



Centrale del Latte d'Italia



INTERIM REPORT AT 31 MARCH 2024







DIRECTORS' REPORT ON OPERATIONS AT 31 MARCH 2024

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This report is available online
at: <https://centralelatteitalia.com/>

Centrale del Latte d'Italia S.p.A. | Head office: Via Filadelfia 220, 10137 Turin – Secondary office: Via dell'Olmattello 20, 50127 Florence
Tax and VAT ID: 01934250018 | Registration in the Company Register – Official Archives of the Chamber of Commerce of Turin | REA number: TO - 520409 | Share Capital: Euro 28,840,041.20

Boards and officers

BOARD OF DIRECTORS

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

Angelo Mastrolia Chairman
Giuseppe Mastrolia Deputy Chairman
Stefano Cometto Chief Executive Officer
Benedetta Mastrolia Director
Giovanni Maria Rayneri
Anna Claudia Pellicelli Director
Valeria Bruni Giordani Director

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

E.D. = Executive Director

I.D. = Independent Director

N.E.D. = Non-Executive Director

C.R.C. = Control and Risks Committee

R.C. = Remuneration and appointments committee

R.P.C. = Related Party Transactions Committee

I.D.C. = Independent Directors Committee

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. - Turin

BOARD OF STATUTORY AUDITORS

Deborah Sassorossi Chairperson

Ester Sammartino Standing Auditor

Giovanni Rayneri Standing Auditor

FINANCIAL REPORTING OFFICER

Fabio Fazzari CFO and Investor Relator

On April 29, 2024, during an extraordinary shareholders' meeting, the articles of association were amended to introduce the unitary system of management and control, which will take effect upon registration of the shareholders' resolution in the Chamber of Commerce of Turin.

General information

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

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

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

On 29 April 2024, the extraordinary session of the shareholders' meeting amended the articles of association and introduced the one-tier administration and control system.

This management report shows the financial information of the Company at 31 March 2024 compared to the financial statements at 31 March 2023 and the statement of financial position at 31 December 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 Company's business performance in compliance with the provisions of the Consob Communication of 28 July 2006 (DEM 6064293), as subsequently amended and supplemented (Consob Communication no. 0092543 of 3 December 2015 implementing the ESMA/2015/1415 guidelines).

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

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

- EBITDA: the operating result (OR) before depreciation, amortisation and write-downs of tangible and intangible assets and write-downs of financial assets.
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.

Net financial debt is given by the algebraic sum of:

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

Reclassified statement of cash flows

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

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

Performance as at 31 March 2024

Operations as at 31 March 2024 show a positive pre-tax result of Euro 2,597 thousand and a total net result of Euro 1,870 thousand.

The comparison with the same period of the previous year shows similar results, with EBITDA amounting to Euro 7.3 million or 8.9% of revenue compared to Euro 7.4 million as at 31 March 2023 or 9%).

The Company continued to invest in the search for new customers, and this allowed it to maintain its turnover levels unchanged despite a decrease in average sales prices.

Overall, the turnover amounted to Euro 81.9 million, in line with the same period of the previous year, i.e. Euro 81.8 million.

In view of the downward trend in inflation, the Company continued to pay particular attention to improving purchasing conditions, and this allowed it to keep its margins unchanged

The interim report closed with a net profit after tax of Euro 1,870 thousand.

Outlook

Considering the short period of time historically covered by the Company's order book and the difficulties and uncertainties of the current global economic situation, it is not easy to develop forecasts for the current year, which in any case seems to be very positive. The company will continue to pay particular attention to cost controls and financial management in order to maximise the generation of free cash flow, to be allocated both to organic growth internally and externally and to the remuneration of Shareholders. At the date of approval of this interim report, conflicts in Europe involving Russia and Ukraine and in the Middle East between Israel and Palestine are still ongoing. The ongoing conflicts and tensions in the Suez Canal cause a lot of uncertainty about the development of the world economy.

These events have conditioned and continue to condition the Company's commercial choices and policies, which is faced with a highly dynamic context in which it is difficult to predict the extent to which these events might affect the outlook for 2024, but, based on the results achieved in the first quarter and the available information, the Directors believe they can reasonably exclude the possibility of significant negative impacts.

Going concern

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

- The considerable level of cash reserves available at 31 March 2024.
- The Company's constant ability to generate cash from operations.
- The presence of authorised and unused credit lines.
- The presence of the Newlat Group as the majority shareholder and the continual support provided by major banks, partly because of its status as a market leader.

