



A multibrand company



## INTERIM REPORT

AT 31 March 2023





## DIRECTORS' REPORT ON OPERATIONS AT 31 March 2023

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This report is available online at: [https://corporate.newlat.it/relazione-con-gli\\_investitori/bilanci-e-relazioni/](https://corporate.newlat.it/relazione-con-gli_investitori/bilanci-e-relazioni/)

**Newlat Food S.p.A.**

Registered Office in Reggio Emilia, Via J.F. Kennedy, 16,

Paid-in share capital: Euro 43,935,050.00

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

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

## Performance as at 31 March 2023

The continuous search for growth by external lines led to the acquisition of EM Foods in the previous year, which allowed the Group to establish itself in a new market – France – and to expand its range of bakery mixes. The acquisition gives the Group a foothold in the French market and the opportunity to create new synergies, especially with its subsidiaries Symington's Limited and Newlat GmbH. An interesting market for growth prospects, which fits well with the category of instant products and preparations already included in the Symington's line.

In this context the Group recorded solid business growth of +25.3% compared to the same period last year, with a significant performance in the following sectors:

- Pasta +18% thanks to the contribution of the subsidiary Newlat GmbH and an increase in demand in the markets where the Group competes.
- Bakery products +46% thanks mainly to the Group's ability to acquire new customers in its various distribution channels.
- Dairy products +23% due to an increase in demand and sales volumes as well as a higher average sales price than in the same period last year.
- Special products +42% thanks to an increase in the average sales price to offset an increase in the main cost components of the finished product.

Double-digit organic performance was also achieved in the milk and Instant noodles & dessert mixes sectors, mainly by means of significant growth in Mass Distribution and Normal Trade, where record growth of 19% and 32% respectively was recorded.

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

Also comforting are the growth figures by region, with +19.5% in the German market and +19.3% in the domestic market. The UK market was also positive with +18.3%, while in the other countries there was significant growth, with +19.8% net of the contribution of the newly acquired EM Foods Sas.

Finally, the financial data show a business capable of consistently generating cash, characterised by an EBITDA growth of 28.6% and an adjusted EBITDA margin of 8.8% (a marked improvement over the year-end EBITDA margin of 7.6%), with the NFP improving by Euro 8.4 million and a cash conversion of 79%.

In this context, Società Centrale del Latte d'Italia also performed better in terms of both improved margins and the ability to convert economic results into cash than at the end of 2022.

## BOARDS AND OFFICERS

### Board of Directors

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

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

(\*\*) Executive director.

(\*\*\*) Non-executive director.

### Board of Statutory Auditors

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



## Remuneration and Appointments Committee

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

## Control and Risks Committee

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

## Related Party Transactions Committee

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

## Financial Reporting Officer

Rocco Sergi

## Independent Auditing Firm

PricewaterhouseCoopers S.p.A.

## General information

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

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

The Company is subject to management and coordination by the parent Newlat Group S.A. (hereinafter “Newlat Group”), a company that as at 31 March 2023 directly owns 61.64% of the share capital, while the remaining part (27.45%) is held primarily by institutional investors and Newlat Food SpA (10.91%) following a stock buyback.

This management report shows the financial information of the Company at 31 March 2023 compared to the financial statements at 31 March 2022 and the statement of financial position at 31 December 2022.

The income statement figures as at 31 March 2022 and the balance sheet figures as at 31 December 2022 do not include EM Foods Sas as it is included in the scope of consolidation as of 1 January 2023.

## Alternative performance indicators

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

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

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

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

- EBITDA: the operating income (OI) before depreciation, amortisation and write-downs, as well as income from business combinations.
- Gross Income (GI) / Profit (Loss) before taxes: operating income less financial expense.
- Net profit (NP): gross profit less taxes.
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.

Net financial position is given by the algebraic sum of:

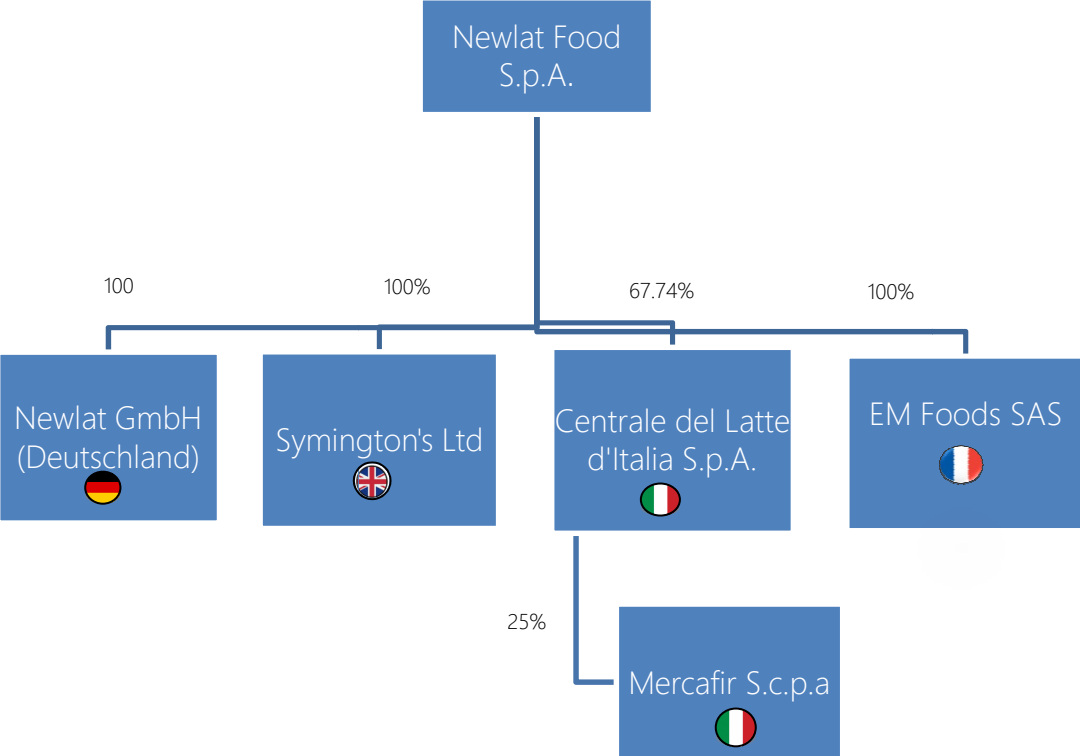
- Cash and cash equivalents
- Non-current financial assets, recorded under 'other non-current assets'
- Current financial assets, recorded under 'other receivables'
- Payables to banks
- Non-current financial liabilities, recorded under 'other non-current liabilities'.

Reclassified statement of cash flows

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

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

### Group Structure



The table below shows the main information regarding the Newlat Group companies:

Name	Registered Office	Currency	Share capital as at 31 March 2023	Control percentage	
				At 31 March 2023	At 31 December 2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Newlat GmbH	Germany - Franzosenstraße 9, Mannheim (Germany)	EUR	1,025,000	100%	100%
Centrale del Latte d'Italia S.p.A.	Turin Via Filadelfia 220, 10137	EUR	28,840,041	67.74%	67.74%
Symington's Ltd	Thornes Farm Business Park, Pontefract Ln, Leeds LS9	GBP	100,000	100%	100%
EM Foods Sas	951 Rue Denis Papin, 54710 Ludres, France	EUR	1,000,000	100%	-

A table summarising the carrying amount of each subsidiary recorded in the Company's separate financial statements at 31 March 2023 and the equity and profit/loss data for the period for each subsidiary is provided below:

Name	Shareholding carrying value (In thousands of euros)	Shareholders' equity (In thousands of euros)	Profit/loss for the period (In thousands of Euro)
	31/03/2023	31/03/2023	31/03/2023
Newlat GmbH (Deutschland)	68,525	37,859	1,561
Centrale del Latte d'Italia S.p.A.	25,409	65,239	1,561
Symington's Ltd	63,914	26,084	539
EM Foods Sas	1,000	2,484	(752)

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

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

- Instant noodles, where it is the leader in the authentic and Asian inspiration segment
- Soups and various ready meals, rice and couscous ready meals
- Baked goods including toasted breads for desserts and cakes

The company has three production plants and a logistics distribution centre, and its markets are United Kingdom, United States and Australia.

