash flow generated /(absorbed) by operating activities before changes in net working capital		**19,739,751**	**16,375,019**
Change in inventory	8.8	(10,647,178)	6,388,522
Change in trade receivables	8.9	(17,793,816)	(4,217,838)
Change in trade payables	8.18	12,786,715	(14,485,359)
Change in other assets and liabilities	8.5-8.11-8.19	(1,630,063)	(1,444,390)
Use of provisions for risks and charges and for employee benefits	8.16-8.15	(172,201)	261,312
Taxes paid	8.10	82,852	(4,106,572)
Net cash flow generated /(absorbed) by operating activities		**2,366,060**	**(1,229,307)**
Investments in property, plant and equipment	8.1-8.2	(4,565,021)	(2,237,892)
Investments in intangible assets	8.3	(257,319)	(129,866)
Investments in financial assets	8.4-8.5-8.6	(6,358,670)	(418,922)
SYMG acquisition		-	(63,914,054)
Net cash flow generated /(absorbed) by investment activities		**(11,181,010)**	**(66,700,734)**
New long-term financial debt	8.17	72,241,775	118,000,000
Repayments of long-term financial debt	8.17	(98,259,005)	(5,481,196)
Issuance of Bond Loan	8.17	-	198,455,261
Repayments of lease liabilities	8.2	(2,790,290)	(3,589,074)
of which from related parties		*(2,240,195)*	*(2,200,000)*
Net interest expense	9.6	(6,836,775)	(5,165,127)
Treasury shares		(11,731,406)	(15,759,634)
Net cash flow generated/(absorbed) by financing activities		**(47,375,701)**	**286,460,230**
Total changes in cash and cash equivalents		**(56,190,651)**	**218,530,189**
Cash and cash equivalents at start of year		**318,854,380**	**100,324,191**
of which from related parties		*116,018,042*	*21,428,029*
Offsetting of cash and cash equivalents		(10,074,790)	-
Total changes in cash and cash equivalents		(56,190,651)	218,530,189
Cash and cash equivalents at end of year		**252,588,939**	**318,854,380**
of which from related parties		*81,133,033*	*116,018,042*

EXPLANATORY NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information and significant transactions carried out in 2022

Newlat Food S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at Via J. F. Kennedy 16, Reggio Emilia.

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

The Company is subject to the direction and coordination of its parent company Newlat Group S.A. (hereinafter "**Newlat Group**"), which directly holds 61.66% of its share capital, 27.9% is held by institutional investors and the remainder (10.46%) is held by Newlat Food itself through the purchase of treasury shares.

1. ADOPTED ACCOUNTING STANDARDS

The accounting standards and measurement criteria adopted in the preparation and drafting of the annual report at 31 December 2022 are set out below.

The annual financial report at 31 December 2022 was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" also encompasses International Accounting Standards (IAS) that are still in force, as well as all interpretations of the International Financial Interpretations Committee, which was formerly named the International Financial Interpretations Committee ("IFRIC"), and of the Standing Interpretations Committee ("SIC").

The preparation of financial statements in accordance with IFRS requires judgements, estimates and assumptions that have an effect on the assets, liabilities, costs and revenues. The final results may be different to those obtained through these estimates. 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 and the provision for inventory write-downs, the provisions for risks, the defined benefit plans for employees and the payables for the purchase of equity investments contained in the other liabilities.

In particular, discretionary measurements and significant accounting estimates relate to the determination of the recoverable amount of non-financial assets calculated as the greater of fair value less costs to sell and value in use. Value in use is calculated based on a discounted cash flow model. The recoverable value depends significantly on the discount rate used in the discounted cash flow model, as well as on expected future cash flows and the growth rate used. The key assumptions used to determine the recoverable value for the two cash-generating units, including a sensitivity analysis, are described in note 8.3 of the Consolidated Financial Statements at 31 December 2022.

The use of significant accounting estimates and assumptions also relates to the determination of the fair value of assets and liabilities acquired as part of business combinations. In fact, at the date of acquisition, the Group must separately recognise, at their fair value, assets, liabilities and contingent liabilities identifiable and acquired or assumed as part of the business combination, and determine the present value of the strike price of any call options on minority shares. This process requires the preparation of estimates, based on valuation techniques, which require judgement in the forecasting of future cash flows as well as the development of other assumptions such as long-term growth rates and discount rates for valuation models developed also with the use of experts outside the management team. The accounting impacts of the determination of the fair value of the assets acquired and liabilities assumed, as well as of the call options of minority interests for the business combinations that occurred during the year, are provided in the previous paragraph of this Note.

1.1 Basis of preparation

The Separate Financial Statements consist of the statement of financial position, the income statement, the statement of changes in shareholders' equity, the statement of cash flows and the notes.

The layout adopted for the statement of financial position provides for the separation of assets and liabilities between current and non-current.

An asset is classified as current when:

- it is assumed that this activity is carried out, or is owned for sale or consumption, in the normal course of the operating cycle;
- it is held primarily for the purpose of trading;
- it is assumed that it will be realised within twelve months of the reporting date;
- it consists of cash and cash equivalents (unless it is prohibited to exchange it or use it to settle a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets as non-current assets.

A liability is classified as current when:

- it is expected to be extinguished in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it will be extinguished within twelve months of the reporting date;
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Clauses of a liability that could, at the discretion of the counterparty, result in its extinction through the issue of equity instruments do not affect its classification.

The chosen income statement layout provides for the classification of costs by destination.

The statement of other comprehensive income includes the result for the year and, with the same categories, income and expenses that, according to IFRSs, are directly recognised under equity.

The statement of changes in equity includes, in addition to the total gains / losses for the period, the amounts of transactions with shareholders and movements in reserves during the year.

In the statement of cash flows, the financial flows from operating activities are presented using the indirect method, under which the profit or loss for the year is adjusted by the effects of non-monetary operations, by any deferral or provision of previous or future operating inflows or outflows, and by elements of revenue or costs related to financial flows deriving from investment activities or financing activities.

The Separate Financial Statements were drafted in euros, the functional currency of the Company. The statement of financial position, income statement, statement of cash flows, explanatory notes and tables are in thousands of euro, unless otherwise indicated.

The separate financial statements were prepared:

- on the basis of the best knowledge of IFRSs and taking into account the best doctrine on the subject;
- under the going-concern principle, in accordance with the principle of accrual accounting, in compliance with the principle of materiality of information and substance over form, and with a

view to encouraging consistency with future presentations. The assets and liabilities and costs and revenues are not offset against each other, unless this is permitted or required by international accounting standards;

- on the basis of the conventional historical cost criterion, except for the measurement of financial assets and liabilities in cases where application of the fair value criterion is mandatory.

Conversion of items in foreign currency

Transactions in currencies other than the functional currency are recognised at the exchange rate on the date of the transaction. Monetary assets and liabilities in currencies other than the euro are then adjusted at the exchange rate in place on the reporting date. Any forex differences are reflected in the income statement under "Foreign exchange gains and losses".

1.2 Accounting standards and measurement criteria

Adopted accounting standards

The Separate Financial Statements were prepared based on the IFRSs in force issued by the International Accounting Standards Board ("**IASB**") and endorsed by the European Union at the closing date of each year in question.

Below are the criteria used with reference to the classification, recognition, measurement and derecognition of the various asset and liability items, as well as the criteria used to recognise the income components.

Property, plant and equipment

Property, plant and equipment is recognised as such only if the following conditions are met simultaneously:

- it is probable that the future economic benefits related to the asset will be enjoyed by the company;
- the cost can be reliably determined.

Property, plant and equipment are initially measured at cost, defined as the monetary or equivalent amount paid or the fair value of other considerations made to acquire an asset, at the time of purchase or replacement. Subsequent to initial recognition, property, plant and equipment are valued using the cost method, net of recorded depreciation and any accumulated impairment losses.

The cost includes the costs directly incurred to make their use possible, as well as any dismantling and removal costs that will be incurred as a result of contractual obligations that require the return of the asset to its original condition.

Costs incurred for maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement when incurred. The capitalisation of the costs inherent in the extension, modernisation or improvement of structural elements owned or used by third parties shall be carried out to the extent that they meet the requirements to be classified separately as an asset or part of an asset.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. The useful life estimated by the Company for the various categories of property, plant and equipment is shown below:

Category of assets	Useful Life
Land and buildings	10-33 years
Plant and machinery	4-20 years
Industrial and commercial equipment	2-9 years
Other assets	5-20 years

At the end of each financial year, the company checks whether significant changes have occurred in the expected characteristics of the economic benefits deriving from the capitalised assets and, if so, modifies the depreciation criterion, which is considered a change in accounting estimate in accordance with IAS 8.

The value of the asset is completely reversed at the time of its disposal or when the company expects that it will not be able to derive any economic benefit from its disposal.

Capital grants shall be accounted for when it is reasonably certain that they will be received and all conditions relating to them are met. Contributions are then deducted from the value of assets or suspended among liabilities and credited pro rata to the income statement in relation to the useful life of the related assets.

Intangible assets

An intangible asset is an asset that simultaneously fulfils the following conditions:

- it is identifiable;
- it is non-monetary;
- it has no physical consistency;
- it is under the control of the company preparing the accounts;
- it is expected to produce future economic benefits for the company.

If an asset does not meet the above requirements to be defined as an intangible asset, the expense incurred to acquire it or generate it internally is recognised as a cost when incurred.

Intangible assets are initially stated at cost. The cost of intangible assets acquired from outside includes the purchase price and any directly attributable costs.

Internally generated goodwill is not recognised as an asset, neither are intangible assets arising from research (or the research phase of an internal project).

An intangible asset arising from development or the development phase of an internal project is recognised if compliance with the following conditions can be demonstrated:

- the technical feasibility of completing the intangible asset so as to be available for use or sale;
- the intention to complete the intangible asset for use or sale;
- the ability to use or sell the intangible asset;

- the manner in which the intangible asset is capable of generating future economic benefits and in particular the existence of a market for the product of the intangible asset or for the intangible asset itself or, if it is to be used for internal purposes, its usefulness;
- the availability of adequate technical, financial and other resources to complete the development and the use or sale of the asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development.

Intangible assets are measured using the cost method in accordance with one of the two different criteria set out in IAS 38 (cost model and revaluation model). The cost model requires an intangible asset to be recognised at cost after initial recognition, net of accumulated amortisation and any accumulated impairment losses.

The useful life estimated by the Group for the various categories of intangible assets is shown below:

Category of assets	**Useful Life**
Goodwill	unlimited
Other brands	18 years
Software licences	5 years
Other assets	5 years

The following main intangible assets can be identified within the Company:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognised at cost, as described earlier, and then subjected to (at least) annual testing to determine whether it has impaired (for more details, see the below paragraph "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets"). Reversals are not permitted in the case of a previous write-down due to impairment.

Intangible assets with a finite useful life

Intangible assets with a finite useful life are recognised at cost, as previously described, net of accumulated amortisation and any impairment losses.

Depreciation begins when the asset becomes available for use and is apportioned systematically based on the asset's estimated useful life; the criteria mentioned in the paragraphs "Property, plant and equipment" and "Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets", respectively, contain the criteria for the value to be depreciated and the recoverability of the book value.

Lease contracts

a) Right-of-use assets and lease liabilities – 31 December 2022 (IFRS 16)

The Company chose early adoption, from 1 January 2018, of the new accounting standard IFRS 16 - "Leases", which replaces IAS 17 - "Leasing" and its related interpretations.

In accordance with IFRS 16, a contract is, or contains, a lease if, in exchange for consideration, it conveys the right to control the use of a specified asset for a period of time. The contract is re-evaluated to verify whether it is, or contains, a lease only if the terms and conditions of the contract are changed.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Company applies the practical expedient referred to in paragraph 15 of IFRS 16. This practical expedient allows the lessee to choose, for each class of underlying asset, not to separate the non-lease components from the lease components and to recognise each lease component and the associated non-lease components as a single lease component.

The duration of the lease is determined as the non-cancellable period of the lease, to which must be added both the following periods:

- periods covered by a lease extension option, if the lessee is reasonably certain to exercise the option; and
- periods covered by the lease termination option, if the lessee is reasonably certain not to exercise the option.

In assessing whether the lessee is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option shall be considered. The lessee must redefine the lease term in the event of a change in the non-cancellable lease period.

At the effective date of the contract, the Group recognises the right-of use-asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the right-of-use asset includes:

- the initial value of the lease liability;
- payments due for the lease made on or before the effective date, net of the lease incentives received;
- the initial direct costs incurred by the lessee; and
- the estimate of the costs to be incurred by the lessee for the dismantling and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying asset under the terms and conditions of the lease, unless such costs are incurred for the production of inventories.

On the lease start date, the lessee shall measure the lease liability at the current value of the payments due for the lease but not yet paid. Payments due for the lease include the following amounts:

- fixed payments, net of any outstanding lease incentives;
- variable payments due for the lease that depend on an index or rate, initially measured using an index or rate on the effective date;
- the amounts expected to be paid by the lessee as guarantees of the residual value;

- the exercise price of the purchase option, if the lessee is reasonably certain to exercise the option; and
- lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Payments due for the lease must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its marginal lending rate, i.e. the incremental interest rate that the company would have to pay to obtain a loan of the same duration and amount as the lease agreement.

Subsequent to initial recognition, right-of-use assets are measured at cost:

- net of accumulated depreciation/amortisation and impairment; and
- adjusted to take into account any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- by increasing the book value to take account of interest;
- by decreasing the book value to take account of lease payments that have been made; and
- by restating the book value to take account of any new valuations or changes in the lease or revision of payments due for fixed leases.

In the case of lease changes that do not constitute a separate lease, the right-of-use asset is restated (up or down), in line with the change in the lease liability at the date of the change. The lease liability is restated according to the new terms of the lease agreement, using the discount rate at the date of the change.

It should be noted that the Company makes use of two exemptions under IFRS 16, with reference to: (i) short-term leases (i.e. leases with a duration of 12 months or less from the effective date), in relation to certain categories of fixed assets, and (ii) leases of low-value assets (i.e. when the value of the underlying asset, if new, is less than USD 5,000, for example). In such cases, the right-of-use asset and the related lease liability are not recognised, and the payments due for the lease are recognised in the income statement.

Impairment of goodwill, property, plant and equipment, intangible assets and right-of-use assets

On each reporting date, a test is carried out to ascertain whether there are any indicators of impairment of property, plant and equipment and intangible assets that are not fully depreciated/amortised or of indefinite useful life.

Where these indicators are present, the recoverable value of the above-mentioned assets is estimated, and any write-down is recognised in the Income Statement. The recoverable value of an asset is the higher of the fair value, less costs to sell, and the related value in use, determined by discounting the estimated future cash flows for that asset, including, if they are significant and can be reasonably determined, those arising from the sale at the end of its useful life, net of any costs of disposal. In determining the value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the cost of the money, in proportion to the period of the investment and the specific risks of the asset.

For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which said asset belongs.

Impairment is recognised in the income statement if the book value of the asset, or of the CGU to which it is allocated, is higher than its recoverable value. The impairment of a CGU is initially recognised as a reduction in the book value of any goodwill attributed to it and, therefore, as a reduction in other assets, in proportion to their book value and within the limits of their recoverable value. If the conditions for a previous write-down no longer exist, the book value of the asset is restored via the income statement, up to the limit of the net book value that the asset in question would have had without write-down and amortisation/depreciation. Reversals of goodwill impairment are not permitted in the case of a previous write-down due to impairment.