The Company's economic and financial performance recorded as at 31 March 2024 was in line with budget forecasts. It should also be noted that the cash and cash equivalents at 31 March 2024, amounting to Euro 35 million, the credit lines currently available and the cash flows that will be generated by operational management are considered more than sufficient to fulfil obligations and finance the Company's operations.

EVENTS AFTER 31 MARCH 2024

On April 29, 2024, the extraordinary shareholders' meeting amended the company's bylaws and introduced the unitary system of administration and control. There have been no atypical or unusual operations that require changes to the interim management report.

MANAGEMENT REPORT

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

- Milk Products
- Dairy Products
- Other Products

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March					
	2024	%	2023	%	2024vs2023	%
Revenue from contracts with customers	81,947	100.0%	81,845	100.0%	101	0.1%
Cost of sales	(65,715)	(80.2%)	(65,740)	(80.3%)	26	(0.0%)
Gross operating profit/(loss)	16,232	19.8%	16,105	19.7%	127	0.8%
Sales and distribution costs	(11,144)	(13.6%)	(11,788)	(14.4%)	644	(5.5%)
Administrative costs	(1,982)	(2.4%)	(1,867)	(2.3%)	(115)	6.1%
Net write-downs of financial assets	(9)	-	(150)	(0.2%)	141	(93.8%)
Other revenues and income	1,039	1.3%	1,378	1.7%	(339)	(24.6%)
Other operating costs	(509)	(0.6%)	(578)	(0.7%)	69	(11.9%)
Operating profit/(loss) (EBIT)	3,628	4.4%	3,101	3.8%	527	17.0%
Financial income	269	0.3%	130	0.2%	138	106.1%
Financial expenses	(1,300)	(1.6%)	(969)	(1.2%)	(330)	34.1%
Profit/(loss) before taxes	2,597	3.2%	2,262	2.8%	335	14.8%
Income taxes	(727)	(0.9%)	(701)	(0.9%)	(26)	3.7%
Net profit/(loss)	1,870	2.3%	1,561	1.9%	309	19.8%

Operating income amounted to Euro 3.6 million, a clear increase of 17% compared with the same period of 2023.

EBITDA, the details of which can be found in the following section of the sector report, was in line with the same period in 2023.

Revenue from contracts with customers

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

SEGMENT REPORTING

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

<i>(In thousands of euros)</i>	First quarter as at 31 March	
	2024	2023
Milk products	67,656	67,501
Dairy products	11,449	11,169
Other products	2,842	3,176
Total revenue from contracts with customers	81,947	81,845

Revenues in the **Milk Products** segment were in line with the same period of the previous year due to an increase in sales volumes and a decrease in the average price.

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

Revenues from the **Other Products** segment were down because of lower average sales prices.

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

<i>(In thousands of euros)</i>	First quarter as at 31 March	
	2024	2023
Mass Distribution	52,617	52,294
B2B partners	2,868	3,122
Normal trade	18,995	18,831
Private labels	3,770	4,033
Food services	3,697	3,566
Total revenue from contracts with customers	81,947	81,845

Revenues from the **Mass Distribution** channel increased mainly as a result of higher sales volumes in the Dairy sector.

Revenues from the **B2B partners** channel decreased compared with the same period of the previous year as a result of lower average sales prices.

Revenues in the **Normal trade** channel increased due to a recovery in demand in the more traditional sector.

Revenues from the **Private Label** channel decreased compared with the same period of the previous year as a result of lower average sales prices.

Revenues from the **Food services** channel increased due to a recovery in demand in the more traditional Ho.re.ca. sector.

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

<i>(In thousands of euros)</i>	First quarter as at 31 March	
	2024	2023
<i>Italy</i>	75,383	75,298
<i>Germany</i>	3,420	3,274
<i>Other countries</i>	3,143	3,274
Total revenue from contracts with customers	81,947	81,845

Revenues for **Italy** were substantially in line with the same period of the previous year due to the combined effect of increased sales volumes and a decrease in the average sales price.

Revenues from **Germany** increased mainly because of higher sales volumes in the Dairy sector.

Revenues from **Other Countries** decreased as a result of a drop in the average sales price, especially for Private Labels and B2B.