- EM Foods Sas, a leading manufacturer of baking and dessert mixes.

## INTERIM MANAGEMENT REPORT

## DIRECTORS' OBSERVATIONS ON PERFORMANCE AT 31 March 2023



## Significant events in the period and outlook

The Group proved to be prepared to deal with this particular situation, offering adequate responses in terms of services and products to the various needs that arose as a result of the wave of inflation that impacted on the previous financial year and that still continues in Italy and Europe.

The same thing applies to activities performed in accordance with the “Group guidelines”, oriented towards business development and strengthening liquidity, making sure in all cases to prioritise customer and employee satisfaction.

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

The issue of inflation is still affecting the Group's commercial policies, requiring a redefinition of sales conditions with major customers.

In view of the above, the Group is unable to predict the extent to which these events might affect the outlook for the Group for 2023, but, based on the data available when this interim management report was being prepared, the Directors believe they can reasonably exclude the possibility of significant negative impacts.

## Going concern

With reference to the content of the previous paragraph, even taking into account the complexity of a rapidly evolving market, the Group feels it is fair and reasonable to assume that the interim report as at 31 March 2023 was prepared on the basis of this assumption, taking into account the ability of the Newlat Group to generate cash flows from operations 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 March 2023.
- The Group's constant ability to generate cash from operations.
- The presence of authorised credit lines at 31 March 2023 and at today's date but not used.
- The solidity of Newlat Group S.A. as the majority shareholder and the continual support provided by the leading Italian and foreign banks to the Group, partly because of its market-leading status.

Note that the Group's economic and financial performance as at 31 March 2023 was better than the budget forecast and the consolidated data as at 31 December 2022. It should also be noted that the cash and cash equivalents at 31 March 2023, amounting to Euro 278 million, the credit lines currently available but unused 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 in the coming months.

## EVENTS AFTER 31 March 2023

There were no atypical or unusual transactions, nor transactions requiring changes to the interim report on operations at 31 March 2023.

## MANAGEMENT REPORT

The Newlat Group is an important player in the Italian and European agri-food sector. In particular, as at 31 March 2023 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, not to mention instant noodles & bakery mixes. The Newlat Group's product range is divided into the following business units:

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

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March					
	2023	%	2022	%	2023vs2022	%
Revenue from contracts with customers	207,333	100.0%	165,435	100.0%	41,898	25.3%
Cost of sales	(173,704)	(83.8%)	(133,695)	(80.8%)	(40,009)	29.9%
<b>Gross operating profit/(loss)</b>	<b>33,629</b>	<b>16.2%</b>	<b>31,741</b>	<b>19.2%</b>	<b>1,888</b>	<b>5.9%</b>
Sales and distribution costs	(20,982)	(10.1%)	(21,774)	(13.2%)	792	(3.6%)
Administrative costs	(4,846)	(2.3%)	(5,355)	(3.2%)	509	(9.5%)
Net write-downs of financial assets	(350)	(0.2%)	(158)	(0.1%)	(192)	122.2%
Other revenues and income	2,652	1.3%	2,197	1.3%	455	20.7%
Income from business combinations	2,236	1.1%	-	-	2,236	100.0%
Other operating costs	(2,554)	(1.2%)	(1,683)	(1.0%)	(871)	51.8%
<b>Operating profit/(loss) (EBIT)</b>	<b>9,784</b>	<b>4.7%</b>	<b>4,969</b>	<b>3.0%</b>	<b>4,815</b>	<b>96.9%</b>
Financial income	1,586	0.8%	358	0.2%	1,227	342.7%
Financial expenses	(3,125)	(1.5%)	(2,233)	(1.4%)	(892)	39.9%
<b>Profit/(loss) before taxes</b>	<b>8,244</b>	<b>4.0%</b>	<b>3,094</b>	<b>1.9%</b>	<b>5,150</b>	<b>166.5%</b>
Income taxes	(1,866)	(0.9%)	(695)	(0.4%)	(1,172)	168.6%
<b>Net profit/(loss)</b>	<b>6,378</b>	<b>3.1%</b>	<b>2,400</b>	<b>1.5%</b>	<b>3,978</b>	<b>165.7%</b>

Operating income amounted to Euro 9.8 million, a strong increase compared to the same period of 2022 due to the commercial policy aimed at recovering margins. Net of the business combination income, the operating result would have amounted to Euro 7.5 million, an increase of 51.9% over the same period last year.

In absolute terms, EBITDA net of the business combination income increased by Euro 3.7 million (8.2%), while the EBITDA margin rose from 7.9% to 8.1%.

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

### Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to customers. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, contributions are expected to be recognised as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.

### SEGMENT REPORTING

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

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023vs2022	%
Pasta	54,255	26.2%	45,996	27.8%	8,259	18%
Milk Products	67,473	32.5%	59,496	36.0%	7,976	13%
Bakery Products	12,091	5.8%	8,264	5.0%	3,827	46%
Dairy Products	11,169	5.4%	9,077	5.5%	2,092	23%
Special Products	11,780	5.7%	8,281	5.0%	3,499	42%
Instant noodles & bakery mixes	47,389	22.9%	31,543	19.1%	15,846	50%
Other assets	3,176	1.5%	2,777	1.7%	399	14%
<b>Revenue from contracts with customers</b>	<b>207,333</b>	<b>100.0%</b>	<b>165,435</b>	<b>100.0%</b>	<b>41,898</b>	<b>25.3%</b>

Revenues from the **Pasta** segment were up compared with the same period of the previous year because of the combined effect of higher sales volumes and higher average prices in the German market and an increase in demand in the domestic market (B2B) and in other countries (private labels).

Revenues from the **Milk Products** segment were up due to the combined effect of sales volumes in the domestic market (B2B) and an increase in the average sales price, particularly with regard to the subsidiary Centrale del Latte d'Italia.

Revenues in the **Bakery Products** segment were up sharply due to an increase in sales volumes (+27.4%), especially in the B2B and Private Label world.

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

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

Revenues for the **Instant noodles & bakery mixes** segment increased as a result of the acquisition of EM Foods and an increase in the average sales price, especially in the UK Mass Distribution market.

Revenues in the **Other Products** segment increased as a result of the recovery in demand in the Normal Trade segment.

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

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023vs2022	%
Mass Distribution	126,291	60.9%	105,982	64.1%	20,309	19%
B2B partners	27,763	13.4%	15,254	9.2%	12,509	82%
Normal trade	18,746	9.0%	14,225	8.6%	4,521	32%
Private labels	31,573	15.2%	27,084	16.4%	4,489	17%
Food services	2,960	1.4%	2,890	1.6%	70	2%
<b>Total revenue from contracts with customers</b>	<b>207,333</b>	<b>100.0%</b>	<b>165,435</b>	<b>100.0%</b>	<b>41,898</b>	<b>25.3%</b>

Revenues from the **Mass Distribution** channel increased, mainly due to an increase in demand related to the Group's main segments and a higher average sale price compared to the same period last year.