Financial assets

At the time of initial recognition, financial assets must be classified as "Financial assets at amortised cost", "Financial assets at fair value through other comprehensive income" or "Financial assets at fair value through profit or loss" on the basis of the following elements:

- the entity's business model for the management of the financial assets; and
- the characteristics of the financial asset's contractual cash flows.

Financial assets are subsequently derecognised only if the disposal entails the substantial transfer of all risks and rewards connected to the assets. On the other hand, if a significant portion of the risks and rewards relating to the disposed financial assets has been retained, they continue to be recognised in the financial statements, even if legally their ownership has been effectively transferred.

Financial assets measured at amortised cost

a) Financial assets at amortised cost – 31 December 2022 (IFRS 9)

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Subsequent to initial recognition, the financial assets in question are measured at amortised cost using the effective interest method. The amortised cost method is not used for assets valued at historical cost whose short duration makes the effect of discounting negligible, those without a defined maturity or for revocable credit lines.

This category mainly includes trade receivables arising from the transfer of goods and the provision of services, recognised in accordance with the terms of the contract with the customer in accordance with IFRS 15 and classified according to the nature of the debtor and/or the expiry date of the receivable (this definition includes invoices to be issued for services already rendered).

Moreover, since trade receivables are generally short-term and do not provide for the payment of interest, the amortised cost is not calculated, and they are recognised on the basis of the nominal value reported in invoices issued or contracts concluded with customers: this provision is also adopted for trade receivables with a contractual maturity of more than 12 months, unless the effect is particularly significant. The choice stems from the fact that the amount of short-term receivables is very similar whether you apply the historical cost method or the amortised cost method, and the impact of discounting would therefore be wholly negligible.

Trade receivables are subject to impairment testing in accordance with IFRS 9. For the purposes of the measurement process, trade receivables are divided into maturity time bands. For performing loans, a collective assessment is made by grouping the individual exposures on the basis of similar credit risk. The valuation is based on losses recorded for assets with similar credit risk characteristics based on historical experience and takes into account expected losses.

b) Financial assets at fair value through other comprehensive income – 31 December 2022(IFRS 9)

This category includes the financial assets that meet both of the following conditions:

- the financial asset is held according to a "hold to collect and sell" business model; and
- the contractual conditions of the financial asset provide for cash flows on certain dates which consist only of payments of capital and interest on the amount of capital to be repaid (so-called "SPPI test" passed).

These assets are initially recognised at fair value inclusive of the transaction costs or income directly attributable to the instrument. Following initial recognition, equity investments that do not qualify as subsidiaries, associates or joint control investees are measured at fair value, and amounts recognised as a counter-entry in equity should not be subsequently transferred to the income statement, even in the case of disposal. The only component referring to the equity instruments in question subject to recognition in the income statement is the relative dividends.

For the equity instruments included in this category and not listed in an active market, the cost criterion is used to estimate fair value only on a residual basis and in limited circumstances, or when the most recent information to measure fair value is insufficient, or if there is a broad range of possible fair value measurements and cost represents the best estimate of fair value within that range of values.

Financial assets at fair value through profit or loss

a) Financial assets at fair value through profit or loss – 31 December 2022(IFRS 9)

This category contains financial assets other than those classed as "Financial assets at fair value through other comprehensive income" or as "Financial assets at amortised cost". This item, in particular, includes only equity instruments held for purposes other than trading for which the Company has not opted for measurement at fair value through other comprehensive income, and bonds.

Financial assets at fair value through profit or loss are initially recognised at fair value, usually represented by the transaction price.

After initial recognition, these financial assets are measured at fair value. Any gains or losses resulting from the change in fair value are attributed to the separate income statement.

Inventories

Inventories are assets:

- held for sale in the normal course of business;
- used in production processes for sale;
- in the form of materials or supplies of goods to be used in the production process or in the provision of services.

Inventories are recognised and measured at the lesser of cost and the net realisable value.

The cost of inventories includes all purchase costs, transformation costs and other costs incurred to bring inventories to their current location and condition, while it does not include exchange differences in the case of inventories invoiced in foreign currency. In accordance with the provisions of IAS 2, the weighted average cost method is used to determine the cost of inventories.

When the net realisable value is less than cost, the surplus is immediately written down in the income statement.

Cash and cash equivalents

Cash and cash equivalents are recorded, depending on their nature, at nominal value or amortised cost. Other cash equivalents represent short-term and highly liquid financial commitments that are readily convertible into known cash values and subject to a negligible risk of change in value, with an original maturity or a maturity at the time of purchase of not more than 3 months.

Payables

Payables relating to the year ended 31 December 2022.

Trade and other payables are recognised initially at fair value and are subsequently measured using the amortised cost method.

Payables to banks and other lenders are initially stated at their fair value, net of directly attributable ancillary costs, and subsequently measured at amortised cost, applying the effective interest rate criterion. When there is a change in the estimate of expected cash flows, the value of liabilities is recalculated to reflect that change on the basis of the present value of the new expected cash flows and the internal effective rate initially determined. Payables to banks and other lenders are classified as current liabilities, unless the Company has an unconditional right to defer payment for at least twelve months after the reference date.

Payables are derecognised when they are settled and when the Group has transferred all risks and charges relating to the instrument.

Employee benefits

These include benefits granted to employees or their dependants and can be liquidated by means of payments (or with the supply of goods and services) made directly to employees, spouses, children or other dependants or to third parties such as insurance companies, and are divided into short-term benefits, benefits due to employees for termination of employment and post-employment benefits.

Short-term benefits, which also include incentive programmes in the form of annual bonuses, MBOs and one-off renewals of national collective agreements, are accounted for as a liability (cost provision) after deducting any amount already paid, and as a cost, unless some other IFRS requires or permits the inclusion of benefits in the cost of an asset (for example, the cost of personnel employed in the development of internally generated intangible assets).

The category of benefits for termination of employment includes departure incentive plans arising in the event of voluntary resignation involving the participation of the employee or a group of employees in trade union agreements for the activation of so-called solidarity funds, and redundancy plans, which take place when the company unilaterally terminates the contract. The company recognises the cost of these benefits as a financial liability at the earliest of the time when the company is unable to withdraw the offer of these benefits and the time when the company recognises the costs of a restructuring that falls within the scope of IAS 37. Provisions for departures shall be reviewed at least every six months.

Post-employment benefit plans are broken down into two categories: defined contribution plans and defined benefit plans.

Defined contribution plans mainly include:

- supplementary pension funds involving a defined contribution by the company;
- the severance indemnity fund, limited to the shares accruing from 1 January 2007 for undertakings with more than 50 employees, irrespective of the destination chosen by the employee;
- employee severance indemnities accruing from 1 January 2007 and earmarked for supplementary pensions, in the case of undertakings with fewer than 50 employees;
- supplementary healthcare funds.

Defined benefit plans, on the other hand, include:

- the severance indemnity, limited to the amount accrued up to 31 December 2006 for all undertakings, as well as the amounts accrued since 1 January 2007 and not intended for supplementary pensions for undertakings with fewer than 50 employees;
- supplementary pension funds that provide for the payment of a defined benefit to members;
- long-service bonuses, which provide for an extraordinary payment to the employee upon reaching a certain level of working seniority.

In defined contribution plans, the obligation of the reporting company is determined on the basis of the contributions due for that year and therefore the measurement of the obligation does not require actuarial assumptions and there is no possibility of actuarial gains or losses.

The accounting for defined benefit plans is characterised by the use of actuarial assumptions to determine the value of the obligation. This valuation is entrusted to an external actuary and is carried out annually. For discounting purposes, the company uses the projected unit credit method, which projects future expenditure based on historical statistical analysis, the demographic curve, and the financial discounting of these cash flows based on the market interest rate. Actuarial gains and losses are recognised as a counter-entry in equity as required by IAS 19.

Provisions for risks and charges, and contingent assets and liabilities

Contingent assets and liabilities can be divided into several categories depending on their nature and their accounting impact. Specifically:

- the provisions are actual obligations of an uncertain amount and occurrence/maturity which arise from past events and for which it is probable that there will be a financial outlay that can be reliably estimated in terms of amount;
- contingent liabilities are possible obligations with a distinct probability of having to make a financial outlay;
- remote liabilities are those for which a financial outlay is unlikely;
- potential assets are assets which are uncertain and cannot therefore be recognised in the financial statements;
- the onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract;
- restructuring is a programme planned and controlled by the company's management that significantly changes the scope of an activity undertaken by the company or the way in which the activity is managed.

For the purpose of recognising the charge, provisions are recorded in cases where there is uncertainty about the maturity or the amount of the flow of resources necessary to fulfil the obligation or other liabilities and in particular trade payables or provisions for presumed payables.

Provisions differ from other liabilities in that there is no certainty as to their maturity or the amount of future expenditure required. Due to their different nature, provisions are shown separately from trade payables and provisions for presumed payables.

Liabilities or allocations to a provision are recognised when:

- there is a current legal or implied obligation resulting from past events;
- it is probable that resources designed to produce economic benefits will have to be used to settle the obligation;
- the obligation can be reliably estimated.

Provisions require the use of estimates. In extremely rare circumstances where a reliable estimate cannot be made, the liability is classed as a contingent liability.

The allocation to the provision for risks and charges is an amount that represents the best possible estimate of the expenditure needed to liquidate the relevant obligation outstanding on the reporting date and takes into account the risks and uncertainties that inevitably surround many events and circumstances. The amount of the allocation reflects any future events that may affect the amount required to settle an obligation if there is sufficient objective evidence that they will occur.

Once the best possible estimate of the expense necessary to settle the related obligation outstanding on the reporting date has been determined, the current value of the provision is determined, in the event that the effect of the present value of money is a relevant aspect.

Revenue from contracts with customers

a) *Revenue from contracts with related customers - year ended 31 December 2022 (IFRS 15)*

The Company applies IFRS 15 as of 1 January 2018. In accordance with this standard, revenue from contracts with customers is recognised when the following conditions are met:

- the contract with the customer has been identified;
- performance obligations set forth in the contract have been identified;
- the price has been determined;
- the price has been allocated to the individual performance obligations set forth in the contract;
- the performance obligation set forth in the contract has been met.

The Company recognises revenue from contracts with customers when (or as) it fulfils the performance obligation, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

The Company transfers control over the good or service over time, and therefore fulfils the performance obligation and recognises revenue over time, when one of the following criteria is met:

- the customer simultaneously receives and uses the benefits arising from the entity's service as it is provided;
- the service of the Company creates or improves the asset (e.g. work in progress) that the customer controls as the asset is created or improved;
- the service of the Company does not create an asset which has an alternative use and the Company has the enforceable right to payment for the service completed until the date considered.

If the performance obligation is not met over time, it is met at a specific moment. In that case, the Company recognises revenue when the customer acquires control over the promised asset.

The contractual consideration included in the contract with the customer may include fixed or variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions, incentives, penalties or other similar elements), the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the promised goods or services to the customer. The Group Company the amount of the estimated variable consideration in the transaction price only to the extent to which it is highly likely that when the uncertainty associated with the variable consideration is subsequently resolved, there will not be a significant downward adjustment in the amount of cumulative revenue recognised.

Incremental costs for obtaining customer contracts are accounted for as assets and amortised throughout the term of the underlying contract, if the Company expects them to be recovered. Incremental costs for obtaining the contract are costs that the Company incurs to obtain the contract with the customer and which it would not have incurred if it had not obtained the contract. The costs for obtaining the contract which would have been incurred even if the contract had not been obtained should be recognised as a cost at the moment they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Recognition of costs

Costs are recognised in the income statement according to the accruals principle.

Dividends

Dividends received are recognised in the income statement according to the accruals principle, i.e. in the year in which the related right to receive them emerges, following the shareholders' resolution to distribute dividends from the investee company.

Distributed dividends are shown as changes in equity in the year in which they are approved by the Shareholders' Meeting.

Income taxes

Current taxes are calculated based on the taxable income for the year, applying the tax rates in force at the date of the financial statements. Current taxes for the year and for prior years, where unpaid, are recognised as liabilities. Current tax assets and liabilities, for the current year and for prior years, must be determined at the value expected to be recovered from or paid to, respectively, the tax authorities, applying the tax rates and legislation that is in force or imminent at the reporting date.

Deferred taxes can be divided into:

- deferred tax liabilities, which are the amounts of income taxes payable in future years relating to taxable temporary differences;
- deferred tax assets, which are the amounts of income taxes recoverable in future years relating to deductible temporary differences, carry-over of unused tax losses, carry-over of unused tax credits.

To calculate the amount of deferred tax assets and liabilities, the tax rate is applied to the temporary taxable or deductible differences identified, or to unused tax losses and unused tax credits.

At each reporting date, recognised and unrecognised deferred tax assets are revalued to check whether they are likely to be recovered.

Net profit/(loss) per share

Basic earnings per share are calculated by dividing the net profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the profit (loss) pertaining to the Company by the weighted average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate the diluted earnings per share, the weighted average number of shares in circulation is modified assuming that all assignees exercise rights with a potentially dilutive effect, while the profit (loss) pertaining to the Company is adjusted to take into account any effects, net of taxes, of the exercise of such rights.

Operating segments

The operating segment is a part of the group that undertakes business activities that generate revenue and costs, whose operating results are periodically reviewed by the Chairman of the Board of Directors, in his role as Chief Operating Decision Maker (CODM), for the purpose of taking decisions on the resources to be allocated to the sector and evaluating results, and for which financial information is available.

1.3 Recently issued accounting standards

The following new standards, amendments and interpretations were issued by the International Accounting Standards Board (IASB) and have not been adopted by the European Union. The following new standards, amendments and interpretations were not applied in the preparation of the financial statements.

At the date of these financial statements, the competent bodies of the European Union have not yet concluded the endorsement process required for the adoption of the following accounting standards and amendments:

Amendments to IAS 1 – Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current.	In January 2020 the IASB issued amendments to IAS 1 - Presentation of Financial Statements: Classification of liabilities as current or non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that can be settled by conversion to equity. These amendments will go into effect on 1 January 2023.
IFRS 16 - Leases: Liability in a Sale and Leaseback	In September 2022 the IASB made changes to IFRS 16 - Leases: Liability in a Sale and Leaseback to provide guidelines for the valuation of the liability arising from a sale and leaseback transaction designed to ensure that the seller-lessee does not recognise any amount of gain or loss in respect of the retained right of use. These amendments will go into effect on 1 January 2024. The Company does not expect any significant impact from the adoption of these amendments.
IAS 1 – Presentation of Financial Statements: Non-current Liabilities with Covenants	In October 2022 the IASB amended IAS 1 – Presentation of Financial Statements: Non-current Liabilities with Covenants to clarify how conditions that an entity must meet within 12 months after the reporting period affect the classification of a liability. These amendments will come into force on 1 January 2024. The Company does not expect any significant impact from the adoption of these amendments.

The Company will assess any potential impact on the financial statements when these new standards are endorsed by the European Union.