Operating costs

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

<i>(In thousands of euros)</i>	First quarter as at 31 March	
	2024	2023
Cost of sales	(65,715)	(65,740)
Sales and distribution costs	(11,144)	(11,788)
Administrative costs	(1,982)	(1,867)
Total operating costs	(78,840)	(79,395)

The cost of sales was in line with the same period last year (80.2% as at 31 March 2024 v 80.3% as at 31 March 2023).

Commercial sales and distribution expenses decreased compared to the same period last year, mainly due to an optimisation of transport costs.

Administrative expenses were in line with the same period last year.

EBITDA amounted to Euro 7.3 million (8.9% of sales) compared with Euro 7.4 million at 31 March 2023 (9% of sales), slightly down by 0.5%.



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

<i>(In thousands of euros)</i>	First quarter as at 31 March 2024			Interim report total
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other Activities</i>	
Revenue from contracts with customers (third parties)	67,656	11,449	2,842	81,947
EBITDA (*)	5,446	1,721	156	7,323
EBITDA margin	8.05%	15.03%	2.69%	8.94%
Amortisation, depreciation and write-downs	3,538	115	33	3,686
Net write-downs of financial assets			9	9
Operating profit/(loss)	1,908	1,606	114	3,627
Financial income	-	-	269	269
Financial expenses	-	-	(1,300)	(1,300)
Profit/(loss) before taxes	1,908	1,606	(917)	2,596
Income taxes	-	-	(727)	(727)
Net profit/(loss)	1,908	1,606	(1,644)	1,869
Total assets	188,750	8,876	44,655	242,281
Total liabilities	91,353	12,715	69,710	173,778
Investments	265			265
Employees (number)	537	66	14	617

(*) 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 2023			Interim report total
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other Activities</i>	
Revenue from contracts with customers (third parties)	67,501	11,169	3,176	81,845
EBITDA (*)	5,480	1,696	185	7,361
EBITDA margin	8.12%	15.18%	2.69%	8.99%
Amortisation, depreciation and write-downs	3,969	92	49	4,109
Net write-downs of financial assets			150	150
Operating profit/(loss)	1,511	1,605	(14)	3,101
Financial income	-	-	130	130
Financial expenses	-	-	(969)	(969)
Profit/(loss) before taxes	1,511	1,605	(853)	2,262
Income taxes	-	-	(701)	(701)
Net profit/(loss)	1,511	1,605	(1,554)	1,561
Total assets as at 31.12.2023	180,328	8,073	63,059	251,460
Total liabilities as at 31.12.2023	90,842	14,374	79,612	184,828
Equity investments as at 31.03.2023	655			655
Employees (number) as at 31.12.2023	532	63	12	607

(*) 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 3.6 million (4.4% of sales) compared with Euro 3.1 million at 31 March 2023 (3.8% of sales), up by 17%.

Net profit as at 31 March 2024 amounted to Euro 1.8 million, an increase compared to 31 March 2023 (net profit of Euro 1.6 million).

EBITDA

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 March 2024 and 2023.

<i>(In thousands of euros and as a percentage)</i>	First quarter as at 31 March	
	2024	2023
Operating profit/(loss) (EBIT)	3,628	3,101
Amortisation, depreciation and write-downs	3,686	4,109
Net write-downs of financial assets	9	150
EBITDA (*) (A)	7,323	7,360
Revenue from contracts with customers	81,947	81,845
EBITDA margin (*)	8.9%	9.0%
investments (B)	265	655
Cash conversion [(A) - (B)]/(A)	96.4%	91.1%

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

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

<i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i>	First quarter as at 31 March			
	2024	%	2023	%
Milk Products	5,446	8.0%	5,480	8.1%
Dairy Products	1,721	15.0%	1,696	15.2%
Other Products	156	2.7%	185	2.7%
EBITDA	7,323	8.9%	7,361	9.0%

EBITDA from the **Milk Products** segment was in line with the same period of the previous year. The impact was in line with the same period of the previous year.

The EBITDA of the **Dairy Products** segment was slightly higher because of higher turnover. The impact was in line with the same period of the previous year.