Revenues from the **B2B partners** channel saw higher demand, mainly due to the acquisition of new customers, especially in the bakery segment. The figures as at 31 March 2023 are affected by the inclusion of the newly acquired EM Foods Sas in the scope of consolidation.

Revenues from the **Normal trade** channel increased sharply as a result of an increase in sales demand due to the acquisition of new customers and an improvement in sales conditions in terms of average sales price.

Revenues from the **Private label** channel increased in the Pasta and Dairy segment as a result of higher average sales prices.

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

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

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023vs2022	%
Italy	104,284	50.3%	87,431	52.8%	16,853	19.3%
Germany	33,928	16.4%	28,392	17.2%	5,536	19.5%
United Kingdom	37,870	18.3%	31,877	19.3%	5,993	18.8%
Other countries	31,249	15.1%	17,736	10.7%	13,513	76.2%
<b>Total revenue from contracts with customers</b>	<b>207,332</b>	<b>100%</b>	<b>165,435</b>	<b>100.0%</b>	<b>41,896</b>	<b>25.3%</b>

Revenues in **Italy** were up mainly because of higher sales volumes and average sales prices.

Revenues from **Germany** increased as a result of higher volumes in the Pasta sector and a general increase in the average sales price.

Revenues in the **United Kingdom** increased due to a higher average sales price than in the same period last year.

Revenues from **Other Countries** increased mainly due to the acquisition of EM Foods. Net of the acquisition, revenues in other countries would still increase as a consequence of an increase in demand and the average selling price.

### Operating costs

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023vs2022	%
Cost of sales	173,704	84%	133,695	81%	40,009	30%
Sales and distribution costs	20,982	10%	21,774	13%	(792)	(4%)
Administrative costs	4,846	2%	5,355	3%	(509)	(9%)
<b>Total operating costs</b>	<b>199,532</b>	<b>96%</b>	<b>160,823</b>	<b>97%</b>	<b>38,709</b>	<b>24%</b>

Cost of sales accounted for 84% of sales revenue (81% as at 31 March 2022) as the main consequence of an increase in the average purchase cost of raw materials and packaging materials.

Commercial sales and distribution expenses decreased in 2023 as a main consequence of the optimisation of the sales network and product distribution.

Administrative expenses decreased during 2023 due to the drop in the number of units due to retirement and/or resignation.

EBITDA net of business combination income amounted to Euro 16.8 million (8.1% of sales revenues), compared with Euro 13.3 million at 31 March 2022 (7.9% of sales revenues), up by 28.6%. Note that the figures recorded as at 31 March show an actual increase compared to the closing figures as at 31 December 2022.

The following table shows EBITDA by activity segment:

<i>(In thousands of euros)</i>	At 31 March 2023							Consolidated Financial Statements total
	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles & Bakery Mixes	Other assets	
Revenue from contracts with customers (third parties)	54,255	67,473	12,091	11,169	11,780	47,389	3,176	207,333
EBITDA (*)	4,025	5,247	1,638	1,696	1,366	2,647	185	16,803
EBITDA margin	7.42%	7.78%	13.55%	15.18%	11.60%	5.59%	5.82%	8.10%
Amortisation, depreciation and write-downs	1,124	3,969	412	92	478	2,360	49	8,906
Net write-downs of financial assets	-	-	-	-	-	-	350	350
Income from business combinations	-	-	-	-	-	-	2,236	2,236
<b>Operating profit/(loss)</b>	<b>2,901</b>	<b>1,278</b>	<b>1,226</b>	<b>1,604</b>	<b>888</b>	<b>287</b>	<b>2,022</b>	<b>9,784</b>
Financial income	-	-	-	-	-	-	1,586	1,586
Financial expenses	-	-	-	-	-	-	(3,125)	(3,125)
<b>Profit/(loss) before taxes</b>	<b>2,901</b>	<b>1,278</b>	<b>1,226</b>	<b>1,604</b>	<b>888</b>	<b>287</b>	<b>482</b>	<b>8,245</b>
Income taxes	-	-	-	-	-	-	(1,866)	(1,866)
<b>Net profit/(loss)</b>	<b>2,901</b>	<b>1,278</b>	<b>1,226</b>	<b>1,604</b>	<b>888</b>	<b>287</b>	<b>(1,384)</b>	<b>6,378</b>
Total assets	80,801	188,365	34,123	7,042	44,473	62,609	386,608	804,022
Total liabilities	34,278	75,723	11,713	10,900	12,554	66,952	446,607	658,727
Investments	808	655	102	592	79	1,344	-	3,580
Employees (number)	546	532	211	63	153	740	66	2,311

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

<i>(In thousands of euros)</i>	First quarter as at 31 March 2022							Consolidated Financial Statements total
	Pasta	Milk products	Bakery Products	Dairy products	Special Products	Instant Noodles	Other assets	
Revenue from contracts with customers (third parties)	45,996	59,496	8,264	9,077	8,281	31,543	2,777	165,435
EBITDA (*)	1,900	4,866	1,063	1,325	950	2,834	129	13,068
EBITDA margin	4.13%	8.18%	12.86%	14.60%	11.47%	8.99%	4.65%	7.90%
Amortisation, depreciation and write-downs	1,097	3,596	468	83	572	2,058	70	7,943
Net write-downs of financial assets	-	-	-	-	-	-	158	158
<b>Operating profit/(loss)</b>	<b>804</b>	<b>1,270</b>	<b>595</b>	<b>1,242</b>	<b>379</b>	<b>777</b>	<b>(99)</b>	<b>4,968</b>
Financial income	-	-	-	-	-	-	358	358
Financial expenses	-	-	-	-	-	-	(2,233)	(2,233)
<b>Profit/(loss) before taxes</b>	<b>804</b>	<b>1,270</b>	<b>595</b>	<b>1,242</b>	<b>379</b>	<b>777</b>	<b>(1,974)</b>	<b>3,093</b>
Income taxes	-	-	-	-	-	-	(695)	(695)
<b>Net profit/(loss)</b>	<b>804</b>	<b>1,270</b>	<b>595</b>	<b>1,242</b>	<b>379</b>	<b>777</b>	<b>(2,669)</b>	<b>2,398</b>
Total assets	120,318	226,375	21,487	629	20,394	60,233	367,694	817,130
Total liabilities	75,245	95,922	11,121	357	15,723	62,433	417,035	677,836
Investments	426	466	206	-	115	1,033	23	2,269
Employees (number)	502	591	196	73	167	622	72	2,223

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

EBIT amounted to Euro 9.8 million (4.7% of sales) compared with Euro 5 million at 31 March 2022 (3.0% of sales), up by 97%.

Operating profit net of business combination income would have amounted to Euro 7.5 million (4.0% of sales), an increase of 52% over the same period last year.

Net profit as at 31 March 2023 was Euro 6.4 million, up compared to the Euro 2.4 million recorded as at 31 March 2022.

### EBITDA

The table below provides a reconciliation of proforma EBITDA, the EBITDA margin and cash conversion at 31 March 2023 and 2022. EBITDA was determined without taking into account the business combination income recognised as a result of the acquisition of EM Foods Sas.