Accounting standards, amendments and interpretations not yet adopted but applicable in advance

At the date of these financial statements, the competent bodies of the European Union have endorsed the adoption of the following accounting standards and amendments, but they are yet to be adopted by the company:

Amendments to IFRS 17 – Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	In December 2021 the IASB issued amendments to IFRS 17 - Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information, which provides a transitional option relating to comparative information on financial assets presented upon initial adoption of IFRS 17. The amendments are intended to help companies avoid temporary accounting mismatches between financial assets and liabilities from insurance contracts, thus improving the usefulness of disclosures for users of financial statements. These amendments will go into effect on 1 January 2023.
Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	In May 2021 the IASB issued amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, to specify how companies should account for deferred taxation on transactions such as leases and decommissioning obligations, transactions for which companies recognise both an asset and a liability. Specifically, it was clarified that the exemption does not apply and that companies are required to recognise deferred taxation on such transactions. These amendments will go into effect on 1 January 2023, with advance application allowed.
IFRS 17 – Insurance Contracts	In May 2017, the IASB issued IFRS 17 - Insurance Contracts, which establishes standards for the recognition, measurement, presentation and disclosure of insurance contracts issued, as well as guidance on reinsurance contracts held and investment contracts with discretionary participation characteristics issued. In June 2020, the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and making it easier for companies to explain their financial performance. The new principle and amendments will go into effect on 1 January 2023.
Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	In February 2021 the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies that require companies to disclose information about their material accounting policies rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments will go into effect on 1 January 2024.

The Company does not expect any significant economic and financial impacts from the provisions resulting from the entry into force of the aforementioned principles.

In any case, the Company has not adopted in advance any accounting standards or amendments with a later effective date.

New accounting standards, amendments and interpretations adopted by the Company

The following standards and amendments in force on 1 January 2022 were adopted by the Company.

The Company adopted the amendments to IFRS 3 - Business Combinations, containing an update to a reference in IFRS 3 to the Conceptual Framework for Financial Reporting that did not result in changes to the accounting requirements for business combinations. The adoption of these amendments had no significant effect.

The Company adopted the amendments to IAS 37, which clarify the nature of costs directly related to the contract, consisting of both incremental costs of contract performance and other costs directly related to contract performance. The adoption of these amendments had no significant effect.

The Company adopted the amendments to IAS 16 that prohibit an entity from deducting from the cost of an item of PP&E any proceeds received from the sale of items produced while the entity is preparing the asset for its intended use. These changes had no impact on the Company's year-end financial statements, as there were no sales of such property, plant and equipment made available for use at the beginning or after the beginning of the first period presented.

In May 2020 the IASB published Annual Improvements to IFRSs for the 2018-2020 cycle. The improvements amended four standards: i) IFRS 1 - First-time Adoption of International Financial Reporting Standards, regarding the ability of a subsidiary to measure cumulative translation differences using amounts reported by its parent; ii) IFRS 9 - Financial Instruments, regarding what fees an entity includes when applying the “10%” test for the derecognition of financial liabilities; iii) IAS 41 - Agriculture, regarding the exclusion of tax cash flows in measuring the fair value of a biological asset; and iv) IFRS 16 - Leases, regarding an example of repayment for leasehold improvements. The adoption of these amendments had no significant effect.

2. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires the directors to apply accounting standards and methods that are sometimes based on difficult and subjective assessments and estimates derived from past experience and based on assumptions that are considered reasonable and realistic given the circumstances.

Applying these estimates and assumptions affects the amounts presented in the Statement of Financial Position, the Income Statement, the Statement of Other Comprehensive Income and the Statement of Cash Flows, and in other information provided. The amounts of the financial statement items for which the aforementioned estimates and assumptions have been used may differ, even significantly, from those reported in the financial statements that highlight the effects of the occurrence of the event being estimated, due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based.

The following areas require the directors to be most subjective when producing the estimates and would significantly affect the Group's results if there were a change in the conditions underlying the assumptions used:

a) Impairment of property, plant and equipment and intangible assets with a finite useful life: property, plant and equipment and intangible assets with a finite useful life are subject to testing in order to ascertain whether impairment has occurred when indicators exist that predict difficulties in recovering the corresponding net book value through use. Checking for the existence of the aforementioned indicators requires directors to make subjective valuations based on the information available from both internal and external sources, as well as on historical experience. In addition, if it is determined that impairment may have occurred, the Group calculates said impairment using what are deemed to be suitable valuation techniques. Correctly identifying impairment indicators, as well as the estimates for their calculation, depends on subjective valuations and factors that can vary over time, influencing the valuations and estimates made by management.

b) Impairment of intangible assets with an indefinite useful life (goodwill): the value of goodwill is verified annually in order to check for any impairment that should be recognised in the income statement. In particular, the test in question involves allocating goodwill to cash generating units and then calculating the relative recoverable value, understood as the greater of fair value and value in use. If the recoverable value is less than the book value of the cash generating units, the goodwill allocated to them is written down.

c) Impairment of intangible assets with an indefinite useful life (trademarks): the value of trademarks with an indefinite useful life is subject to an annual impairment test. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit forecast period of 3 years in accordance with the budgets approved by the Group. After the explicit forecast period, the specific growth rate used is equal to the expected long-term inflation rate. The forecast values for future years and the parameters determined with reference to current market information are subject to uncertainties due to unpredictable future legal developments and possible developments in the pasta market; therefore, write-downs may be necessary in subsequent years.

d) Provision for bad debts: the determination of this provision reflects management estimates related to the historical and expected solvency of the bad debts in question.

e) Provisions for risks and charges: it is sometimes hard to determine whether or not a current obligation (legal or implied) exists. The directors assess such phenomena on a case by case basis, together with an estimate of the amount of the economic resources required in order to meet that obligation. When the directors believe it to be merely possible that liabilities may arise, the risks are indicated in the appropriate information section on commitments and risks, without resulting any allocation being made.

f) Useful life of property, plant and equipment and intangible assets: useful life is determined when the asset is recorded in the financial statements. Useful life is measured based on historical experience, market conditions and expectations of future events that could affect useful life, including technological changes. As a result, the effective useful life may differ from the estimated useful life.

g) Prepaid tax assets: prepaid tax assets are recognised to the extent that it is probable that there will be sufficient future tax gains against which temporary differences or any tax losses may be used.

h) Inventories: Closing inventories of obsolete or slow-to-move products are periodically subjected to valuation tests and are written down where their recoverable value is less than their book value. The write-downs carried out are based on assumptions and estimates of the directors based on their experience and the historical results achieved.

i) *Lease* liabilities: the amount of *the lease* liability and consequently of the related right-of-use assets depends on the determination of *the lease term*. This determination is subject to management assessments, with particular reference to the inclusion or otherwise of the periods covered by the lease renewal and termination options provided for in the lease agreements. These assessments will be reviewed upon the occurrence of a significant event or significant change in circumstances that has an impact on management's reasonable certainty of exercising an option not previously considered in determining the lease term or not exercising an option previously considered in determining the lease term.

3. MANAGEMENT OF FINANCIAL RISKS

The main business risks identified, monitored and, as specified below, actively managed by the Company are as follows:

- Market risk, arising from the fluctuation of interest rates and of exchange rates between the euro and the other currencies in which the Company operates.
- Credit risk, arising from the possibility of counterparty default.
- Liquidity risk, arising from a lack of financial resources to meet commitments.

The Company's objective is to manage its financial exposure over time so that liabilities are balanced with assets on the statement of financial position and that the necessary operational flexibility is in place by using bank loans and the cash generated by current operating activities.

The ability to generate liquidity from core operations, together with the ability to borrow, allows the Company to adequately meet its operational, working capital financing and investment needs, as well as to comply with its financial obligations. The Company's financial policy and the management of the related financial risks are centrally guided and monitored. In particular, the central finance function is responsible for assessing and approving forecast financial requirements, monitoring performance and taking corrective action where necessary.

3.1 Market risk

Exchange risk

Exposure to the risk of exchange rate fluctuations derives from the Group's commercial activities conducted in currencies other than the euro. Revenues and costs denominated in foreign currency can be influenced by fluctuations in the exchange rate, bringing about an impact on trade margins (economic risk), and trade and financial payables and receivables denominated in foreign currency can be impacted by the conversion rates used, with a knock-on effect on the profit or loss (transaction risk). Finally, fluctuations in exchange rates are also reflected in consolidated results and equity.

The main exchange rates to which the Company is exposed are:

- Euro/USD, in relation to transactions carried out in US dollars.
- Euro/GBP, in relation to transactions carried out in pound sterling.

The Company does not adopt specific policies to hedge exchange rate fluctuations because management does not believe that this risk can significantly harm the Company's results, since the amount of inflows and outflows of foreign currency is not only insignificant, but also fairly similar in terms of volumes and timing.

A hypothetical positive or negative change of 100 bps in the exchange rates relating to the currencies in which the Company operates would not have a significant impact on the net result and shareholders' equity of the years under review.

Interest rate risk

The Company uses external financial resources in the form of debt and uses the liquidity available in market instruments. Changes in interest rate levels affect the cost and return of the various forms of funding and use, thus affecting consolidated net financial expense. Exposure to interest rate risk is constantly monitored according to the trend of the Euribor curve, in order to assess possible interventions to contain the risk of a potential rise in market interest rates. At the reference dates, there were no hedges carried out by trading in derivatives.

With reference to interest rate risk, a sensitivity analysis was carried out to determine the effect on the Separate income statement and Separate shareholders' equity that would result from a hypothetical positive and negative change of 50 bps in interest rates compared with those actually recorded in each period. The analysis was carried out mainly with regard to the following items: (i) cash and cash equivalents and (ii) short- and medium-/long-term financial liabilities. With regard to cash and cash equivalents, reference was made to the average inventory and the average rate of return for the period, while for short- and medium-/long-term financial liabilities, the precise impact was calculated.

The table below shows the results of the analysis carried out:

(In thousands of euros)	**Impact on profit net tax**		**Impact on shareholders' equity net of tax**	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Year ended 31 December 2022	(43)	43	(43)	43
Year ended 31 December 2021	(40)	40	(40)	40

3.2 Credit risk

The Company is exposed to the credit risk inherent in the possibility of its customers becoming insolvent and/or less creditworthy so it monitors the situation continually.

Credit risk derives essentially from the Company's commercial activity, where its counterparties are mass and retail distribution operators. Retail receivables are extremely fragmented, while the mass distribution segment is characterised by a larger exposure to a single client.

The Company manages the credit risk of both types of customers through a consolidated practice, which provides for targeted and prudent management with a credit limit granted on the basis of commercial, financial and perceived market risk information.

The Company operates in business areas with low levels of credit risk, given the nature of its activities and the fact that its credit exposure is spread over a large number of customers. Assets are recognised net of any write-downs determined on the basis of counterparties' default risk, taking into account available solvency information and historical and prospective data.

Positions are regularly monitored for compliance with payment terms and overdue reminder actions are conducted in coordination with the sales force. If, on the other hand, a spot analysis of the individual case reveals an objective condition of partial or total bad debt, the amount of the write-down takes into account an estimate of recoverable flows. The credit management methodology means it is not deemed important to divide customer exposure into different risk classes.

Moreover, the Company has credit insurance policies with leading companies in the sector in order to mitigate the risk associated with the solvency of customers.

The credit risk deriving from receivables that the Company has with banks is, on the other hand, moderate and derives substantially from temporary surplus liquidity stocks usually invested in bank deposits and current accounts.

The following table provides a breakdown of trade receivables at 31 December 2022 and 2021 grouped by maturity, net of the provision for bad debts:

(In thousands of euros)	Not overdue	1-90 days overdue	91-180 days overdue	More than 181 days overdue	Total
Gross trade receivables at 31 December 2022	44,482	28,056	2,685	15,769	**90,993**
Provision for bad debts		(166)	(1,405)	(15,020)	**(16,592)**
Net trade receivables at 31 December 2022	**44,482**	**27,890**	**1,281**	**748,585**	**74,401**
Gross trade receivables at 31 December 2021	41,876	15,107	1,243	15,769	**73,996**
Provision for bad debts		(166)	(837)	(15,769)	**(16,772)**
Net trade receivables at 31 December 2021	**41,876**	**14,941**	**406**	**-**	**57,224**

3.3 Liquidity risk

Liquidity risk is the risk that, due to the inability to find new funds or to liquidate assets on the market, the Company will not be able to meet its payment obligations, resulting in a negative impact on results if it is forced to incur additional costs to meet its obligations or an insolvency situation.

The liquidity risk to which the Company may be subject comprises the failure to find sufficient financial resources for its operations, as well as for the development of its industrial and commercial activities. The two main factors that determine the Company's liquidity situation are the resources generated or absorbed by operating and investment activities, and the maturity and renewal status of payables or the liquidity of financial commitments and market conditions. In particular, the main factor affecting the Company’s liquidity is the resources absorbed by operating activities: the sector in which the Company has seasonal sales phenomena, with peak liquidity requirements in the third quarter caused by a higher volume of trade receivables compared with the rest of the year. The Group’s commercial and finance teams work together to manage the changing liquidity requirements, which involves carefully planning financial requirements related to sales, drafting the budget at the beginning of the year and carefully monitoring requirements throughout the year.

Since they are also subject to seasonal phenomena, liquidity requirements linked to inventory dynamics are subject to analysis as well: planning purchases of raw materials for the inventory is managed in accordance with established practices, with the Chairman involved in decisions that could have an impact on the Company's financial equilibrium.

Based on established practices inspired by prudence and stakeholder protection, the Company's financing activity involves negotiating credit lines with the banking system and continually monitoring the Company's cash flows.

The following table shows, by contractual maturity bands, the Company's financial requirements at 31 December 2022 and 2021, expressed according to the following assumptions:

(xi) cash flows are not discounted;

(xii) cash flows are allocated to time bands on the basis of the first due date provided for in the contractual terms;

(xiii) all instruments held on the reporting date for which payments have already been contractually designated are included. Future commitments planned but not yet recognised are not included;

(xiv) when the amount payable is not fixed (e.g. future interest repayments), the financial liability is measured at market conditions at the reporting date; and

(xv) cash flows also include the interest that the company will pay until the maturity of the debt at the reporting date.

	At 31 December 2022					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	79,970	20,197	28,146	220,040	**348,353**	**332,603**
Lease liabilities	2,427	5,209	6,079	3,257	**16,972**	**16,100**
Trade payables	84,411	-	-	-	**84,411**	**84,411**
Other current liabilities	16,391	-	-	-	**16,391**	**16,391**

	At 31 December 2021					
(In thousands of euros)	**less than 1 year**	**between 1 and 2 years**	**between 3 and 5 years**	**over 5 years**	**Contract value**	**Book value**
Financial liabilities	135,182	20,951	19,782	198,455	374,370	358,620
Lease liabilities	2,835	3,747	1,154	-	7,736	7,386
Trade payables	71,624	-	-	-	71,624	71,624
Other current liabilities	15,261	-	-	-	15,261	15,261

4. CAPITAL MANAGEMENT POLICY

The Company's capital management is aimed at ensuring a solid credit rating and adequate levels of capital indicators to support investment plans, in compliance with contractual commitments made with lenders.

The Company provides itself with the capital necessary to finance the needs of business development and operations; the sources of financing are divided into a mix of risk capital and debt capital, to ensure a balanced financial structure and the minimisation of the total cost of capital, thereby benefiting all stakeholders.

The remuneration of risk capital is monitored on the basis of market trends and business performance, once all other obligations have been fulfilled, including debt servicing; therefore, in order to ensure an adequate return on capital, the safeguarding of business continuity and business development, the Company continually monitors the level of debt in relation to equity, business performance and expected cash flow forecasts, in the short and medium/long term.