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

Net financial debt

The following table provides details of the composition of the Company's net financial debt as at 31 March 2024 and 31 December 2023, 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
	2024	2023
Net financial debt		
A. Cash and cash equivalents	7,028	6,762
B. Cash equivalents	28,162	29,270
C. Other current financial assets	3,025	3,025
D Cash and cash equivalents (A)+(B)+(C)	38,214	39,058
E. Current financial liabilities	(20,679)	(19,125)
F. Current portion of non-current financial debt	(10,960)	(11,486)
G. Current financial indebtedness (E)+(F)	(31,639)	(30,611)
H. Net current financial indebtedness (G)+(D)	6,575	8,447
I. Non-current financial debt	(47,746)	(49,937)
J. Debt instruments	-	-
K. Trade and other non-current liabilities	-	-
L. Non-current financial indebtedness (I)+(J)+(K)	(47,746)	(49,937)
M. Net financial indebtedness (H)+(L)	(41,171)	(41,490)

At 31 March 2024, without considering lease liabilities, net financial debt was as follows:

<i>(In thousands of euros)</i>	At 31 March	At 31 December
	2024	2023
Net financial debt	(41,171)	(41,490)
Non-Current lease liabilities	10,354	9,674
Current lease liabilities	10,657	11,458
Net Financial Position	(20,161)	(20,358)

Net financial debt is improving due to the Company's ability to generate cash from operations.

INVESTMENTS

The following table provides a breakdown of the Company's investments in property, plant and equipment and intangible assets at 31 March 2024:

<i>(In thousands of euros and as a percentage)</i>	At 31 March			
	2024	%	2023	%
Land and buildings	-	0.0%	5	0.8%
Plant and machinery	265	100.0%	473	72.2%
Industrial and commercial equipment	-	0.0%	164	25.0%
Assets under construction and payments on account	-	0.0%	13	2.0%
Investments in property, plant and equipment	265	100.0%	655	100.0%
Patents and intellectual property rights	-	0.0%	-	0.0%
Investments in intangible assets	-	0.0%	-	0.0%
Total investments	265	100.0%	655	100.0%

During the reporting period, the Company made investments totalling Euro 265 thousand.

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

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

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 2024, no atypical and/or unusual transactions occurred outside the Company's normal business that could give rise to doubts regarding the accuracy and completeness of the information in the financial statements, conflicts of interest, protection of assets and the safeguarding of minority shareholders. The accounting and financial effects of transactions occurring as at 31 March 2024 have been illustrated above.

Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that as at 31 March 2024 the Company did not trade in any treasury shares or shares of parent companies and does not, at 31 March 2024, hold any treasury shares or shares of parent companies.

Share performance

On the last trading day as at 31 March 2024 the company's stock closed at Euro 2.86 per share, which is equivalent to a market capitalisation of Euro 40 million.

Branch offices

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

Transactions with related parties

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

The Company did not carry out Related Party Transactions that were unusual in terms of characteristics, or significant in terms of amount, other than those of an ongoing nature or which have already been illustrated. For information on the remuneration of members of corporate bodies and senior managers, see the explanatory notes to the interim financial statements as at 31 March 2023.

The Company deals with the following related companies:

- Direct or indirect parent company ("**Parent Company**").

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

Turin, 13 May 2024

For the Board of Directors
Angelo Mastrolia
Chair of the Board of Directors

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

Turin, 13 May 2024

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



Financial statements and explanatory notes



Statement of Financial Position

<i>(in euros)</i>	At 31 March 2024	At 31 December 2023
Non-current assets		
Property, plant and equipment	103,800,473	105,693,762
Right-of-use assets	17,666,101	17,914,744
<i>of which from related parties</i>	<i>11,060,184</i>	<i>11,809,430</i>
Intangible assets	19,521,736	19,526,664
Equity investments in associates	1,396,719	1,396,719
Non-current financial assets measured at fair value through profit or loss	703,424	703,424
Deferred tax assets	2,041,362	2,041,362
Total non-current assets	145,129,816	147,276,675
Current assets		
Inventories	22,803,355	23,737,600
Trade receivables	21,645,533	26,957,162
<i>of which from related parties</i>	<i>5,775,354</i>	<i>7,117,999</i>
Current tax assets	129,968	129,968
Other receivables and current assets	14,356,962	14,301,410
<i>of which from related parties</i>	<i>5,841,874</i>	<i>5,841,874</i>
Current financial assets measured at fair value through profit or loss	1,068	1,068
Financial receivables measured at amortised cost	3,024,652	3,024,652
<i>of which from related parties</i>	<i>3,024,652</i>	<i>3,024,652</i>
Cash and cash equivalents	35,189,289	36,032,058
<i>of which from related parties</i>	<i>28,161,781</i>	<i>29,270,085</i>
Total current assets	97,150,826	104,183,917
TOTAL ASSETS	242,280,642	251,460,592
Shareholders' equity		
Share capital	28,840,041	28,840,041
Reserves	37,792,392	34,833,578
Net profit/(loss)	1,869,656	2,958,814
Total net equity	68,502,090	66,632,433
Non-current liabilities		
Provisions for employee benefits	5,666,348	5,785,698
Provisions for risks and charges	1,395,904	1,368,796
Deferred tax liabilities	5,935,967	5,994,365
Non-current financial liabilities	37,089,841	38,479,396
Non-current lease liabilities	10,656,568	11,457,951
<i>of which from related parties</i>	<i>6,369,529</i>	<i>7,012,346</i>
Total non-current liabilities	60,744,628	63,086,207
Current liabilities		
Trade payables	67,417,551	78,317,270
<i>of which from related parties</i>	<i>23,953,875</i>	<i>21,135,511</i>
Current financial liabilities	21,286,375	20,937,223
<i>of which from related parties</i>	<i>3,132,708</i>	<i>8,296,375</i>
Current lease liabilities	10,353,997	9,673,580
<i>of which from related parties</i>	<i>8,903,899</i>	<i>8,890,173</i>
Current tax liabilities	997,759	240,596
Other current liabilities	12,978,241	12,573,283
<i>of which from related parties</i>	<i>1,614,636</i>	<i>1,614,636</i>
Total current liabilities	113,033,924	121,741,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	242,280,642	251,460,592