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March	
	2023	2022
Normalised operating profit/loss (EBIT)	7,548	4,968
Amortisation, depreciation and write-downs	8,906	7,943
Net write-downs of financial assets	350	158
<b>EBITDA (*) (A)</b>	<b>16,803</b>	<b>13,068</b>
Revenue from contracts with customers	207,333	165,435
<b>EBITDA margin (*)</b>	<b>8.1%</b>	<b>7.9%</b>
investments (B)	3,580	2,269
<b>Cash conversion [(A) - (B)]/(A)</b>	<b>78.7%</b>	<b>82.6%</b>

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

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023 v 2022	%
Pasta	4,025	7.4%	1,900	4.1%	2,125	111.8%
Milk Products	5,247	7.8%	4,866	8.2%	381	7.8%
Bakery Products	1,638	13.5%	1,063	12.9%	575	54.1%
Dairy Products	1,696	15.2%	1,325	14.6%	371	28.0%
Special Products	1,366	11.6%	950	11.5%	416	43.8%
Instant Noodles & Bakery Mixes	2,647	5.6%	2,834	9.0%	(188)	(6.6%)
Other assets	185	5.8%	129	4.6%	56	43.4%
<b>EBITDA</b>	<b>16,803</b>	<b>8.1%</b>	<b>13,068</b>	<b>7.9%</b>	<b>3,736</b>	<b>28.6%</b>

The EBITDA of the **Pasta** segment was up compared to the same period of the previous year due to both an increase in demand from existing and new customers and an increase in the average sales price

The EBITDA for the **Milk Products** segment was in line with the same period of the previous year, showing a significant margin recovery compared to 31 December 2022.

The EBITDA for the **Bakery Products** segment improved significantly compared to the same period last year due to higher sales volumes and a higher average selling price compared to 31 March 2022.

The EBITDA for the **Dairy Products** segment increased significantly compared to the same period of the previous year due to higher sales volumes and a higher average selling price compared to 31 March 2022.



EBITDA from the **Special Products** segment was in line with the same period of the previous year. The increase in absolute values is directly related to the increase in revenue.

EBITDA from the **Instant Noodles & Bakery Mixes** segment was broadly in line with the same period of the previous year.

EBITDA for the **Other Products** segment increased compared to the same period of the previous year due to an increase in the average sales price.

### Standardised EBITDA

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March				Changes	
	2023	%	2022	%	2023 v 2022	%
Pasta	4,401	8.1%	1,900	4.1%	2,625	138.2%
Milk Products	5,247	7.8%	4,866	8.2%	381	7.8%
Bakery Products	1,935	16.0%	1,063	12.9%	775	72.9%
Dairy Products	1,696	15.2%	1,325	14.6%	371	28.0%
Special Products	1,366	11.6%	950	11.5%	416	43.8%
Instant Noodles & Bakery Mixes	3,347	7.1%	2,834	9.0%	512	18.1%
Other assets	185	5.8%	129	4.6%	56	43.4%
<b>Standardised EBITDA</b>	<b>18,176</b>	<b>8.8%</b>	<b>13,068</b>	<b>7.9%</b>	<b>5,136</b>	<b>39.3%</b>

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March	
	2023	2022
Normalised operating profit/loss (EBIT)	8,920	4,968
Amortisation, depreciation and write-downs	8,906	7,943
Net write-downs of financial assets	350	158
<b>EBITDA (*) (A)</b>	<b>18,176</b>	<b>13,068</b>
Revenue from contracts with customers	207,333	165,435
<b>EBITDA margin (*)</b>	<b>8.8%</b>	<b>7.9%</b>
investments (B)	3,580	2,269
<b>Cash conversion [(A) - (B)]/(A)</b>	<b>80.3%</b>	<b>82.6%</b>

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

### Net financial debt

The following table provides details of the composition of the Company's net financial debt as at 31 March 2023 and 31 December 2022, determined in accordance with the provisions of Consob Communication DEM/6064293 of 28 July 2006 and in accordance with paragraph 175 et seq. of the recommendations contained in the document

prepared by ESMA, no. 32-382-1138 of 4 March 2021 (guidelines on disclosure requirements under Regulation EU 2017/1129, so-called "Prospectus Regulation"):

<i>(In thousands of euros)</i>	At 31 March	At 31 December
	2023	2022
<b>Net financial debt</b>		
A. Cash and cash equivalents	145,942	149,911
B. Cash equivalents	131,685	137,909
C. Other current financial assets	29,743	19,625
<b>D Cash and cash equivalents (A)+(B)+(C)</b>	<b>307,370</b>	<b>307,445</b>
E. Current financial payables	(57,285)	(32,282)
F. Current portion of non-current financial debt	(14,801)	(41,067)
<b>G. Current financial indebtedness (E)+(F)</b>	<b>(72,086)</b>	<b>(73,349)</b>
<b>H. Net current financial indebtedness (G)+(D)</b>	<b>235,284</b>	<b>234,096</b>
I. Non-current financial payables	(139,717)	(144,447)
J. Debt instruments	(198,874)	(199,450)
K. Trade and other non-current payables	-	-
<b>L. Non-current financial indebtedness (I)+(J)+(K)</b>	<b>(338,591)</b>	<b>(343,897)</b>
<b>M. Net financial indebtedness (H)+(L)</b>	<b>(103,307)</b>	<b>(109,799)</b>
Purchase of treasury shares	29,320	28,413
Acquisition of EM Foods	1,000	
<b>N. Proforma net financial debt</b>	<b>(72,987)</b>	<b>(81,386)</b>

Comparing the proforma net financial position at 31 March 2023 with the corresponding data at 31 December 2022 demonstrates a significant improvement of Euro 8.4 million thanks to the Newlat Group's ability to generate cash flows from operations.

Without considering lease liabilities, the positive net financial position was as follows:

<i>(In thousands of euros)</i>	At 31 March	At 31 December
	2023	2022
<b>Net financial debt</b>	<b>(72,987)</b>	<b>(81,386)</b>
Current lease liabilities	9,339	7,567
Non-current lease liabilities	37,532	39,173
<b>Net Financial Position</b>	<b>(26,117)</b>	<b>(34,646)</b>

Changes in net financial position as of 31 March 2023 are shown below, in summary:

<b>Net Financial Position at 31 December 2022 (million euros)</b>	<b>(81)</b>
EBITDA	16.80
Acquisition of EM Foods	1.00
Purchase of treasury shares	0.91
Net working capital	(0.51)
Interest and taxes	(3.68)
Investments	(7.01)
Other minor operating costs	0.89
<b>Net Financial Position at 31 March 2023 (million euros)</b>	<b>(73)</b>

## INVESTMENTS

The following table provides a breakdown of the Group's investments in property, plant and equipment and intangible assets at 31 March 2023:

<i>(In thousands of euros and as a percentage)</i>	At 31 March			
	2023	%	2022	%
Land and buildings	5	0.1%	47	2.1%
Plant and machinery	3,196	89.3%	1,572	69.3%
Industrial and commercial equipment	164	4.6%	24	1.1%
Assets under construction and payments on account	13	0.4%	622	27.4%
<b>Investments in property, plant and equipment</b>	<b>3,378</b>	<b>94.4%</b>	<b>2,265</b>	<b>99.9%</b>
Industrial patent rights and rights for the use of intellectual works		0.0%	4	0.2%
Other assets	202	5.6%		0.0%
<b>Investments in intangible assets</b>	<b>202</b>	<b>5.6%</b>	<b>4</b>	<b>0.2%</b>
<b>Total investments</b>	<b>3,580</b>	<b>100.0%</b>	<b>2,269</b>	<b>100.0%</b>

During the reporting period, the Group made investments totalling Euro 3,580 thousand.