FINANCIAL ASSET AND LIABILITY CATEGORIES AND INFORMATION ON FAIR VALUE

Categories of financial assets and liabilities

The following tables provide a breakdown of financial assets and liabilities by category at 31 December 2022 and 2021:

(In thousands of euros)	Book value at 31 December	
	2022	**2021**
FINANCIAL ASSETS:		
Financial assets at amortised cost:		
Financial assets measured at amortised cost	622	618
Trade receivables	74,401	57,224
Other receivables and current assets	7,494	3,139
Cash and cash equivalents	252,589	318,854
Financial assets measured at amortised cost	10,075	
	345,181	**379,835**
Financial assets valued at fair value through profit or loss:		
Non-current financial assets measured at fair value through profit or loss	509	32
Current financial assets measured at fair value through profit or loss	6,213	4
	6,722	**36**
TOTAL FINANCIAL ASSETS	**351,903**	**379,871**

(In thousands of euros)	Book value at 31 December	
	2022	**2021**
FINANCIAL LIABILITIES:		
Financial liabilities at amortised cost:		
Non-current financial liabilities	252,633	223,438
Non-current lease liabilities	13,672	4,551
Trade payables	84,411	71,624
Current financial liabilities	79,970	135,182
Current lease liabilities	2,427	2,835
Other current liabilities	16,391	15,261
TOTAL FINANCIAL LIABILITIES	**449,504**	**452,891**

The tables above show that most of the outstanding financial assets and liabilities are short-term items. In view of their nature, for most items, the book value is considered a reasonable approximation of the fair value. Non-current financial assets and liabilities are settled or valued at market rates and it is therefore considered that their fair value is substantially in line with current book values.

Note also that the bond loan included in non-current liabilities and having a carrying amount of Euro 199,450 thousand had a quotation value on the Irish market of Euro 190,600 thousand at the same date.

Information on fair value

In relation to assets and liabilities recognised in the statement of financial position and measured at fair value, IFRS 13 requires that these values be classified on the basis of a hierarchy of levels, reflecting the significance of the inputs used in determining fair value. The following table shows the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using unadjusted prices listed on active markets for identical financial instruments. Therefore, in Level 1 the emphasis is on determining the following elements: (a) the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability; (b) the entity's ability to transact the asset or liability at the price of that market on the valuation date.
- **Level 2**: fair value determined with valuation techniques using variables observable on active markets. The inputs for this level include: (a) prices listed for similar assets or liabilities in active markets; (b) prices listed for identical or similar assets or liabilities in non-active markets; (c) data other than observable listed prices for the asset or liability, for example: interest rates and yield curves observable at commonly quoted intervals, implicit volatility, credit spreads, input corroborated by the market.
- **Level 3**: fair value determined with valuation techniques using non-observable market variables.

The following tables summarise the financial assets and liabilities measured at fair value, broken down by hierarchy, at 31 December 2022 and 2021:

(In thousands of euros)	**At 31 December 2022**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	477	-	32
Current financial assets measured at fair value through profit or loss	6,209	-	4
Total financial assets measured at fair value	**6,686**	**-**	**36**

(In thousands of euros)	**At 31 December 2021**		
	Level 1	**Level 2**	**Level 3**
Non-current financial assets measured at fair value through profit or loss	-	-	32
Current financial assets measured at fair value through profit or loss	-	-	4
Total financial assets measured at fair value	**-**	**-**	**36**

There were no transfers between the different levels of the fair value hierarchy in the periods considered.

5. OPERATING SEGMENTS

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

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

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

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 for the year ended 31 December 2022, and the reconciliation of these items with respect to the corresponding amount included in the Separate Financial Statements:

	At 31 December 2022				
(In thousands of Euro)	Pasta	Bakery Products	Special Products	Other assets	**Separate Financial Statements total**
Revenue from contracts with customers (third parties)	144,500	44,519	42,440	-	**231,458**
EBITDA (*)	6,858	7,715	5,166	-	**19,739**
EBITDA margin	4.75%	17.33%	12.17%	-	**8.53%**
Amortisation, depreciation and write-downs	3,798	1,908	1,728	456	**7,890**
Net write-downs of financial assets				616	**616**
Operating profit/(loss)	**3,060**	**5,808**	**3,438**	**(1,072)**	**11,234**
Financial income	-	-	-	1,728	**1,728**
Financial expenses	-	-	-	(8,565)	**(8,565)**
Profit/(loss) before taxes	**3,060**	**5,808**	**3,438**	**(7,909)**	**4,398**
Income taxes	-	-	-	(1,097)	**(1,097)**
Net profit/(loss)	**3,060**	**5,808**	**3,438**	**(9,006)**	**3,301**
Total assets	**156,632**	**21,322**	**34,171**	**378,255**	**590,380**
Total liabilities	**72,644**	**20,309**	**21,162**	**343,113**	**457,227**
Investments	1,401	1,167	1,973	281	**4,822**
Employees (number)	359	194	155	51	**759**

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

The table below shows the main 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 year ended 31 December 2021, and the reconciliation of these items with respect to the corresponding amount included in the Separate Financial Statements

	At 31 December 2021				
(In thousands of euros)	Pasta	Bakery Products	Special Products	Other assets	**Separate Financial Statements total**
Revenue from contracts with customers (third parties)	75,140	39,467	34,787	7,687	**157,080**
EBITDA (*)	5,553	7,069	3,752	-	**16,374**
EBITDA margin	7.38%	17.91%	10.79%	0.00%	**10.42%**
Amortisation, depreciation and write-downs	4,055	1,871	2,286	541	**8,753**
Net write-downs of financial assets				447	**447**
Income from business combinations				-	**-**
Operating profit/(loss)	**1,498**	**5,199**	**1,466**	**(988)**	**7,176**
Financial income	-	-	-	1,024	**1,024**
Financial expenses	-	-	-	(6,189)	**(6,189)**
Profit/(loss) before taxes	**1,498**	**5,199**	**1,466**	**(6,153)**	**2,011**
Income taxes	-	-	-	(1,151)	**(1,151)**
Net profit/(loss)	**1,498**	**5,199**	**1,466**	**(7,304)**	**860**
Total assets	**63,428**	**16,017**	**16,814**	**505,780**	**602,039**
Total liabilities	**75,249**	**18,661**	**10,287**	**357,224**	**461,421**
Investments	1,093	561	582	131	**2,367**
Employees (number)	502	196	167	72	**937**

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

Revenue from contracts with customers in the "Pasta" sector totalled Euro 75,140 thousand and Euro 144,500 thousand for the years ended 31 December 2021 and 2022, equal to 47.9% and 62.4% respectively of all revenue from contracts with customers. EBITDA in the "Pasta" segment totalled Euro 5,553 thousand and Euro 6,858 thousand respectively for the years ended 31 December 2021 and 2022, equal to 33.9% and 34.7% respectively.

The biggest EBITDA margins over the two years under review were delivered by the "Bakery Products" and "Special Products" segments.

In addition to the sectoral information, the statement of financial position and income statement data by geographical area, as required by IFRS 8, is provided below.

The following table displays revenue from contracts with customers by geographical area for the years ended 31 December 2022 and 2021.

(In thousands of euros)	**Year ended 31 December**	
	2022	**2021**
Italy	111,823	107,400
Germany	51,415	12,134
United Kingdom	11,720	3,078
Other countries	56,499	34,468
Total revenue from contracts with customers	**231,458**	**157,080**

Finally, in accordance with IFRS 8, paragraph 34, for the years ended 31 December 2022 and 2021 the Company has one customer generating more than 10% of its revenues.

8. NOTES TO THE SEPARATE STATEMENT OF FINANCIAL POSITION

8.1 Property, plant and equipment

The table below shows a breakdown of and changes in the item "Property, plant and equipment" for the years 31 December 2022 and 2021:

(In thousands of euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
Historical cost at 31 December 2021	**14,609**	**125,764**	**4,622**	**5,202**	**165**	**150,362**
Investments	58	3,474	78	31	924	**4,565**
Disposals		(207)				**(207)**
Reclassifications		91			(91)	-
Historical cost at 31 December 2022	**14,667**	**129,122**	**4,700**	**5,233**	**998**	**154,720**
Accumulated depreciation as at 30 December 2021	**(9,957)**	**(107,182)**	**(4,499)**	**(4,719)**	**-**	**(126,357)**
Depreciation	(471)	(4,482)	(103)	(101)		**(5,157)**
Disposals		206				**206**
Accumulated depreciation as at 30 December 2022	**(10,428)**	**(111,458)**	**(4,602)**	**(4,820)**	**-**	**(131,308)**
Net carrying amount at 31 December 2021	**4,652**	**18,582**	**123**	**483**	**165**	**24,005**
Net carrying amount at 31 December 2022	**4,239**	**17,664**	**98**	**413**	**998**	**23,412**

Investments in property, plant and equipment for the year ended 31 December 2022 totalled Euro 4,565 thousand and were attributable mainly to the renovation of production lines. For more information on investments, please refer to the specific chapter "Investments".

The net value of property, plant and equipment disposed of in the years ending 31 December 2022 and 2021 is not significant.

At 31 December 2022 there were no capital contributions classified as a reduction in core plant and equipment.

During the year, the Company did not record write-downs of property, plant and equipment.

As at 31 December 2022, there are no real estate assets or proprietary capital goods subject to any kind of guarantee given to third parties.

8.2 Right-of-use assets and lease liabilities

The table below shows a breakdown of the item "Right-of-use assets" for the year ended 31 December 2022:

(In euros)	Right-of-use assets
Historical cost at 30 December 2021	**19,588**
Increases	11,504
Decreases	
Historical cost at 30 December 2022	**31,092**
Accumulated depreciation as at 30 December 2021	**(11,874)**
Depreciation	(2,411)
Disposals	
Accumulated depreciation as at 30 December 2022	**(14,285)**
Net carrying amount at 31 December 2021	**7,714**
Net carrying amount at 31 December 2022	**16,807**

At 31 December 2022, the Company found no indicators of long-term impairment for right-of-use assets.

The following table shows the undiscounted contractual values of the Company's lease liabilities as at 31 December 2022:

	At 31 December 2022					
(In thousands of euros)	less than 1 year	between 1 and 2 years	between 3 and 5 years	over 5 years	Contract value	Book value
Lease liabilities	2,427	5,209	6,079	3,257	16,972	16,100

	At 31 December 2021					
(In thousands of euros)	less than 1 year	between 1 and 2 years	between 3 and 5 years	over 5 years	Contract value	Book value
Lease liabilities	2,835	3,747	1,154		**7,736**	**7,386**

The discount rate was determined on the basis of the marginal borrowing rate of the Company, i.e. the rate that the Company would have to pay for a loan, with a similar maturity and collateral, needed to obtain an asset of similar value to the right-of-use asset in a similar economic climate. The Company has decided to apply a single discount rate to a lease portfolio with reasonably similar characteristics, such as leases with a similar residual maturity for a similar underlying asset class, in a similar economic climate.

The main information relating to the lease agreements held by the Company, which acts mainly as a lessee, is shown in the following table:

(In thousands of euros)	**At 31 December 2022**
Net book value of right-of-use assets (real estate)	16,209
Net book value of right-of-use assets (machinery)	556
Net book value of right-of-use assets (motor vehicles)	42
Total net book value of right-of-use assets	**16,807**
Current lease liabilities	2,427
Non-current lease liabilities	13,672
Total lease liabilities	**16,100**
Depreciation of right-of-use assets (real estate)	(2,145)
Depreciation of right-of-use assets (machinery)	(233)
Depreciation of right-of-use assets (motor vehicles)	(33)
Total depreciation of right-of-use assets	**(2,411)**
Interest expense on leases	**712**

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR) and Eboli (SA), as well as the plants of Bologna and Corte de' Frati (CR), leased to Newlat under the agreements entered into with the related party New Property. The term of the lease of the aforementioned properties has been set at six years, based on the withdrawal options provided for in the contracts themselves and on managerial assessments. The rental contracts stipulated between the parties have the same structure, namely: (i) a term of six years automatically extendable for a further six years, with any subsequent tacit renewals every six years, and (ii) the early termination options exercisable by the lessor upon renewal and by the lessee, which may withdraw at any time and without cause, with six months' notice. Based on the assessments made and in accordance with IFRS 16 and after evaluating possible alternative options, during the year Management determined that it was reasonably certain to extend the contracts for plants with contracts expiring in mid-2023 for a further six years. The lease terms were therefore extended by remeasuring the relevant contracts. The remeasurement effect included in the increases for the year. These leases fall within the scope of related party transactions; please see the Section 10 of the Separate Financial Statements below.

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

8.3 Intangible assets

The table below shows a breakdown of and changes in the item "Intangible assets" for the year ended 31 December 2022:

(In thousands of euros)	**Goodwill**	**Patents and intellectual property rights**	**Concessions, licences, trademarks and similar rights**	**Other assets**	**Assets under development**	**Total**
Historical cost at 31 December 2021	**9,376**	**20,254**	**43,845**	**2,666**	**26**	**76,167**
Investments		112	46		99	**257**
Disposals						**-**
Reclassifications						**-**
Historical cost at 31 December 2022	**9,376**	**20,366**	**43,891**	**2,666**	**125**	**76,424**
Accumulated amortisation as at 31 December 2021	**(5,512)**	**(19,151)**	**(43,845)**	**(2,666)**	**-**	**(71,174)**
Amortisation		(273)	(46)			**(319)**
Disposals						**-**
Accumulated amortisation as at 31 December 2022	**(5,512)**	**(19,341)**	**(43,974)**	**(2,666)**	**-**	**(71,493)**
Net carrying amount at 31 December 2021	**3,864**	**1,103**	**-**	**-**	**26**	**4,993**
Net carrying amount at 31 December 2022	**3,864**	**942**	**-**	**-**	**125**	**4,931**

Investments in intangible assets for the year ended 31 December 2022 amounted to Euro 257 thousand and were mainly attributable to the purchase of software. For more information on investments, please refer to the specific chapter "Investments".

There were no indicators of long-term impairment for intangible assets for the year ended 31 December 2022.

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

Goodwill

The goodwill refers to the acquisition of Centrale del Latte di Salerno S.p.A. merged by incorporation into Newlat Food S.p.A. from 2019, which represents a cash generating unit (CGU). This amount of Euro 3,863 thousand reflects the difference between the purchase price and the equity of Centrale del Latte di Salerno on the acquisition date in December 2014.

The *impairment* test, approved by the Board of Directors on 17 March 2023, was prepared with the support of an independent professional, comparing the book value of goodwill with the recoverable value of the related *cash generating unit* (CGU).

The impairment test is carried out at least annually and whenever there are indicators of impairment.

The recoverable amount is the value in use, determined by discounting the CGU's forecast data represented by the Centrale del Latte di Salerno division ("DCF Method") for the four years after the reporting date.

The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and deemed to be slightly higher than in 2022.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate ("WACC", which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2022**	**At 31 December 2021**
Growth rate	0.5%	0.5%
WACC	8.8%	8.23%

For the purposes of estimating the value in use of the CGU to which goodwill is allocated:

(v) the following sources of information have been used:

a) internal sources: IAS 36 requires that the estimate of value in use be based on senior management's most up-to-date results flows forecasts. For the goodwill impairment test a three-year 2023-2025 plan was used. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2023.

b) external sources: for the goodwill impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

- the CAPM to estimate the cost of equity;

- the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

The cost of capital was calculated considering the Group's financial structure corresponding to 81% equity and 19% cost of debt.