Income statement

<i>(In euros)</i>	At 31 March	
	2024	2023
Revenue from contracts with customers	81,946,753	81,845,329
<i>of which from related parties</i>	<i>212,694</i>	<i>1,142,498</i>
Cost of sales	(65,714,555)	(65,740,243)
<i>of which from related parties</i>	<i>(1,036,049)</i>	<i>(1,325,519)</i>
Gross operating profit/(loss)	16,232,198	16,105,085
Sales and distribution costs	(11,144,013)	(11,787,870)
Administrative costs	(1,981,575)	(1,866,778)
<i>of which from related parties</i>	<i>(12,000)</i>	<i>(83,000)</i>
Net write-downs of financial assets	(9,246)	(150,000)
Other revenues and income	1,039,087	1,377,965
Other operating costs	(508,856)	(577,551)
Operating profit/(loss)	3,627,594	3,100,852
Financial income	268,852	130,441
<i>of which from related parties</i>	<i>268,192</i>	<i>125,326</i>
Financial expenses	(1,299,700)	(969,287)
<i>of which from related parties</i>	<i>(120,599)</i>	<i>(46,171)</i>
Profit/(loss) before taxes	2,596,745	2,262,007
Income taxes	(727,089)	(701,222)
Net profit/(loss)	1,869,656	1,560,785
Basic net profit/(loss) per share	0.13	0.11
Diluted net profit/(loss) per share	0.13	0.11

Statement of comprehensive income

<i>(In euros)</i>	At 31 March	
	2024	2023
Net profit/(loss) (A)	1,869,656	1,560,785
b) Other components of comprehensive income that will not be subsequently reclassified to the income statement:		
Actuarial gains/(losses)	-	-
Total other components of comprehensive income that will not be subsequently reclassified to the income statement	-	-
Total comprehensive net profit/(loss) (A)+(B)	1,869,656	1,560,785

Statement of changes in shareholders' equity

<i>(In euros)</i>	Share capital	Reserves	Net profit/(loss)	Total net equity
At 31 December 2022	28,840,041	34,683,215	154,306	63,677,562
Allocation of net profit/(loss) for the previous year		154,306	(154,306)	-
Net profit/(loss)			1,560,785	1,560,785
Actuarial gains/(losses) net of the related tax effect		-		-
Total comprehensive net profit/(loss) for the year	-	154,306	1,560,785	1,560,785
At 31 March 2023	28,840,041	34,837,521	1,560,785	65,238,347
Net profit/(loss)			1,398,029	1,398,029
Actuarial gains/(losses) net of the related tax effect		(3,943)		(3,943)
Total comprehensive net profit/(loss) for the year	-	(3,943)	1,398,029	1,394,086
At 31 December 2023	28,840,041	34,833,578	2,958,814	66,632,433
Allocation of net profit/(loss) for the previous year		2,958,814	(2,958,814)	-
Net profit/(loss)			1,869,656	1,869,656
Total comprehensive net profit/(loss) for the year	-	-	1,869,656	1,869,656
At 31 March 2024	28,840,041	37,792,392	1,869,656	68,502,090