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

Investments in property, plant and equipment relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines, as well as the new plant in Lodi.

The following table provides a breakdown by business unit of the Group's investments as at 31 March 2023:

<i>(In thousands of euros and as a percentage)</i>	At 31 March			
	2023	%	2022	%
<i>Special Products</i>	79	2.2%	115	5.1%
Pasta	808	22.6%	426	18.8%
<i>Bakery Products</i>	102	2.8%	206	9.1%
<i>Milk Products</i>	655	18.3%	466	20.5%
<i>Dairy Products</i>	592	16.5%	-	0.0%
Instant Noodles & Bakery Mixes	1,344	37.5%	1,033	
Other assets		0.0%	23	1.0%
<b>Total investments</b>	<b>3,580</b>	<b>100.0%</b>	<b>2,269</b>	<b>54.5%</b>

Investments in the Milk Products business unit relate to efficiency improvements of the production facilities at the plants used by the Centrale del Latte d'Italia, especially the facility at the Vicenza and Turin plants.

Investments in the Dairy business unit relate to the new mascarpone plant at the Lodi site.

Investments in the Special Products business unit mainly refer to the improvement of new plants and the investment of the new biscuit line at the Ozzano Taro site.

Investments in the Pasta business unit mainly refer to new packaging plants at the Sansepolcro, Cremona and Mannheim (Germany) sites.

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

Investments in the Instant Noodles & Bakery Mixes business unit relate to new packaging systems.

### **Positions or transactions deriving from atypical and/or unusual transactions**

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

### **Treasury shares and shares of parent companies**

In compliance with the provisions of article 2428 of the Italian Civil Code, note that at 31 March 2023 in all the Parent company holds 4,788,892 treasury shares equal to 10.91% of the share capital, for a total purchase cost of approximately Euro 29.3 million, which decreased consolidated shareholders' equity.

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

The Group deals with the following related parties:

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

Reggio Emilia, 12 May 2023

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

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

Reggio Emilia, 12 May 2023

Rocco Sergi  
Officer in charge of preparing the  
company's financial reports

## Financial statements and explanatory notes

## Consolidated statement of financial position

<i>(In thousands of euros)</i>	At 31 March 2023	At 31 December 2022
<b>Non-current assets</b>		
Property, plant and equipment	154,074	154,106
Right-of-use assets	46,217	46,509
<i>of which from related parties</i>	<i>16,068</i>	<i>16,722</i>
Intangible assets	92,150	92,345
Equity investments in associates	1,401	1,401
Non-current financial assets measured at fair value through profit or loss	1,209	1,213
Financial assets measured at amortised cost	807	801
<i>of which from related parties</i>	<i>735</i>	<i>735</i>
Deferred tax assets	7,598	7,148
<b>Total non-current assets</b>	<b>303,455</b>	<b>303,522</b>
<b>Current assets</b>		
Inventories	103,504	85,213
Trade receivables	76,739	91,982
<i>of which from related parties</i>	<i>1,664</i>	<i>687</i>
Current tax assets	1,465	1,889
Other receivables and current assets	11,489	19,045
Current financial assets measured at fair value through profit or loss	16,643	6,525
Financial assets measured at amortised cost	13,099	13,099
<i>of which from related parties</i>	<i>13,099</i>	<i>13,099</i>
Cash and cash equivalents	277,627	287,820
<i>of which from related parties</i>	<i>97,685</i>	<i>97,909</i>
<b>Total current assets</b>	<b>500,566</b>	<b>505,573</b>
<b>TOTAL ASSETS</b>	<b>804,021</b>	<b>809,094</b>
<b>Shareholders' equity</b>		
Share capital	43,935	43,935
Reserves	82,585	77,296
Translation reserve	(2,437)	(2,982)
Net profit/(loss)	5,824	6,223
<b>Total shareholders' equity attributable to the Group</b>	<b>129,907</b>	<b>124,471</b>
Shareholders' equity attributable to minority interests	15,388	14,834
<b>Total consolidated equity</b>	<b>145,296</b>	<b>139,306</b>
<b>Non-current liabilities</b>		
Provisions for employee benefits	11,044	11,399
Provisions for risks and charges	2,242	2,038
Deferred tax liabilities	19,683	19,991
Non-current financial liabilities	301,060	304,723
Non-current lease liabilities	37,532	39,173
<i>of which from related parties</i>	<i>14,098</i>	<i>14,703</i>
<b>Total non-current liabilities</b>	<b>371,560</b>	<b>377,324</b>
<b>Current liabilities</b>		
Trade payables	184,900	193,776
<i>of which from related parties</i>	<i>67</i>	<i>-</i>
Current financial liabilities	62,747	65,780
<i>of which from related parties</i>	<i>4,006</i>	<i>8,929</i>
Current lease liabilities	9,339	7,567
<i>of which from related parties</i>	<i>2,386</i>	<i>2,356</i>
Current tax liabilities	6,021	3,688
Other current liabilities	24,158	21,654
<b>Total current liabilities</b>	<b>287,166</b>	<b>292,466</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>804,021</b>	<b>809,094</b>

## Consolidated income statement

<i>(In thousands of euros)</i>	At 31 March	
	2023	2022
Revenue from contracts with customers	207,333	165,435
Cost of sales	(173,704)	(133,695)
<i>of which from related parties</i>	(654)	(690)
<b>Gross operating profit/(loss)</b>	<b>33,629</b>	<b>31,741</b>
Sales and distribution costs	(20,982)	(21,774)
Administrative costs	(4,846)	(5,355)
<i>of which from related parties</i>	(63)	(63)
Net write-downs of financial assets	(350)	(158)
Income from business combinations	2,236	
Other revenues and income	2,652	2,197
Other operating costs	(2,554)	(1,683)
<b>Operating profit/(loss)</b>	<b>9,784</b>	<b>4,969</b>
Financial income	1,586	358
<i>of which from related parties</i>	984	
Financial expenses	(3,125)	(2,233)
<i>of which from related parties</i>	(160)	(23)
<b>Profit/(loss) before taxes</b>	<b>8,244</b>	<b>3,094</b>
Income taxes	(1,866)	(695)
<b>Net profit/(loss)</b>	<b>6,378</b>	<b>2,400</b>
<b>Profit/(loss) attributable to minority interests</b>	<b>554</b>	<b>568</b>
<b>Group net profit/(loss)</b>	<b>5,824</b>	<b>1,832</b>
Basic net profit/(loss) per share	0.15	0.05
Diluted net profit/(loss) per share	0.15	0.05

## Consolidated statement of other comprehensive income

<i>(In thousands of euros)</i>	At 31 March	
	2023	2022
<b>Net profit/(loss) (A)</b>	<b>6,378</b>	<b>2,400</b>
b) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	-	7
Total other components of comprehensive income that will not be subsequently reclassified to the income statement:	-	7
c) Components of comprehensive income that will not be subsequently reclassified to the income statement:		
Hedging instruments net of tax effects		(2)
Translation reserve	520	(225)
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	520	(227)
D) Total other components of comprehensive income, net of tax effect (B+C)	520	(220)
<b>Total comprehensive net profit/(loss) (A)+(D)</b>	<b>6,898</b>	<b>2,180</b>
<b>Profit/(loss) attributable to minority interests</b>	<b>554</b>	<b>569</b>
<b>Group net profit/(loss)</b>	<b>6,344</b>	<b>1,611</b>