(vi) the following main basic assumptions were also used:

a) average revenue increase of 2 % per annum from 2023 to 2025; and

b) EBITDA margin in the forecast years of 21.7%.

The revenue growth assumed for the years of the explicit period is in line with the expected growth of the Italian market, in view of the good competitive position of the subsidiary, but above all in view of (i) the company's planned growth strategies, focused on R&D activities (including high protein milk); (ii) a guaranteed supply chain with strong local roots; (iii) and the development of new Group products.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its book value by more than Euro 10 million. The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 8.80%, and a terminal cash flow growth rate (g) of 0.5%.

Sensitivity analyses were also carried out to verify the effects on the impairment test results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

Industrial patents and rights to use intellectual property

This item consists almost exclusively of software costs.

Concessions, licences, trademarks and similar rights

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

(In thousands of euros)	At 31 December	
	2022	2021
Trademarks with a finite useful life	600	695
Total net book value	**600**	**695**

Trademarks with a finite useful life

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

8.4 Equity investments in subsidiaries

This item consists of:

- The purchase value of all shares in Newlat GmbH on 29 October 2019 from the parent company Newlat Group S.A. The final fee paid to Newlat Group amounted to Euro 68,525 thousand.
- The purchase value of Centrale del Latte d'Italia for Euro 25,405 thousand.
- The purchase value of Symington's for Euro 63,914 thousand.

The book value of the equity investment is significantly higher than the shareholders' equity of Newlat GmbH.

In line with the requirements of international accounting standards, an impairment test was carried out to ascertain whether the carrying value of the investment had been impaired. The impairment test, approved by the Board of Directors on 17 March 2023, was prepared with the support of an independent professional, comparing the book value of the equity investment with the recoverable value of the related cash generating unit (CGU).

The recoverable amount is the value in use, determined by discounting the CGU's forecast data ("DCF Method") in the unlevered version for the three years after the reporting date. The key assumptions used by management to determine the forecast data of the CGU are estimates of growth of revenues, EBITDA, operating cash flows, the growth rate of the terminal value and the weighted average cost of capital (discount rate), taking into account past profits/losses and future expectations.

The reasonableness of the margins in the explicit forecast period was also verified and deemed to be equal to that recorded in 2022.

The terminal value of the CGU was determined using the perpetual yield criterion of the CGU's normalised cash flow, with reference to the latest forecast period considered, assuming a growth rate and a discount rate (WACC, which represents the weighted average between the cost of equity and the cost of debt, after tax), as represented below:

(Percentage)	**At 31 December 2022**	**At 31 December 2021**
Growth rate	**0.50%**	**0.50%**
WACC	**7.54%**	**6.13%**

For the purposes of estimating the value in use of the CGU, the following sources of information were used:

- internal sources the estimate of value in use is based on senior management's most up-to-date results flows forecasts. For the equity investment impairment test as at 31 December 2022, the 2023/2025 economic and financial plan drafted for the listing operation was used, presented on the Italian Stock Exchange and approved by the Board of Directors on 17 March 2023. The Company's Board of Directors approved this test, as well as the flows represented therein, on 17 March 2023. For the purposes of estimating the value in use, investments of approximately Euro 1.2 million for 2023-2025. For the equity investment *impairment test* as at 31 December 2022, no improvements in operating costs are predicted and therefore a constant margin was considered over the period (EBITDA margin of 6.35%).

- external sources: for the impairment test, external sources of information were used for the purposes of calculating the cost of capital set out below. All information for calculating the cost of capital is from an external source. The estimated calculation of the weighted average cost of capital was based on:

  - the CAPM to estimate *the cost of equity*;

  - the WACC (Modigliani-Miller) formula for estimating the weighted average cost of capital (after tax).

  The cost of capital was calculated considering the Group's current financial structure corresponding to 81% equity and 19% cost of debt.

- the following main basic assumptions were also used:

  a) Average annual revenue increase of 3% per annum from 2023 to 2025.

  b) EBITDA margin in the forecast years of 5.1%.

For the 2022 and 2023 revenues, however, the average annual growth rate ("CAGR") was estimated at 3%, which is conservative given the outlook for the German pasta market, the leading positions of the Birkel and Drei Glocken brands and the historical performance of the company with growth rates well above 3%. Any significant changes to the assumptions described above would affect the determination of the value in use.

After a positive 2022, the Group estimated the plan flows used for the impairment test, forecasting a consolidation of the results achieved in subsequent years and a transition to new normality, with a progressive replacement of the volumes generated by the pandemic with structural volumes.

The results of the impairment tests carried out show that the estimated recoverable value for the CGU exceeds its book value by more than Euro 34 million. The value in use was calculated on the basis of a weighted average cost of capital (WACC) equal to 7.57% and a terminal cash flow growth rate (g) of 0.5%. Sensitivity analyses were also carried out to verify the effects on the *impairment test* results of a ±0.5% and ±0.25% change respectively in the WACC and growth rate, both parameters deemed to be significant. In particular, assuming no other changes, individual changes in the main parameters used for the test in question do not result in the recoverable value of the CGU being less than the relative book value.

No impairment test was performed on the investment held in Centrale del Latte d'Italia in view of the excellent results of the investee company. Furthermore, the impairment test on the brands of the Centrale del Latte prepared at consolidated level is based on the calculation of the value in use of the CGU of Centrale del Latte d'Italia before the milk&dairy transaction and compared with the relative CIN of the CGU subject to verification. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit five-year forecast period based on the Plan approved by the Board of Directors of Centrale del Latte d'Italia SpA on 17 March 2023. The value of the CGU thus determined is higher than the carrying value of the investment recorded in the separate financial statements of Newlat Food S.p.A.

No impairment test was performed on the investment held in Symington's Limited in view of the excellent results of the Company. Furthermore, the impairment test on the goodwill arising from the acquisition of the Company prepared at the consolidated level is based on the calculation of the value in use of the CGU of Symington's Limited and compared to the relative CIN of the CGU being tested. The value in use is determined using the discounted cash flow (DCF) method, based on a discount rate and an explicit four-year forecast period based on the Plan approved by the Board of Directors of Newlat on 17 March 2023. The value of the CGU thus determined is higher than the carrying value of the investment recorded in the separate financial statements of Newlat Food S.p.A.

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

At 31 December 2022 and 2021, non-current financial assets valued at fair value through profit or loss amounted to Euro 509 thousand and Euro 32 thousand respectively. These balances, which are not material, relate to smaller corporate capital instruments.

8.6 Financial assets measured at amortised cost

At 31 December 2022 and 2021, financial assets at amortised cost amounted to Euro 622 thousand and Euro 618 thousand respectively. These balances refer to security deposits paid against existing lease agreements.

8.7 Prepaid tax assets and deferred tax liabilities

The following table shows a breakdown of "Prepaid tax assets" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Provisions	2,000	2,080
Tax losses carried forward	32	165
Leases	64	79
Depreciation/Amortisation	465	620
Other	(50)	574
Gross prepaid tax assets	**2,511**	**3,518**
Offsetting with deferred tax liabilities	-	-
Total prepaid tax assets	**2,511**	**3,518**

Prepaid tax assets are recognised where it is probable that future taxable income will be realised against which they can be used.

At 31 December 2022, the Company did not recognise prepaid tax assets relating to tax losses of the incorporated Delverde Industrie Alimentari S.p.A., as they will be the subject of a future appeal to the Revenue Agency to have them recognised and to be exempt from the carry-over restriction up to the limit of the equity of the incorporated company. The amount of these unrecognised tax losses is approximately Euro 30.6 million.

The following table displays a breakdown of and changes in the gross value of prepaid tax assets for the years ending 31 December 2022 and 2021:

(In thousands of euros)	**Provisions**	**Tax losses carried forward**	**Leases**	**Amortisation**	**Other**	**Total prepaid tax assets**
Balance at 31 December 2021	**2,080**	**165**	**79**	**620**	**574**	**3,518**
Provisions (releases) to income statement	(80)	(133)	(170)	(155)	(99)	(637)
Other changes			155		(152)	3
Provisions (releases) to statement of other comprehensive income	-	-	-	-	(373)	(373)
Balance at 31 December 2022	**2,000**	**32**	**64**	**465**	**(50)**	**2,511**

Prepaid tax assets arise from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to that asset or liability for tax purposes.

8.8 Inventories

The following table shows a breakdown of "Inventories" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Raw materials, supplies, consumables and spare parts	20,527	12,277
Finished products and goods	11,803	9,407
Total gross inventories	**32,330**	**21,684**
Inventory write-down reserve	(946)	(946)
Total inventories	**31,385**	**20,738**

Inventories are recorded net of the obsolescence reserve, which amounted to Euro 946 thousand at 31 December 2022 and related mainly to spare parts for slow-moving machinery.

8.9 Trade receivables

The following table shows a breakdown of "Trade receivables" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	2021
Trade receivables from customers	62,265	54,936
Trade receivables from related parties	28,728	19,060
Trade receivables (gross)	**90,993**	**73,996**
Provision for doubtful trade receivables	**(16,592)**	**(16,772)**
Total trade receivables	**74,401**	**57,224**

The following table displays the changes in the provision for doubtful trade receivable for the year ended 31 December 2022:

(In euros)	Provision for doubtful trade receivables
Balance at 31 December 2021	**(16,772)**
Provisions	(616)
Uses	797
Balance at 31 December 2022	**(16,592)**

The net value of overdue trade receivables at 31 December 2022 amounted to Euro 29,919 thousand.

Analysis of the credit risk, including details of the provisioning for doubtful receivables for the individual bands of overdueness, can be found in the section "Management of Financial Risks" above.

Analysis of trade receivables from related parties can be found in the section "Transactions with Related Parties" below.

The book value of trade receivables is deemed to approximate their fair value.

8.10 Current tax assets and liabilities

Current tax assets amounted to Euro 1,569 thousand and Euro 3,009 thousand at 31 December 2022 and 2021, respectively.

Current tax liabilities totalled Euro 2,427 thousand at 31 December 2022 and Euro 2,835 thousand at 31 December 2021.

The changes in the net balances of the assets and liabilities under review for the year ended 31 December 2022 mainly concern the setting aside of current income taxes amounting to Euro 459 thousand and payments amounting to Euro 2,307 thousand.

8.11 Other receivables and current assets

The following table shows a breakdown of "Other receivables and current assets" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Tax assets	1,922	457
Receivables from social security institutions	686	789
Accrued income and prepaid expenses	355	284
Advance payments	433	1,130
Other receivables	4,098	479
Total other receivables and current assets	**7,494**	**3,139**

Receivables from social security institutions at 31 December 2022 and 2021 mainly refer to receivables from INAIL, amounting to Euro 686 thousand and Euro 789 thousand respectively.

Payments on account at 31 December 2022 and 2021 mainly refer to down payments for supplies.

Tax credits as of 31 December 2022 mainly include those for energy and gas amounting to Euro 1,336 thousand, VAT credits amounting to Euro 661 thousand and for tax consolidation amounting to Euro 236 thousand.

8.12 Current financial assets measured at fair value through profit or loss

The following table provides a breakdown of "Current financial assets measured at fair value through profit or loss" at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Listed bonds	6,213	4
Total current financial assets measured at fair value through profit or loss	**6,213**	**4**

This item includes bonds held for sale.

8.13 Financial receivables measured at amortised cost

Financial receivables measured at amortised cost amounting to Euro 10,075 thousand refer to financial receivables from the related party New Property.

8.14 Cash and cash equivalents

The following table shows a breakdown of "Cash and cash equivalents" at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Bank and postal deposits	252,584	318,849
Cash in hand	5	5
Total cash and cash equivalents	**252,589**	**318,854**

Bank and postal deposits refer mainly to cash and cash equivalents deposited in current accounts held with leading banking and financial institutions.

At 31 December 2022, cash and cash equivalents were not subject to restrictions or constraints.

Part of the aforementioned cash and cash equivalents, amounting to Euro 81,133 thousand and Euro 116,018 thousand respectively at 31 December 2022 and 2021, is attributable to the cash pooling of Newlat Food with the parent company Newlat Group S.A. and with the subsidiaries Centrale del Latte d'Italia S.p.A. and Newlat GmbH.

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

8.15 Shareholders' equity

At 31 December 2022 the item Shareholders' Equity totalled Euro 133,153 thousand. The statement of changes in equity is shown in the relevant section.

The changes that affected shareholders' equity for the year ended 31 December 2022 related to the following:

- The recognition of the net profit for the year, in the amount of Euro 3,302 thousand.
- Actuarial gains of Euro 965 thousand relating to the discounting of the employee severance indemnity provision.
- Purchase of treasury shares for Euro 11,731 thousand.

Share capital

As at 31 December 2022, the Company's fully subscribed and paid-up share capital totalled Euro 43,935,050, divided into 43,935,050 ordinary shares that were dematerialised as a result of the IPO operation.

Legal reserve

At 31 December 2022, the legal reserve totalled Euro 2,903 thousand.

Reserves

Please refer to the statement of changes in equity for a breakdown of and changes in reserves in 2022, of which the possibility of use is shown in this statement, with reference to 31 December 2022.

Nature/ description	Amount	Possible use	Quota available
Share capital	43,935,050	B	
Capital reserves:			
Reserve L.413/91	1,314,285	A, B	1,314,285
FTA reserve	6,937,413	B	6,937,413
IAS reserve	189,166		189,166
Costs to Shareholders' Equity	(4,224,615)		(4,224,615)
Share premium reserve	78,865,110	A,B,C	78,865,110
Other non-distributable reserves	123,110	A, B	123,110
Treasury shares	(28,412,962)		(28,412,962)
Profit reserves:			
Legal reserve	2,903,300	B	2,903,300
Extraordinary reserve	28,095,712	A,B,C	28,095,712
Other reserves	125,463	A,B,C	125,463
Total			85,915,982
Non-distributable portion			11,344,164
Residual distributable portion			74,571,818

Notes
A Available for capital increases
B Available to cover any losses
C Distributable to shareholders

8.16 Provisions for employee benefits

The table below shows a breakdown of and changes in the item "Provisions for employee benefits" for the years 31 December 2022 2021:

(In thousands of euros)	**Employee benefits**
Balance at 31 December 2020	**10,059**
Current service cost	-
Financial expenses	27
Actuarial losses/(gains)	297
Benefits paid	(420)
Change for milk & dairy transaction	(3,871)
Balance at 31 December 2021	**6,092**
Current service cost	-
Financial expenses	34
Actuarial losses/(gains)	(1,338)
Benefits paid	(161)
Balance at 31 December 2022	**4,627**

Provisions for employee benefits represent the estimated obligation, determined on the basis of actuarial techniques, relating to the amount to be paid to employees when their employment with the company ends.