## Consolidated statement of changes in equity

<i>(In thousands of euros)</i>	Share capital	Reserves	Net profit/(loss)	Total shareholders' equity attributable to the Group	Shareholders' equity attributable to minority interests	Total
<b>At 31 December 2021</b>	<b>43,935</b>	<b>80,968</b>	<b>5,134</b>	<b>130,038</b>	<b>14,477</b>	<b>144,515</b>
Allocation of net profit/(loss) for the previous year	-	5,134	(5,134)	-	-	-
Treasury shares	-	(7,399)	-	(7,399)	-	(7,399)
<b>Total treasury shares</b>		<b>(7,399)</b>		<b>(7,399)</b>		<b>(7,399)</b>
Net profit/(loss)	-	-	1,832	<b>1,832</b>	568	<b>2,400</b>
Hedging instruments	-	(2)	-	<b>(2)</b>	-	<b>(2)</b>
Translation reserve	-	(225)	-	<b>(225)</b>	-	<b>(225)</b>
Actuarial gains/(losses) net of the related tax effect	-	7	-	<b>7</b>	-	<b>7</b>
<b>Total comprehensive net profit/(loss) for the year</b>		<b>(220)</b>	<b>1,832</b>	<b>1,612</b>	<b>568</b>	<b>2,180</b>
<b>At 31 March 2022</b>	<b>43,935</b>	<b>78,483</b>	<b>1,832</b>	<b>124,251</b>	<b>15,045</b>	<b>139,296</b>
Treasury shares	-	(4,333)	-	(4,333)	-	(4,333)
<b>Total treasury shares</b>		<b>(4,333)</b>		<b>(4,333)</b>		<b>(4,333)</b>
Other changes	-	453	-	453	(17)	436
Net profit/(loss)	-	-	4,391	<b>4,391</b>	(194)	<b>4,197</b>
Hedging instruments	-	585	-	<b>585</b>	-	<b>585</b>
Translation reserve	-	(2,403)	-	<b>(2,403)</b>	-	<b>(2,403)</b>
Actuarial gains/(losses) net of the related tax effect	-	1,527	-	<b>1,527</b>	-	<b>1,527</b>
<b>Total comprehensive net profit/(loss) for the year</b>		<b>162</b>	<b>4,391</b>	<b>4,553</b>	<b>(211)</b>	<b>4,342</b>
<b>At 31 December 2022</b>	<b>43,935</b>	<b>74,312</b>	<b>6,223</b>	<b>124,471</b>	<b>14,834</b>	<b>139,306</b>
Allocation of net profit/(loss) for the previous year	-	6,223	(6,223)	-	-	-
Treasury shares	-	(908)	-	(908)	-	(908)
<b>Total treasury shares</b>		<b>(908)</b>		<b>(908)</b>		<b>(908)</b>
Net profit/(loss)	-	-	5,824	<b>5,824</b>	554	<b>6,378</b>
Translation reserve	-	520	-	<b>520</b>	-	<b>520</b>
<b>Total comprehensive net profit/(loss) for the year</b>		<b>520</b>	<b>5,824</b>	<b>6,344</b>	<b>554</b>	<b>6,898</b>
<b>At 31 March 2023</b>	<b>43,935</b>	<b>80,147</b>	<b>5,824</b>	<b>129,907</b>	<b>15,388</b>	<b>145,296</b>

## Consolidated cash flow statement

<i>(In thousands of euros)</i>	At 31 March	
	2023	2022
Profit/(loss) before taxes	8,244	3,094
- <i>Adjustments for:</i>		
Amortisation, depreciation and write-downs	10,098	8,098
Financial expense/(income)	(1,540)	1,875
<i>of which from related parties</i>	824	(23)
<b>Cash flow generated /(absorbed) by operating activities before changes in net working capital</b>	<b>16,803</b>	<b>13,067</b>
Change in inventory	(14,546)	(11,134)
Change in trade receivables	20,346	15,028
Change in trade payables	(15,018)	4,345
Change in other assets and liabilities	8,709	(4,460)
Use of provisions for risks and charges and for employee benefits	(150)	(162)
Taxes paid	(2,143)	(1,027)
<b>Net cash flow generated /(absorbed) by operating activities</b>	<b>14,002</b>	<b>15,656</b>
Investments in property, plant and equipment	(3,343)	(2,206)
Investments in intangible assets	(236)	(63)
Investments in financial assets	(10,112)	-
Acquisition fee	(1,000)	-
<b>Net cash flow generated /(absorbed) by investment activities</b>	<b>(14,692)</b>	<b>(2,269)</b>
New long-term financial debt	20,000	10,000
Repayments of long-term financial debt	(26,707)	(26,212)
<i>Repayments of lease liabilities</i>	(3,426)	(1,708)
<i>of which from related parties</i>	(814)	(640)
Net interest expense	1,540	(1,875)
Treasury shares	(909)	(7,399)
<b>Net cash flow generated/(absorbed) by financing activities</b>	<b>(9,502)</b>	<b>(27,194)</b>
<b>Total changes in cash and cash equivalents</b>	<b>(10,192)</b>	<b>(13,807)</b>
<b>Cash and cash equivalents at start of year</b>	<b>287,820</b>	<b>384,888</b>
<i>of which from related parties</i>	97,909	126,552
Total changes in cash and cash equivalents	(10,192)	(13,807)
<b>Cash and cash equivalents at end of year</b>	<b>277,627</b>	<b>371,083</b>
<i>of which from related parties</i>	91,685	132,215

## Explanatory notes

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

The Interim Management Report at 31 March 2023 was prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union for interim reporting (IAS 34). The financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The Interim Management Report at 31 March 2023 should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2022.

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

### ***Measurement criteria***

The measurement criteria used for the preparation of the consolidated financial statements as at 31 March 2023 are the same as those used for the consolidated financial statements at 31 December 2022, except for the new accounting standards, amendments and interpretations applicable from 1 January 2023, which are described below and which – it is noted – did not have a material impact on the equity and economic situation as at 31 March 2023.

Accounting standards, amendments and interpretations effective from 1 January 2022 and 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 financial statement users. 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 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 standard and amendments are effective from 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.

## Explanatory notes as at 31 March 2023

## Scope of consolidation and goodwill

Name	Registered Office	Currency	Share capital at 31 March 2023	Control percentage	
				At 31 March 2023	At 31 December 2022
Newlat Food S.p.A.	Italy - Via J.F. Kennedy 16, Reggio Emilia	EUR	43,935,050	Parent company	Parent company
Newlat GmbH	Germany - Franzosenstraße 9, Mannheim (Germany)	EUR	1,025,000	100%	100%
Centrale del Latte d'Italia S.p.A.	Turin Via Filadelfia 220, 10137 Thornes Farm Business	EUR	28,840,041	67.74%	67.74%
Symington's Ltd	Park, Pontefract Ln, Leeds LS9	GBP	100,000	100%	100%
EM Foods Sas	951 Rue Denis Papin, 54710 Ludres, France	EUR	1,000,000	100%	-

### Consolidation criteria and methodology

The interim report illustrates the Group's equity, economic and financial situation in accordance with IFRS.

The subsidiaries were consolidated using the line-by-line method. With regard to the subsidiary Centrale del Latte d'Italia S.p.A. (also listed on the stock exchange in the STAR segment, and held at 31 March 2023 at 67.74%), minority interests were recognised.

The associate company Mercafir, in which the subsidiary Centrale del Latte d'Italia S.p.A. has a 25% stake, was consolidated using the equity method.

### Acquisition of EM FOODS SAS

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.

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.

### Business combinations

Business combinations, in which the control of a business is acquired, are recognised in accordance with IFRS 3 "Business combination", applying the acquisition method. In particular, identifiable assets, liabilities and potential liabilities are recognised at fair value at the date of acquisition, i.e. the date when control is acquired (the acquisition date), except for deferred tax assets and liabilities, assets and liabilities relative to employee benefits and assets held for sale, which are recognised based on the relative accounting standards. If positive, the difference between the cost of acquisition and the current value of the assets and liabilities is recorded in intangible assets as goodwill; if negative, after having checked that the current values of the assets and liabilities acquired and the cost of acquisition have been properly measured, it is recorded directly in the statement of other comprehensive income, as revenue. Minority interests on the date of acquisition can be measured at fair value or at the pro-rata of the value of the net assets recognised for the acquired company. The valuation method is chosen on a transaction-by-transaction basis. When the assets and liabilities of the acquired business are calculated on a provisional basis, this must be completed within twelve months of the date of acquisition, taking into account only information relating to facts and circumstances existing at the Acquisition Date. In the year in which the aforementioned calculation is concluded, the provisionally recognised values are adjusted with retrospective effect. The ancillary expenses of the transaction are recognised in the income statement at the moment at which they are incurred. The cost of acquisition is represented by the fair value on the Acquisition Date of the assets transferred, the liabilities assumed and the equity instruments issued for the purpose of the acquisition, and also includes the contingent consideration, i.e. the part of the fee whose amount and disbursement are dependent on future events. The contingent consideration is recognised on the basis of its fair value at the Acquisition Date, and subsequent changes in fair value are recognised in the income statement if the contingent consideration is a financial asset or liability, while contingent considerations classified as equity are not restated and the subsequent elimination occurs directly in equity. Where control is acquired in subsequent phases, the acquisition cost is determined by adding the fair value of the investment previously held in the acquiree and the amount paid for the additional portion. Any difference between the fair value of the investment previously held and its carrying value is charged to the income statement. When control is acquired, any amounts previously recognised as other components of comprehensive income are recognised in the statement of other comprehensive income or, if such reclassification is not envisaged, in another shareholders' equity item. The following table provides the book values of the net assets acquired as part of the EM Foods Sas Acquisition:

<i>(In thousands of euros)</i>	<i>As at 1 January 2023</i>
Property, plant and equipment	1,578
Financial assets measured at amortised cost	4
Inventories	3,746
Trade receivables	5,453
Other receivables and current assets	502
Trade payables	(6,141)
Current financial liabilities	(9)
Current tax liabilities	(38)
Other current payables and liabilities	(1,858)
<b>Total net assets acquired</b>	<b>3,236</b>
Payment by bank transfer	(1,000)
<b><i>Income from business combinations</i></b>	<b><i>2,236</i></b>

The transaction was booked in accordance with the guidance contained in IFRS 3 – "Business Combinations" since it can be categorised as an acquisition.

The purchase price allocation process as well as the valuation of assets and liabilities at fair value is still being completed and may change over the coming months.

Management expects to conclude the final valuation of the assets and liabilities at fair value by the end of the current year.



## Non-current assets

<i>(In thousands of euros)</i>	At 31 March 2023	At 31 December 2022
Non-current assets		
Property, plant and equipment	154,074	154,106
Right-of-use assets	46,217	46,509
Intangible assets	92,150	92,345
Equity investments in associates	1,401	1,401
Non-current financial assets measured at fair value through profit or loss	1,209	1,213
Financial assets measured at amortised cost	807	801
Deferred tax assets	7,598	7,148
<b>Total non-current assets</b>	<b>303,455</b>	<b>303,522</b>

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

### Fixed assets, plant and equipment

Tangible fixed assets are in line with the figure at 31 December 2022 due to the aggregation of the balances of EM Foods Sas as at 1 January 2023 and the investments made during the first quarter net of depreciation for the period.

### Right-of-use assets

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), 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 previous 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.

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

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.

### Intangible assets

#### Goodwill

The goodwill of Euro 13,701 thousand refers to:

- Euro 3,863 thousand refers entirely to Newlat Food's acquisition of Centrale del Latte di Salerno S.p.A. in December 2015, which was subsequently merged by incorporation into Newlat in December 2019. As at 31 March 2023, the Group's management did not detect any negative effects relating to the activities of the Salerno plant that would require another impairment test in addition to the one that returned positive results performed for the financial statements as at 31 December 2022.
- Euro 9,533 thousand for Newlat Food's acquisition of the Symington's Ltd Group in August 2021. As at 31 March 2023, the Group's management did not detect any negative effects relating to the activities of Symington's that would require another impairment test in addition to the one that returned positive results performed for the financial statements as at 31 December 2022.

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

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights":

<i>(In thousands of euros)</i>	At 31 March 2022	At 31 December 2022
Trademarks with an indefinite useful life (a)	44,799	44,799
Trademarks with a finite useful life (b)	576	600
Symington's assets with a finite useful life (c)	32,453	33,404
<b>Total net book value</b>	<b>77,828</b>	<b>78,803</b>

#### Trademarks with an indefinite useful life

This item refers to the following trademarks:

- the Drei Glocken and Birkel brands registered by the subsidiary Newlat GmbH in 2014 following the acquisition of the relevant business unit from Ebro Foods, for a total of Euro 18,844 thousand;
- the Centrale del Latte Rapallo-Latte Tigullio, Mukki and Centrale del Latte di Vicenza brands recorded in the separate financial statements of the subsidiary Centrale del Latte d'Italia S.p.A. for a total of Euro 19,132 thousand, revalued during purchase price allocation as part of the acquisition by Newlat Food for a total of Euro 6,823 thousand.

At 31 March 2023 the Group's management did not observe any negative effects relating to the operations of the plants of Newlat GmbH and Centrale del Latte d'Italia S.p.A. which the aforementioned brands refer to that would entail another impairment test in addition to the one performed with positive results for the financial statements as at 31 December 2022.

#### 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.

#### Symington's 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.

#### Other intangible assets

This item mainly includes the multi-year research and development on product innovation by the Symington's Ltd Group.

#### Equity investments in associates

Investments in associated companies amount to Euro 1.4 million and refer to the company Mercafir for an amount of Euro 1,397 thousand and Filat for an amount of Euro 4 thousand.

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

The balance includes the interest in Futura S.r.l. for a total of approximately Euro 657 thousand (less than 5% stake).

#### Financial assets measured at amortised cost

At 31 March 2023, this item totalled Euro 807 thousand (Euro 801 thousand at 31 December 2022) and referred mainly to security deposits paid by the Parent Company under the production premises lease agreements.

#### Deferred tax assets

At 31 March 2023, this item totalled Euro 7,598 thousand (Euro 7,148 thousand in December 2022). Prepaid taxes refer to the appropriation of taxed provisions. Based on the multi-year business plans prepared, management believes that these receivables can be fully recovered through future taxable income.