Employee severance indemnity (TFR)

The debt for Newlat's employee severance indemnity, which falls within the IAS 19 definition of defined benefit plans, was determined according to actuarial logic. The following are the main actuarial, financial and demographic assumptions used to determine the value of the liability at 31 December 2022 and 2021, in accordance with the provisions of IAS 19:

	At 31 December	
	2022	**2021**
Financial assumptions		
Discount rate	3.70%	0.56%
Inflation rate	2.70%	1.75%
Annual rate of salary increase	2.70%	1.75%
Demographic assumptions		
Death	SIM/SIF2002 ISTAT table	SIM/SIF2002 ISTAT table
Retirement	Achievement of the first pensionable requirement according to current legislation	Achievement of the first pensionable requirement according to current legislation

The following table summarises the main assumptions relating to the annual turnover rate and requests for severance pay advances adopted for the calculation of Newlat's provisions for employee benefits, in accordance with the provisions of IAS 19:

	At 31 December	
	2022	**2021**
Annual turnover rate and TFR Advances	**Newlat Food**	**Newlat Food**
Frequency of advances	1.00%	1.90%
Turnover rate	2.10%	1.90%

The following table summarises the sensitivity analysis for each actuarial, financial and demographic assumption, showing the effects (in absolute terms) that would have occurred as a result of changes to the reasonably possible actuarial assumptions on 31 December 2022 and 2021:

(In thousands of euros)	**Discount rate**		**Inflation rate**		**Rate of salary increase**		**Change in retirement age**	
	+0.50%	**-0.50%**	**+0.50%**	**0.50%**	**+0.50%**	**-0.50%**	**+ 1 year**	**- 1 year**
Employee benefits (severance indemnities) at 31 December 2022	(251)	271	164	(164)	-	-	-	-
Employee benefits (severance indemnities) at 31 December 2021	(398)	435	304	(245)	-	-	107	(71)

8.17 Provisions for risks and charges

The table below shows a breakdown of and changes in the item "Provisions for risks and charges" for the year ended 31 December 2022:

(In thousands of euros)	**Provision for agents' indemnities**	**Provision for legal risks**	**Other provisions for risks and charges**	**Total provisions for risks and charges**
Balance at 31 December 2021	**155**	**535**	**157**	**846**
Provisions				-
Releases	(43)		(1)	(44)
Balance at 31 December 2022	**112**	**535**	**156**	**802**

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

The provision for legal risks relates to the contingent liability following an audit by the Guardia di Finanza for the years 2016 and 2017. The Company's management has prudently decided to set aside a provision representing the maximum potential risk.

8.18 Current and non-current financial liabilities

The following table shows a breakdown of "Current and non-current financial liabilities" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December 2022		At 31 December 2021	
	Current portion	Non-current portion	Current portion	Non-current portion
Total financial liabilities	**79,970**	**252,633**	**135,182**	**223,437**

Bond: the Issuer will make sure that none of its Subsidiaries will incur any additional Indebtedness (other than Permitted Indebtedness) provided however that commencing with the Relevant Period ending 30 June 2021 each of the Issuer and any of its Subsidiaries may incur Additional Indebtedness if, as at the date of such event, the following requirements (each an "Indebtedness Requirement") are satisfied:

- (i) The Consolidated Leverage Ratio is equal to or less than 3:1, and (2) the Equity Ratio is equal to or less than 1.5:1, in each case as set out in the previous reporting period Certificate.
- (ii) To the extent that the Issuer or one of its Subsidiaries has completed in a Relevant Period the acquisition of a company or business with an Enterprise Value of at least Euro 100,000,000 (the "Relevant Acquisition"), (1) the Consolidated Net Leverage Ratio is equal to or less than 4:1 and (2) the Equity Ratio is equal to or less than 2:1, in each case as set out in the Certificate of Compliance relating to the immediately preceding Relevant Period, such ratio to apply until the end of the second Relevant Period following the Relevant Acquisition.

Notwithstanding the foregoing, after an Activated Indebtedness has occurred, as resulting from the Compliance Certificate delivered on a Reporting Date, the Issuer may give notice that such Activated Indebtedness is resolved by delivering on an Interim Reporting Date an Interim Compliance Certificate pursuant to Condition 4(b) (Compliance Certificate) below. Upon delivery of such Interim Compliance Certificate, the Leverage Requirement shall be deemed to be satisfied for the purposes of this Condition 4(a).

The following table shows the Net Financial Position, according to the classification scheme indicated in the Consob Communication:

(In thousands of euros)	At 31 December	
Net financial debt	**2022**	**2021**
A. Cash and cash equivalents	131,457	192,236
B. Cash equivalents	121,132	126,618
C. Other current financial assets	16,287	4
D. Cash and cash equivalents (A)+(B)+(C)	**268,876**	**318,858**
E. Current financial payables	(57,598)	(122,374)
F. Current portion of non-current financial debt	(24,800)	(15,643)
G. Current financial indebtedness (E)+(F)	**(82,398)**	**(138,017)**
H. Net current financial indebtedness (G)+(D)	**186,479**	**180,841**
I. Non-current financial debt	(53,183)	(24,983)
J. Debt instruments	(199,450)	(198,455)
K. Trade and other non-current payables	(13,672)	(4,551)
L. Non-current financial indebtedness (I)+(J)+(K)	**(266,305)**	**(227,988)**
M. Net financial indebtedness (H)+(L)	**(79,825)**	**(47,147)**
Purchase of treasury shares	28,413	15,759
N. Proforma net financial debt	**(51,412)**	**(31,388)**

Without considering the effects of IFRS 16, the net financial position would be determined as follows:

(In thousands of euros)	At 31 December	
	2022	**2021**
Proforma net financial indebtedness	**(51,412)**	**(31,388)**
Current lease liabilities	2,427	2,835
Non-current lease liabilities	13,672	4,551
Proforma net financial position	**(35,313)**	**(24,003)**

The following table shows, in accordance with IAS 7, changes in financial liabilities arising from cash flows generated and/or absorbed by financing activities, as well as from non-monetary items.

(In thousands of euros)	**At 31 December 2021**	**New loans**	**Repayments**	**Reclassifications**	**At 31 December 2022**
Non-current financial liabilities	223,438	49,212	-	(31,305)	252,633
Current financial liabilities	135,182	23,030	(98,258)	(55,211)	79,970
Total financial liabilities	**358,620**	**72,242**	**(98,258)**	**(86,516)**	**332,603**

(In thousands of euros)	**At 31 December 2021**	**New loans/ Remeasurements**	**Repayments**	**At 31 December 2022**
Non-current lease liabilities	4,551	11,506	(2,384)	13,673
Current lease liabilities	2,835		(406)	2,428
Total lease liabilities	**7,386**	**11,506**	**(2,790)**	**16,101**

8.19 Trade payables

The following table shows a breakdown of "Trade payables" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Trade payables to suppliers	81,428	70,741
Trade payables to related parties	2,983	883
Total trade payables	**84,411**	**71,624**

This item mainly includes payables relating to the Company's normal production activities.

Analysis of trade payables to related parties can be found in the section "Transactions with Related Parties" below of the Separate Financial Statements.

The book value of trade payables is deemed to approximate their fair value.

8.20 Other current liabilities

The following table shows a breakdown of "Other current liabilities" as at 31 December 2022 and 2021:

(In thousands of euros)	At 31 December	
	2022	**2021**
Payables to employees	5,886	5,102
Payables to social security institutions	1,955	1,780
Tax liabilities	1,905	1,606
Accrued expenses and deferred income	631	673
Miscellaneous payables	5,822	5,909
Total other current liabilities	**16,391**	**15,261**

Payables to employees relate to salaries to be settled and deferred charges such as holidays, leave and additional monthly payments.

Payables to social security institutions mainly refer to liabilities with the INPS and other social security institutions for the payment of contributions.

Tax payables at 31 December 2022 mainly include payables to the Treasury for withholding taxes, amounting to Euro 1,876 thousand.

9. NOTES TO THE SEPARATE INCOME STATEMENT

9.1 Revenue from contracts with customers

The following table displays a breakdown of "Revenue from Contracts with Customers" by operating segment:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Pasta	144,500	75,140
Bakery Products	44,519	39,467
Special Products	42,440	34,787
Other products	-	7,687
Total revenue from contracts with customers	**231,457**	**157,080**

The following table displays a breakdown of "Revenue from Contracts with Customers" by distribution channel:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Mass Distribution	124,262	75,732
B2B partners	61,588	49,270
Normal trade	6,210	5,400
Private labels	38,322	25,548
Food services	1,076	1,130
Total revenue from contracts with customers	**231,457**	**157,080**

The following table displays "Revenue from Contracts with Customers" by geographical area:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Italy	111,823	107,400
Germany	51,415	12,134
United Kingdom	11,720	3,078
Other countries	56,499	34,468
Total revenue from contracts with customers	**231,457**	**157,080**

Sectoral information is given in Section 7 of the Separate Financial Statements above.

Revenue from contracts with customers for the year ended 31 December 2022 is almost exclusively related to the sale of goods. Revenues associated with such sales of goods are recognised when control of the asset is transferred to the customer.

9.2 Operating costs

The table below shows details of the operating costs broken down according to their use:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Cost of sales	(200,605)	(134,509)
Sales and distribution costs	(17,145)	(13,125)
Administrative costs	(8,129)	(8,384)
Total operating costs	**(225,879)**	**(156,019)**

The table below shows details of the same operating costs broken down according to their nature:

(In thousands of euros)	**Year ended 31 December**	
	2022	**2021**
Raw materials and finished products	121,415	69,546
Personnel costs	37,162	33,100
Packaging	23,017	12,460
Transport	12,801	7,139
Utilities	7,691	7,799
Depreciation/Amortisation	7,888	8,751
Sales commissions	574	518
Porterage and logistics	2,703	2,133
Surveillance and cleaning	1,568	2,093
Maintenance and repair	2,579	2,462
Royalties payable	-	1,837
Cost for use of third-party assets	2,984	2,061
Advertising and promotions	928	699
Consultancy and professional services	467	750
Insurance	580	644
Laboratory analysis and testing	629	676
Production plant services	247	300
Remuneration of the chairman and directors	353	353
External auditor's fees	248	241
Statutory auditors' fees	16	16
Other minor costs	2,032	2,442
Total operating costs	**225,879**	**156,019**

9.3 Net write-downs of financial assets

The item "Net write-downs of financial assets", amounting to Euro 616 thousand for the year ended 31 December 2022, refers to the write-down of trade receivables. A breakdown of changes to the provision for bad debts for the year ended 31 December 2022 can be found in Note 8.9 "Trade receivables" above of the Separate Financial Statements.

9.4 Other revenues and income

The following table provides a breakdown of "Other revenues and income":

(In thousands of euros)	**Year ended 31 December**	
	2022	**2021**
Repayments and compensation	3,683	5,665
Advertising revenues and promotional contributions	-	-
Tax credit for research and development activities	-	-
Leases receivable	3,823	3,699
Other revenues from the Ozzano plant	555	873
Capital gains from disposals	23	4
Royalties to GmbH	-	1,391
Other	822	1,477
Total other revenue and income	**8,907**	**13,109**

9.5 Other operating costs

The following table shows a breakdown of "Other operating costs":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Stamps, duties and local taxes	334	419
Corporate canteen	152	140
Repayments and compensation	-	447
Benefits and membership fees	21	61
Losses		
Other	2,125	5,479
Total other operating costs	**2,632**	**6,546**

9.6 Financial income and expenses

The following table provides a breakdown of "Financial income":

(In euros)	Year ended 31 December	
	2022	**2021**
Interest income from cash pooling	755	
Net foreign exchange gains	-	855
Other financial income	973	169
Total financial income	**1,728**	**1,024**

The following table provides a breakdown of "Financial expenses":

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Interest on loans	493	559
Interest expense on lease liabilities	712	273
Interest expense and charges to Newlat Group		
Fees and commissions	554	191
Net foreign exchange losses	717	359
Net interest expense on provisions for employee benefits	34	27
Other financial expenses	529	16
Bond interest	5,525	4,763
Total financial expenses	**8,565**	**6,189**

9.7 Income taxes

The following table provides a breakdown of "Income taxes":

(In thousands of euros and as a percentage of revenue from contracts with customers)	Year ended 31 December	
	2022	**2021**
Current taxes	459	446
Prior-year taxes	-	8
Provision for litigation	-	469
Total current taxes	**459**	**923**
Decrease (increase) in prepaid taxes	368	(54)
Increase (decrease) in deferred taxes	271	283
Total deferred taxes	**639**	**229**
Total income taxes	**1,097**	**1,151**

The following table displays a reconciliation of the theoretical tax rate with the effective impact on the pre-tax result:

(In thousands of euros)	Year ended 31 December	
	2022	**2021**
Profit/(loss) before taxes	**4,399**	**2,011**
Theoretical rate	27.9%	27.9%
Theoretical tax charge	**1,227**	**561**
Adjustments		
Tax incentives		
Other (permanent adjustments)	(130)	590
Income taxes	**1,097**	**1,151**

9.8 Net profit/(loss) per share

The table below shows the net profit/loss per share, calculated as the ratio of net income to the weighted average number of ordinary shares in circulation during the period:

(In euros)	At 31 December	
	2022	**2021**
Profit for the year attributable to the Group in thousands of euros	3,301,855	860,155
Weighted average number of shares in circulation	39,337,949	41,292,222
Earnings per share (in Euro)	**0.08**	**0.02**

The diluted earnings per share is the same as the basic earnings per share because there are no financial instruments with potential dilutive effects.

TRANSACTIONS WITH RELATED PARTIES

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 were 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 Group, a direct parent company; and
- Centrale del Latte d'Italia S.p.A. and Newlat Gmbh direct subsidiaries
- Companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by the parent companies**").

The following table provides a detailed breakdown of the statement of financial position items relating to the Company's transactions with related parties at 31 December 2022 and 2021:

(In thousands of euros)	Subsidiaries				Companies controlled by the parent companies		Total	Total statement of financial position items	% of statement of financial position item
	Newlat Group	Symington's Limited	Newlat GmbH	Centrale del Latte d'Italia S.p.A.	New Property	Other companies controlled by the parent companies			
Right-of-use assets									
At 31 December 2022					12,542		12,542	16,807	74.6%
At 31 December 2021					2,964		2,964	7,714	38.4%
Non-current financial assets at amortised cost									
At 31 December 2022					552		552	622	88.7%
At 31 December 2021					552		552	618	89.3%
Trade receivables									
At 31 December 2022	681	239	12,903	14,905			28,728	74,401	38.6%
At 31 December 2021			13,278	5,763		19	19,060	57,224	33.3%
Other receivables and current assets									
At 31 December 2022				235			235	7,494	3.1%
At 31 December 2021				124			124	3,139	4.0%
Financial assets measured at amortised cost									
At 31 December 2022					10,075		10,075	10,075	100%
Cash and cash equivalents									
At 31 December 2022	52,940		18,288	9,906			81,134	252,589	32.1%
At 31 December 2021	81,583		30,058	4,377			116,018	318,854	36.4%
Non-current lease liabilities									
At 31 December 2022					11,024		11,024	13,672	80.6%
At 31 December 2021					954		954	4,551	21.0%
Trade payables									
At 31 December 2022	13	349	243	2,419	-194	153	2,983	84,411	3.5%
At 31 December 2021	100			725		58	883	71,624	1.2%
Current financial liabilities									
At 31 December 2022	981		12,887	27,183			41,051	79,970	51.3%
At 31 December 2021	15,981		25,926	22,776			64,683	135,182	47.8%
Current lease liabilities									
At 31 December 2022					1,775		1,775	2,427	73.1%
At 31 December 2021					2,156		2,156	2,835	76.1%
Other current liabilities									
At 31 December 2022				5,390			5,390	16,391	32.9%
At 31 December 2021				5,882	411		6,293	15,261	41.2%

The following table provides a breakdown of the income statement items relating to the Company's transactions with related parties for the years ended 31 December 2022 and 2021:

	Parent company	Subsidiaries			Companies controlled by the parent companies				
(In thousands of euros)	Newlat Group	Symington's Limited	Newlat GmbH	Centrale del Latte d'Italia S.p.A.	New Property	Other companies controlled by the parent companies	Total	Total statement of financial position items	% of statement of financial position item
Revenue from contracts with customers									
Year ended 31 December 2022		2,724	49,075	724			52,523	231,457	22.7%
Year ended 31 December 2021			12,353	7,838			20,191	157,080	12.9%
Cost of sales									
Year ended 31 December 2022		754	701	1,455	1,944		4,855	200,605	2.4%
Year ended 31 December 2021	-		677	2,039	2,760	292	5,768	134,509	4.3%
Other revenues and income									
Year ended 31 December 2022				7,186			7,186	8,907	80.7%
Year ended 31 December 2021				6,777			6,777	13,109	51.7%
Administrative costs									
Year ended 31 December 2022	120						120	8,129	1.5%
Year ended 31 December 2021	180				-	-	180	8,384	2.1%
Financial income									
Year ended 31 December 2022	595		112	48			755	1,728	43.7%
Year ended 31 December 2021				52	-	-	52	1,024	5.1%
Financial expenses									
Year ended 31 December 2022	-				521		521	8,565	6.1%
Year ended 31 December 2021	-				101	-	101	6,189	1.6%

Centralised treasury operations

Cash and cash equivalents, amounting to Euro 81,134 thousand and Euro 116,019 thousand respectively at 31 December 2022 and 2021, are attributable to the cash pooling relationships of Newlat Food S.p.A. with the parent company and the subsidiaries Centrale del Latte d'Italia S.p.A. e Newlat GmbH.