## Current assets

<i>(In thousands of euros)</i>	At 31 March 2023	At 31 December 2022
<b>Current assets</b>		
Inventories	103,504	85,213
Trade receivables	76,739	91,982
Current tax assets	1,465	1,889
Other receivables and current assets	11,489	19,045
Current financial assets measured at fair value through profit or loss	16,643	6,525
Financial assets measured at amortised cost	13,099	13,099
Cash and cash equivalents	277,627	287,820
<b>Total current assets</b>	<b>500,566</b>	<b>505,573</b>

### Inventories

Closing inventories increased compared to the figures as at 31 December 2022 by Euro 18.3 million due to an increase in inventories caused by a higher average purchase price and an increase in inventories to meet increased demand as well as the aggregation of the balances of EM Foods Sas included in the scope of consolidation as at 1 January 2023.

### Trade receivables

There are no significant changes in the receipt conditions. Receivables are shown net of the provision for write-downs estimated prudentially on the basis of information held in order to adjust their value to the presumed realisable value.

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

### Current tax assets

Current tax assets totalled Euro 1,465 thousand (Euro 1,889 thousand at 31 December 2022).

Current tax liabilities totalled Euro 6,021 thousand (Euro 3,688 thousand at 31 December 2022). The change compared with 31 December 2022 was due mainly to taxes for the period.

### Other receivables and current assets

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

### Financial receivables measured at amortised cost

Financial receivables measured at amortised cost amounting to Euro 13,099 thousand include financial receivables from the related party New Property SpA.

### Cash and cash equivalents

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

At 31 March 2023, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents, amounting to Euro 91,685 thousand, is attributable to the cash pooling relationships of Newlat Food with the parent company Newlat Group S.A.

See the statement of cash flows for changes in the "Cash and cash equivalents" item as at 31 March 2023.

## **Shareholders' equity**

### Share capital

As at 31 March 2023, 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 in October 2019.

As reported in the statement of changes in consolidated equity, the changes as at 31 March 2023 related to:

- Recognition of the total Group net profit for the period, in the amount of Euro 5,824 thousand.
- Purchase of treasury shares for Euro 908 thousand.
- Translation reserve of Euro 520 thousand.
- Recognition of minority interest in shareholders' equity amounting to Euro 15,388 thousand

## Non-current liabilities

<i>(In thousands of euros)</i>	At 31 March 2023	At 31 December 2022
Non-current liabilities		
Provisions for employee benefits	11,044	11,399
Provisions for risks and charges	2,242	2,038
Deferred tax liabilities	19,683	19,991
Non-current financial liabilities	301,060	304,723
Non-current lease liabilities	37,532	39,173
<b>Total non-current liabilities</b>	<b>371,560</b>	<b>377,324</b>

### Provisions for employee benefits

At 31 March 2023, this item totalled Euro 11,044 thousand, down from 31 December 2022, mainly due to the departure of employees through retirement and resignation.

### Provisions for risks and charges

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

### Deferred tax liabilities

The balance of Euro 19,683 thousand refers mainly to allocations to tangible and intangible assets as a result of acquisitions.

### Non-current and current financial liabilities

The item mainly refers to short- and medium- to long-term financial payables.

The verification of compliance with financial covenants is performed only on the annual data at 31 December. Based on the results obtained as of 31 March 2023 and on the year-end forecast the Group believes that these covenants will be respected at 31 December 2023.

The decrease in current and non-current financial liabilities is mainly due to the repayment of principal on loans outstanding at 31 December 2022.

### Current and non-current lease liabilities

This item includes financial debt relating mainly to multi-year lease agreements for properties used by the Parent Company and by the subsidiaries and to the lease of industrial facilities and machinery.

Liabilities were recognised in compliance with the IFRS 16 accounting standard that came into effect on 1 January 2019 and determined as the present value of future lease payments discounted at a marginal rate of interest which, based on the length of each individual agreement, was identified in a range between 3% and 4%.

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

## Current liabilities

<i>(In thousands of euros)</i>	At 31 March 2023	At 31 December 2022
<b>Current liabilities</b>		
Trade payables	184,900	193,776
Current financial liabilities	62,747	65,780
Current lease liabilities	9,339	7,567
Current tax liabilities	6,021	3,688
Other current liabilities	24,158	21,654
<b>Total current liabilities</b>	<b>287,166</b>	<b>292,466</b>

### Trade payables

Trade payables refer to purchases of raw materials, services and assets. There are no particular changes in supplier payment terms.

### Current financial liabilities

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

### Current lease liabilities

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

### Other current liabilities

This item consists mainly of tax payables and payables to employees and social security bodies.

## Income statement

See the Management Report for an analysis of the income statement items as at 31 March 2023 and to the section on the acquisition of EM Food Sas for the effects on the business combination income.

## Earnings per share

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

	At 31 March	
	2023	2022
Profit for the year attributable to the Group in thousands of euros	5,824	1,832
Weighted average number of shares in circulation	39,146,158	40,165,610
<b>Earnings per share (in Euro)</b>	<b>0.15</b>	<b>0.05</b>

### Related party transactions

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

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

The Group deals with the following related parties:

- Newlat Group S.A., Swiss parent company; and
- companies controlled by the parent company other than its own subsidiaries and associates ("Companies controlled by the parent companies").



<i>(In thousands of euros)</i>	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				
<b>Right-of-use assets</b>							
At 31 March 2023		16,068			16,068	46,217	34.8%
At 31 December 2022		16,722			16,722	46,509	36.0%
<b>Non-current financial assets at amortised cost</b>							
At 31 March 2023		735			735	807	91.1%
At 31 December 2022		735			735	801	91.8%
<b>Trade receivables</b>							
At 31 March 2023	1,664			-	1,664	76,739	2.2%
At 31 December 2022	681				681	91,982	0.7%
<b>Financial receivables measured at amortised cost</b>							
At 31 March 2023		13,099			13,099	13,099	100.0%
At 31 December 2022		13,099			13,099	13,099	100.0%
<b>Cash and cash equivalents</b>							
At 31 March 2023	91,685				91,685	277,627	33.0%
At 31 December 2022	97,909				97,909	287,820	34.0%
<b>Non-current lease liabilities</b>							
At 31 March 2023		14,098			14,098	37,532	37.6%
At 31 December 2022		14,703			14,703	39,173	37.5%
<b>Trade payables</b>							
At 31 March 2023	-	-	83	150	67	184,900	0.0%
At 31 December 2022	25	-	194	169	-	193,776	0.0%
<b>Current financial liabilities</b>							
At 31 March 2023	4,006				4,006	62,747	6.4%
At 31 December 2022	8,929				8,929	65,780	13.6%
<b>Current lease liabilities</b>							
At 31 March 2023		2,386			2,386	9,339	25.6%
At 31 December 2022		2,356			2,356	7,567	31.1%

<i>(In thousands of euros)</i>	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			
<b>Cost of sales</b>						
At 31 March 2023			654	654	173,704	0.4%
At 31 March 2022	-		617	690	133,695	0.5%
<b>Administrative costs</b>						
At 31 March 2023	63			63	4,846	1.3%
At 31 March 2022	63	-	-	63	5,355	1.2%
<b>Financial income</b>						
At 31 March 2023	984			984	1,586	62.1%
<b>Financial expenses</b>						
At 31 March 2023	-		160	160	3,125	5.1%
At 31 March 2022	-		23	23	2,233	1.0%

### Disputes and potential liabilities

The Parent Company and its subsidiaries are parties to some legal disputes, for relatively small amounts. The future resolution of such disputes is unlikely to generate significant liabilities for the Group for which specific risk provisions have not already been allocated in the financial statements. As at 31 March 2023 there were no substantial changes to the situations regarding disputes or contingent liabilities from 31 December 2022.