Financial liabilities amounting to Euro 41,051 thousand and Euro 64,683 thousand respectively at 31 December 2022 and 2021 are mainly attributable to the cash pooling of Newlat Food S.p.A. with the parent company and the subsidiaries Centrale del Latte d'Italia S.p.A. and Newlat GmbH.

Transactions with the parent company for direction and coordination

Administrative expenses for the years ended 31 December 2022 and 31 December 2021 are attributable to cost-sharing services provided by the parent company Newlat Group SA.

Transactions with the subsidiaries Newlat and Centrale del Latte d'Italia S.p.A.

Transactions with the subsidiaries Newlat Gmbh and Centrale del Latte d'Italia are commercial transactions governed by specific commercial agreements.

Transactions with companies controlled by the parent companies

The following are the companies controlled by the parent companies with which the Company has conducted transactions during the periods under review:

- New Property S.p.A., a real estate company to which lease royalties are paid;
- other companies controlled by the parent companies, such as Newservice S.r.l., Latterie Riunite Piana del Sele S.r.l. and Piana del Sele Latteria Sociale S.p.A.

At 31 December 2022, Euro 12,542 thousand of right-of-use assets and Euro 11,024 thousand and Euro 1,775 thousand respectively of current and non-current lease liabilities relate to real estate spun off to New Property S.p.A. on 1 June 2017 and subsequently leased to Newlat. The recognition of these contracts according to IFRS 16 led to the recognition of depreciation, recorded in the cost of sales, of Euro 1,944 thousand, and financial charges of Euro 521 thousand for the year ended 31 December 2022.

10. OTHER INFORMATION

10.1 Remuneration of Directors and Statutory Auditors

The fees payable to Directors and Statutory Auditors amounted to Euro 353 thousand and Euro 15.6 thousand respectively in the year ended 31 December 2022.

Remuneration for executives with strategic responsibilities amounted to Euro 394 thousand

10.2 External Auditor's fees

The auditing firm's fees for auditing the separate financial statements in 2022 amounted to Euro 70 thousand. See the consolidated financial statements for more information.

10.3 Research and Development

Newlat Food S.p.A.'s R&D is focused on the ability to develop innovative products, occasionally evocative of local traditions in the relevant markets.

Research and development costs incurred during 2022 and 2021 have been instrumental in pursuing the Company's production and commercial strategies, aimed at making product ranges more innovative and strengthening its position in the market.

Research and development expenses totalled Euro 3,685 thousand for the year ended 31 December 2022, fully expensed in the income statement and corresponding to 1.6% of revenues from contracts with the Company's customers for 2022.

It should be noted that the Company intends to avail itself of the research and development tax credit provided for in article 1, paragraph 35, of Law no. 190 of 23 December 2014, and to use it in the manner specified in the said legislation.

10.4 Proposal for allocation of the net result

Dear Shareholders, the separate financial statements that we submit for your approval show a net profit of Euro 3,301,855, of which we propose to allocate 5% to the legal reserve and 95% to the extraordinary reserve.

RESULTS, ASSETS AND LIABILITIES AND CASH FLOWS OF THE PARENT COMPANY NEWLAT GROUP SA THAT EXERCISES MANAGEMENT AND CONTROL

(in thousands of euros)	ANNUAL FINANCIAL STATEMENTS AS AT 31.12.2021 STATEMENT OF FINANCIAL POSITION
	ASSETS
Intangible Assets	2
Tangible Assets	29,932
Equity investments	27,650
Other non-current receivables	2
Total non-current assets	**57,584**
Receivables and other current items	118,560
Short-term liquidity and investments	78,685
Total current assets	**197,245**
Total assets	**254,829**
	LIABILITIES
Equity	**90,314**
Provisions for risks and charges	3,004
Total non-current liabilities	**3,004**
Current payables and liabilities	161,511
Total current liabilities	**161,511**
Total liabilities	**254,829**
	INCOME STATEMENT
Other revenues and income	224
Other operating costs	(2,491)
Financial income/charges	(1,341)
Capital gains from securities	16,659
Profit/(loss) before taxes	**13,051**
Income taxes	(934)
Profit/loss for the year	**12,117**

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

Taking into consideration article 154-*bis* (3) and (4) of Italian Legislative Decree no. 58 of 24 February 1998, the undersigned, Angelo Mastrolia, as Chair of the Board of Directors, and Rocco Sergi, as Financial Reporting Officer, of Newlat Food Group, certify:

- The financial statements are adequate, in relation to the characteristics of the company, and
- The effective application of the administrative and accounting procedures for preparing the financial statements during the 2022 financial year.

It is furthermore declared that the financial statements at 31 December 2022:

d) were prepared in compliance with the applicable international accounting standards adopted by the European Community, pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, of 19 July 2002;

e) correspond with the accounting books and records;

f) provide a true and correct representation of the asset, economic and financial situation of the issuer and of the companies included in the consolidation.

The management report includes a reliable analysis of the performance and results of operations as well as the issuer's situation, together with a description of the key risks and uncertainties the issuer is exposed to.

Reggio Emilia, 17 March 2023

Chair of the Board of Directors	Financial Reporting Officer
Angelo Mastrolia	Rocco Sergi

Independent auditor's report

in accordance with article 14 of Legislative Decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537/2014

To the Shareholders of Newlat Food SpA

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Newlat Food SpA (the "Company"), which comprise the separate statement of financial position as of 31 December 2022, the separate income statement, separate statement of other comprehensive income, separate statement of changes in equity, separate statement of cash flows for the year then ended and explanatory notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as of 31 December 2022 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the separate financial statements" section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of separate financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key audit matters	*Auditing procedures performed in response to key audit matters*
Recoverability of the investments in the subsidiaries Newlat GmbH and Sumington's Ltd *(See notes 1.2 – "Accounting standards and measurement criteria" and 8.4 - "Equity investments in subsidiaries" to the separate financial statements as of 31 December 2022)*	
As of 31 December 2022, the carrying amount of the investments in the fully-owned subsidiaries Newlat GmbH and Symington's Ltd reported in the separate financial statements of Newlat Food SpA were respectively equal to approximately Euro 68.5 million and to approximately Euro 63.9 million. Investments in subsidiaries are carried at cost, which, when there is evidence of impairment indicators, is compared with the recoverable amount, being it the highest of fair value less costs of disposal and value in use. The valuation models applied to determine the recoverable amounts (values in use) of investments in subsidiaries are based on complex valuations and estimates prepared by the Company's management. In detail, the models applied in the valuation of investments in subsidiaries and the assumptions used in those models are influenced by future market conditions with regard to the future cash flows, the perpetual growth rate and the discount rate. In order to assess the recoverability of the investments in subsidiaries in Newlat GmbH and in Symington's Ltd as of 31 December 2022, the Directors of Newlat Food SpA, with the support of an external advisor, prepared a specific impairment test. In our statutory audit of the separate financial statements we considered this a key audit matter in consideration of the significance and complexity of the estimated components on the	Our audit approach involved, first of all, understanding and evaluating the method and procedures defined by the Company to determine the recoverable amount of the investments in the subsidiaries Newlat GmbH and Symington's Ltd, which were approved by the Board of Directors of the Company on 17 March 2023. We verified, also involving business valuation experts from the PwC network, that the method used by the Company was consistent with the international accounting standard IAS 36 and with prevailing valuation practice. The key valuation parameters adopted by the Company were analysed in terms of reasonableness. With specific reference to the method use for determining the discount rates (average weighted cost of capital, "WACC"), we verified that the latter had been determined in accordance with best practices and using market data adopted for entities operating in the same segment as the subsidiaries. Similarly, we analysed the determination of the medium/long-term growth rate ("g") against the guidance provided by IFRS as adopted by the European Union. We analysed the reasonableness of estimated future cash flows. We also verified the mathematical accuracy of the valuation models prepared by the Company.

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evaluations connected with the recoverability of the carrying amounts in relation to the separate statement of financial position of Newlat Food SpA as of 31 December 2022. In particular, we considered that the evaluation process involves a high level of professional judgement for the Directors when they estimate the recoverable amount of the investments in subsidiaries, and in particular the assumptions adopted in the calculation models used to determine: (i) the economic performance and future cash flows of the subsidiaries; (ii) the perpetual growth rate; and (iii) the discount rate.	Finally, we verified the adequacy and completeness of the disclosures provided by the Company in the explanatory notes to the separate financial statements.

Other matters

The Company, as required by law, has included in the explanatory notes to the separate financial statements the key figures of the latest separate financial statements of the entity which directs and coordinates its activities. Our opinion on the separate financial statements of Newlat Food SpA does not extend to those figures.

Responsibilities of the Directors and those charged with governance ("Collegio Sindacale") for the separate financial statements

The Directors of Newlat Food SpA are responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the separate financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the separate financial statements, the Directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance *("Collegio Sindacale")* are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italy), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the separate financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we concluded on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italy, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with governance, we determined those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional disclosures required by article 10 of Regulation (EU) no. 537/2014

The shareholders of Newlat Food SpA, in general meeting on 8 July 2019, engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) no. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on compliance with other laws and regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The Directors of Newlat Food SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the separate financial statements as of 31 December 2022, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italy) no. 700B in order to express an opinion on the compliance of the separate financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the separate financial statements as of 31 December 2022 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010 and article 123-bis, paragraph 4, of Legislative Decree no. 58/1998

The Directors of Newlat Food SpA are responsible for preparing a report on operations and a report on the Company's corporate governance and ownership structure as of 31 December 2022, including their consistency with the relevant separate financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italy) n° 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4 of Legislative Decree no. 58/1998, with the separate financial statements of Newlat Food SpA as of 31 December 2022 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the separate financial statements of Newlat Food SpA as of 31 December 2022 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree no. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milano, 31 March 2023

PricewaterhouseCoopers SpA

signed by
Davide Abramo Busnach
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

REPORT OF THE BOARD OF STATUTORY AUDITORS AND OF THE SHAREHOLDERS' MEETING

NEWLAT FOOD S.p.A.

Registered Office in Reggio Emilia, Via Kennedy, 16 - 42124
Share capital: €43,935,050.00, fully paid-in
Reggio Emilia Companies Register, Tax ID and VAT no. 00183410653
Economic Administrative Index no. RE277595
Company subject to management and coordination by Newlat Group S.A. pursuant to articles 2497 et seq. of the Italian Civil Code

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Report of the Board of Statutory Auditors to the Newlat Food S.p.A. Shareholders' Meeting of 27 April pursuant to art. 153 of Italian Legislative Decree 58/1998 and art. 2429 of the Italian Civil Code

Shareholders,

1. Introduction: legislative, regulatory and code of conduct sources

This Report was prepared by the Board of Statutory Auditors of **NEWLAT FOOD S.p.A. (hereinafter the "Company" or "NEWLAT FOOD")** appointed by the Shareholders' Meeting on 28 April 2022 and currently in office until the approval of the financial statements for the year ended 31 December 2024. The Board of Statutory Auditors is composed of Massimo Carlomagno (Chairman), Ester Sammartino and Antonio Mucci (Standing Auditors).

This Report details the supervision activities and other activities carried out by the Board of Statutory Auditors during the year ended 31 December 2022, prepared pursuant to Legislative Decree no. 58/1998 ("TUF") and subsequent amendments, art. 2429 of the Italian Civil Code, the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Association of Certified Accountants and Accounting Experts, and also in compliance with the guidance contained in the CONSOB Communication DEM/1025564 of 6 April 2001, as amended.

Since **NEWLAT FOOD** has adopted the traditional Governance model, and given that PricewaterhouseCoopers S.p.A. (hereinafter also "PWC") was appointed as independent auditor for the financial years 2019 to 2027, the Board of Statutory Auditors sees itself as the "Internal Control and Accounts Auditing Committee", which has additional specific control and monitoring functions on financial reporting and statutory auditing provided for in article 19 of Italian Legislative Decree of 27 January 2010 no. 39, as amended, which are also acknowledged in this Report.

With this Report, the Board of Statutory Auditors also reports on the supervision activities carried out with regard to the obligations relating to non-financial information pursuant to Italian Legislative Decree no. 254/2016.

2. Supervision of compliance with laws, regulations and articles of association

During the 2022 financial year, the Board of Statutory Auditors met 6 times, and precisely on 17 January, 30 March, 31 March, 23 June, 8 September and 21 November. The Board of Statutory Auditors attended all the meetings of the Board of Directors held in 2022, and all those after 31 December 2022 to date. The Appointments and Remuneration Committee met 2 times in 2022 and 1 time in 2023. The Control and Risks Committee met 6 times in 2022 and 2 times in 2023. The Related Party Transactions Committee met 1 time in 2022.

The Board of Statutory Auditors participated in the Shareholders' Meeting of 28 April 2022. The Board of Statutory Auditors met regularly with the independent auditing firm PWC.

The Board of Statutory Auditors liaised with the Head of the Internal Audit Department and held regular meetings with the heads of some key corporate functions (such as the Chairman and CEO, Deputy CEO, Deputy CEO & COO, the Financial Reporting Officer and CFO). The work of Internal Audit involved the following areas: - Methodological support in the preparation of the Group's Risk Assessment. - Definition of the risk-based Audit plan of the Internal Audit function. - Performance of certain assurance activities for certain business processes. - Methodological support to the Company's financial reporting officer. - Consulting for some processes of Group Companies.

During the year 2022, the activity of the Internal Audit function was carried out in line with the provisions of the approved Audit Plan which provides for: Compliance audits (with a focus on Italian Legislative Decree 231/2001), Financial audits (aimed at providing assurance on the reliability of financial data) and Operational audits on the areas of business processes of greatest interest. As part of the Audit Plan, the Internal Audit Manager verified the accounting systems with a view to improving the reliability of the information systems.

The recent meeting of the Control and Risks Committee was informed of the outcome of the Internal Audit function's activities for 2022.

The Financial Reporting Officer was provided with information on the activities of the Internal Audit Manager under Law 262/05 for the year 2022, through the half-yearly reports on the adequacy of the control model implemented for the purposes of 262 and the results of the tests performed by the Internal Audit function in this area.

The Board of Statutory Auditors continuously acquired useful documentation and information in order to plan its activities, which concerned in particular:

a) Supervision of: (i) Compliance of the resolutions adopted by the corporate bodies with the law and regulatory provisions, as well as with the Articles of Association; (ii) Pursuant to Article 149, paragraph 1, letter c-*bis* of Italian Legislative Decree 58/98, the method of actual implementation of the Corporate Governance Code of listed companies which **NEWLAT FOOD** has adhered to; (iii) Compliance with the obligations regarding inside information; (iv) Compliance of the internal procedure concerning related party transactions with the principles specified in the Regulations approved by CONSOB with Resolution no. 17221 of 12 March 2010 and subsequent amendments (hereinafter "RPT Regulation"); (v) The functioning of the corporate information process, verifying compliance with the laws and regulations concerning the preparation and layout of the separate and consolidated financial statements, as well as the accompanying documentation, for this purpose also examining the Annual Report of the Financial Reporting Officer; (vi) The actions taken with reference to the provisions on privacy, for which the Company has appointed a Data Protection Officer; and (vii) Compliance of the non-financial statement (hereinafter also "NFS") with the provisions of Italian Legislative Decree no. 254/2016 and subsequent amendments;

b) Verification of the following: (i) Compliance with the rules on the holding of meetings of corporate bodies and the fulfilment of the periodic reporting obligation by the delegated bodies regarding the exercise of delegated powers; (ii) That none of the Statutory Auditors had an interest, on their own behalf or on behalf of third parties, in a specific transaction during the 2022 financial year and that the conditions of independence are maintained, including through the internal process of continuous self-assessment concerning the recurrence and maintenance of the eligibility requirements of members and the correctness and effectiveness of their operations; (iii) Monitoring the actual methods of implementing corporate governance rules; and (iv) Preparation of the Remuneration Report.

To date, there have been no reports to Consob pursuant to Article 149 (3) of the Consolidated Law on Finance (TUF).

3. Most significant economic, financial and equity transactions - related party transactions

The Board of Statutory Auditors reports on the significant events that occurred during the financial year and after the end of the financial year under review:

- Purchase of 100% of the ordinary shares and voting rights of EM Foods S.A.S. ("EM Foods") following the Seller's exercise of the put option signed by the parties on 19 October 2022. As required by French law, Alsa France exercised its option to sell 100% of the ordinary shares and voting rights of EM Foods, after EM Foods' workers' council formally agreed to the sale to Newlat Food. The closing of the transaction took place on 2 January 2023. With the acquisition of EM Foods, the Newlat Group entered the bakery and dessert mixes sector, a particularly interesting business becoming increasingly popular with consumers. Moreover, Newlat Food announced that it signed a long-term contract with Unilever BV for the production of several products related to important brands such as Carte d'Or, Maizena and Mondamin. This new partnership, of great strategic value, is further evidence of the high standard of the Newlat Group's industrial assets and further consolidates the business generated in partnership with large multinationals.
  This partnership will enable the company to become a supplier of several products for well-known brands. The acquisition of EM Foods' industrial know-how and the important partnership with a multinational company will enable Newlat Food to enter the growing segment of bakery mixes and desserts as a major player. The company will produce a very wide range of products including brownies, puddings, muffins, baking powder and cake mixes, building on the strong brand awareness of the "Minuto" brand, already used by the Newlat Group in Germany to sell well-known, high-quality ready meals. The bakery and dessert mixes segment is a particularly interesting area of the food industry, as it reflects current trends and new lifestyle habits. The Newlat Group is strongly committed to the strategic development of the "Minuto" brand in the most important markets of Western Europe and especially in France, Germany and Italy, with plans to launch new recipes and formulations for products that are delicious but also healthy, quick and easy to prepare. The acquisition will also allow the company to develop further synergies with the existing Symington's division (the undisputed leader in the bakery mixes and desserts segment in the UK, with 75% market share in the private label sector). Symington's will also provide a solid distribution platform for the "Minuto" brand in the UK.

Taking into account the size and structure of the Company and NEWLAT FOOD Group, the Board of Statutory Auditors considers that the Board of Directors, in its Annual Financial Report for the year ended 31 December 2022, provided an adequate illustration of the transactions with subsidiaries and other related parties, explaining the economic, financial and equity effects.

The Board of Statutory Auditors highlights the main events relating to the year ended 31 December 2022 of the company Centrale del Latte d'Italia Spa with Newlat Food as the largest shareholder:

- In 2022 the option to renew the lease of the "Milk & Dairy" business unit between Newlat Food Spa and Centrale del Latte di Italia was exercised with the lease of all the dairy companies of the Newlat Food SpA group involved in the processing of raw materials and the production of milk & dairy products. The activities of the Business Unit are carried out through the plants in Reggio Emilia, Salerno and Lodi with the warehouses in Reggio Emilia, Lodi, Rome Eboli, Pozzuoli and Lecce.
- PricewaterhouseCoopers S.p.A. was designated as the independent auditor of Centrale del Latte di Italia Spa last year.
- The Company issued its report for the financial statements which contains no particular findings or disclosures, and certifies that the financial statements comply with IAS/IFRS accounting standards.

4. Supervision of compliance with the principles of good administration

In order to monitor compliance with the principles of good administration, in addition to attendance at all Board of Directors meetings, the Board of Statutory Auditors declares that:

- It has obtained the information during the 2022 financial year about the activities performed and the most significant economic, financial and equity transactions carried out by NEWLAT FOOD and its subsidiaries in the 2022 financial year from the Directors. All this is reported accurately in the documents relating to the consolidated financial statements and the separate financial statements. Based on the information made available to the Board of Statutory Auditors, the latter can reasonably consider that the transactions carried out in 2022 were performed in accordance with the law and the Articles of Association, and that they were not demonstrably irresponsible, reckless or in conflict with the resolutions passed by the Shareholders' Meeting or likely to compromise the integrity of the share capital.
- It did not identify any atypical or unusual transactions with Group companies or with third parties carried out during the 2022 financial year. Reference should be made to the Management Report and the risk analysis contained in the consolidated financial statements and the separate financial statements for the risks and effects of the transactions carried out.

The Board of Directors identified the nature and level of risk compatible with the Company's strategic objectives when drawing up its strategic, industrial and financial plans. This assessment included all and any risks that may become significant in terms of sustaining the Company's activities in the medium to long term. In support of the ICRMS and the Control and Risks Committee, on 2 May 2022 the Board of Directors appointed Mr Angelo Mastrolia as the director responsible for the ICRMS, who will perform the functions listed in the Corporate Governance Code. With the help of the Control and Risks Committee, the Board of Directors also prepared guidelines for the Internal Control and Risk Management System (ICRMS). The ICRMS is capable of identifying, measuring, managing and monitoring the key risks and is consistent with national and international best practices.

5. Supervision activities on the adequacy of the organisational structure

Within its scope of responsibility, the Board of Statutory Auditors acquired knowledge and monitored the adequacy of the Company's organisational structure and considers that the structure, which was being adjusted with the entry of new figures, is adequate. The Company has a Supervisory Board which currently consists of Massimo Carlomagno, as Chairman, and Ester Sammartino, as a Member. The Company's Board of Directors approved its Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001 on 30 March 2016, updating it on 13 May 2022. The Model was drawn up on the basis of guidelines issued by Confindustria (the Italian industry confederation) in accordance with the relevant legislation, and sets out standards for behaviour, procedures and control activities, in addition to powers and mandates designed to prevent the offences outlined in Italian Legislative Decree 231/2001. 2022 saw the conclusion of the work necessary to update the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01 with respect to the introduction of tax crimes, as introduced by Italian Law no. 157/2019 and Italian Legislative Decree no. 75/2020 implementing the so-called PIF Directive (EU Directive 2017/1371) and Whistleblowing channels, also taking into account recent European Union legislation on the subject (EU Directive 2019/1937) for the companies Newlat Food SpA and Centrale del Latte d'Italia SpA. Following these efforts, the company's existing control measures were examined for their ability to mitigate the risks of the offences in question, and in light of the findings additional controls to be implemented were defined.
The Code of Ethics of the parent company Newlat Food SpA was then updated and a Group Code of Ethics and Conduct was drawn up and translated into English and German, valid for all Italian and foreign companies within the scope of consolidation.

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

During the past year the Board of Statutory Auditors of Newlat Food exchanged information with the Board of Statutory Auditors of Centrale del Latte d'Italia SpA.

The Boards of Statutory Auditors of Newlat Food Spa and Centrale del Latte d'Italia did not find any anomalies during their ordinary audits.

Regarding the self-assessment process of the Board of Directors and its Committees, a largely adequate picture emerges.

At the meeting of 17 March 2023, the Chairman of the Board of Directors informed those present of the contents of the letter of the Chairman of the Italian Corporate Governance Committee of 25 January 2023, as well as the related report on the evolution of corporate governance of listed companies 2022, prepared by said Committee that provided an initial indication of the process for adopting the new Corporate Governance Code.

Specifically, he focused on the analysis of the recommendations on the subject of dialogue with shareholders, dialogue with other key stakeholders, delegation of management powers to the chairman, pre-meeting disclosure, participation of managers in board meetings, optimal composition of the board of directors, criteria for assessing the significance of a relationship that can influence a director's independence, transparency in remuneration policies on the weight of variable components, long-term horizons in remuneration policies, as well as on ESG parameters for directors' remuneration, underscoring how the practices implemented by the Company are in keeping with these recommendations.

6. Supervision of the internal control and risk management system and the administrative and accounting system

The Board of Statutory Auditors examined the assessment expressed by the Board of Directors on the adequacy and effective functioning of the Internal Control and Risk Management System (hereinafter "ICRMS") through: (i) identification of the ICRMS Guidelines, within which the company validated the integrated risk management model; (ii) certification of the Separate Financial Statements and Consolidated Financial Statements by the Chairman of the Board of Directors and the Financial Reporting Officer, who provided the appropriate statements; (iii) regular meetings with the Internal Audit Manager; (iv) examination of company documents and the results of the work carried out by PWC; (v) participation in the work of the Control and Risks Committee. It received information from PWC concerning the new regulations having an impact on auditing activities, as well as confirmation of the independence of PWC and communication of the non-statutory audit services provided; and (vi) with reference to the issues of social responsibility, monitored the data and information related to sustainability, which were presented in the Non-Financial Statement.

Ample space has been given to information relating to the financial and operational risks that the Company is exposed to, as well as to the measurement criteria that have affected financial statement items, also in compliance with the recent bulletin no. 1/21 issued by Consob dated 16 February 2021 regarding the information to be provided on the subject of Covid-19.

7. Audit of the separate financial statements, the consolidated financial statements and the consolidated non-financial report

The Board of Statutory Auditors carried out the checks on compliance with the rules relating to the preparation of the Separate Financial Statements of NEWLAT FOOD and the Group Consolidated Financial Statements for the year ended 31 December 2022, and duly noted the statement of the responsible bodies for which the separate financial statements and the consolidated financial statements were prepared in accordance with IAS/IFRS accounting standards. The notes to the financial statements contain the information required by the international accounting standards regarding the impairment of assets. The procedure adopted by the Company for the impairment test since its listing was updated in March 2023 for both goodwill and the value of trademarks. The Company used external experts for the procedure (impairment tests).

The Board of Statutory Auditors monitored the approval of the Non-Financial Statement. The Board of Statutory Auditors met both the function responsible for its preparation and representatives of PWC, and examined the documentation made available. The Board of Statutory Auditors acknowledges the report of PWC, from which it can be seen that there are no elements, facts or circumstances that suggest that the NFS was not drafted in compliance with the relevant regulations.

PricewaterhouseCoopers S.p.A., which was appointed the task of statutory auditing, issued, on 31 March 2023, among other things the reports pursuant to Article 14 of Italian Legislative Decree 39/2010 and art. 10 of Regulation (EU) No. 537/2014 for the Separate Financial Statements and Consolidated Financial Statements of NEWLAT FOOD S.p.A. as of 31 December 2022, reporting that no irregularities were found. In particular, PWC certifies that the separate financial statements and the consolidated financial statements provide a truthful and correct representation of the equity and financial situation of Newlat Food S.p.A. as of 31 December 2022 and of the Newlat Group as of 31 December 2022, respectively, and of the net result and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38/2005.

8. Methods of actual implementation of corporate governance rules

The Board of Statutory Auditors reports, based on acquired information, on the adjustment of the corporate governance structure of the Company. From the start of the listing and periodically thereafter, the Company carried out a self-assessment of the members of the Board of Directors and its Committees. The Board of Statutory Auditors verified that the Annual Corporate Governance Report was prepared in accordance with existing regulations. No complaints or reports were received by the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code.

9. Comments on the adequacy of provisions imposed upon subsidiaries pursuant to art. 114 of Italian Legislative Decree 58/1998 - Management and Coordination

The Board of Statutory Auditors supervised the adequacy of the instructions given by Newlat Food to its subsidiaries pursuant to article 114 of Italian Legislative Decree 58/1998, considering them sufficient to meet the reporting obligations established by law. With regard to the close functional and operational links, also considering the presence of Newlat Food SpA personnel in subsidiaries, a correct, constant and adequate flow of information is guaranteed, supported by suitable documents and accounting processes relating to the management of the investee companies. There are no comments worthy of note on the adequacy of the instructions given to subsidiaries in order to acquire the information flows necessary to ensure the timely fulfilment of the reporting obligations established by law. The Board of Statutory Auditors also acknowledges that Newlat Food SpA is subject to the management and coordination of Newlat Group SA.

10. Opinions of the Board of Statutory Auditors

During 2022 and after 31 December 2022 until today, the Board of Statutory Auditors issued the following opinions: (i) Opinion on the assignment to PWC of the non-audit task related to the certification of research and development costs; (ii) Opinion on the assignment to PWC of the non-audit task related to the certification of the non-financial statement; (iii) Opinion on the assignment to PWC of the non-audit task related to the AS-IS situation assessment, with the identification of potential divergences with respect to what is contemplated by the "Guidelines" through the analysis of current document flows and their processing; (iv) Opinion on the assignment to PWC of the non-audit task related to a software licence.

11. Conclusions and proposals regarding the financial statements and their approval

Based on the supervision activities carried out during the financial year, the Board of Statutory Auditors, taking into account the above, does not find any reason to oppose the approval of the NEWLAT FOOD S.p.A. financial statements as of 31 December 2022 and the proposal made by the Board of Directors on 17 March 2023 regarding the allocation of the net result for the financial year.

Dear Shareholders, at the end of our Report we would like to express our warmest thanks to all those who have actively cooperated with us, and to all of you for the trust and esteem you have shown us with our appointment.

31/03/2023

On behalf of the Board of Statutory Auditors

Mr Massimo Carlomagno Chairman