Statement of cash flows

(In euros)	At 31 March	
	2024	2023
Profit/(loss) before taxes	2,596,745	2,262,007
- Adjustments for:		
Amortisation, depreciation and write-downs	3,694,905	4,259,321
Financial expense/(income)	1,030,849	838,846
<i>of which from related parties</i>	<i>120,599</i>	<i>46,171</i>
Cash flow generated /(absorbed) by operating activities before changes in net working capital	7,322,499	7,360,174
Change in inventory	934,245	(2,153,181)
Change in trade receivables	5,302,383	7,268,423
Change in trade payables	(10,899,719)	(10,967,106)
Change in other assets and liabilities	349,407	4,249,586
Use of provisions for risks and charges and for employee benefits	(92,241)	(208,958)
Taxes paid	(28,325)	(130,867)
Net cash flow generated /(absorbed) by operating activities	2,888,249	5,418,070
Investments in property, plant and equipment	(265,167)	(655,032)
Investments in intangible assets	(505)	-
Divestment of financial assets	-	-
Net cash flow generated /(absorbed) by investment activities	(265,672)	(655,032)
Repayments of long-term financial debt	(1,040,403)	(9,042,711)
Repayments of lease liabilities	(1,394,094)	(1,284,289)
<i>of which from related parties</i>	<i>(685,000)</i>	<i>(685,000)</i>
Net interest expense	(1,030,849)	(838,846)
Net cash flow generated/(absorbed) by financing activities	(3,465,346)	(11,165,846)
Total changes in cash and cash equivalents	(842,769)	(6,402,805)
Cash and cash equivalents at start of year	36,032,058	26,622,652
<i>of which from related parties</i>	<i>29,270,085</i>	<i>17,326,604</i>
Total changes in cash and cash equivalents	(842,769)	(6,402,805)
Cash and cash equivalents at end of year	35,189,289	20,219,848
<i>of which from related parties</i>	<i>28,161,781</i>	<i>8,482,497</i>

Explanatory notes

Basis of preparation

The interim report at 31 March 2024 were prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union for interim financial statements (IAS 34). The financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The interim financial statements at 31 March should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2023.

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

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

Measurement criteria

The measurement criteria used for the preparation of the financial statements as at 31 March 2024 are the same as those used for the annual financial statements at 31 December 2023, except for the new accounting standards, amendments and interpretations applicable from 1 January 2024, which are described below and which it is noted did not have a material impact on the Company's current results, assets and liabilities and cash flows.

Accounting standards, amendments and interpretations effective from 1 January 2024 and adopted by the Company:

Effective date	New accounting standard/amendment	Date of EU approval (OJEU publication date)
1 January 2024	Amendments to IAS 1: - Classification of liabilities as current or non-current - Classification of liabilities as current non-current - Deferment of the date of entry into force - Non-current liabilities with covenants	20 Dec 2023 (EU) 2023/2822
1 January 2024	Lease liabilities in a sale and leaseback transaction (Amendments to IFRS 16)	21 Nov 2023 (EU) 2023/2579



Notes to the report as at 31 March 2024

Criteria and methods

The interim report as at 31 March 2024 includes the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the changes in Shareholders' Equity and the Company's Cash Flow Statement and related Explanatory Notes, prepared on the basis of the relative accounting situation in accordance with IFRS accounting standards.

Sectoral information

IFRS 8 - *Operating Segments* defines an operating segment as a component:

- That engages in business activities from which it may earn revenues and incur expenses.
- Whose operating results are reviewed regularly by the entity's chief operating decision maker.
- For which discrete financial information is available.

For the purposes of IFRS 8, the Company's activity is identifiable in the following business segments: Milk Products, Dairy Products and Other Products.

<i>(In thousands of euros)</i>	First quarter as at 31 March 2024			Interim report total
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other Activities</i>	
Revenue from contracts with customers (third parties)	67,656	11,449	2,842	81,947
EBITDA (*)	5,446	1,721	156	7,323
EBITDA margin	8.05%	15.03%	2.69%	8.94%
Amortisation, depreciation and write-downs	3,538	115	33	3,686
Net write-downs of financial assets			9	9
Operating profit/(loss)	1,908	1,606	114	3,627
Financial income	-	-	269	269
Financial expenses	-	-	(1,300)	(1,300)
Profit/(loss) before taxes	1,908	1,606	(917)	2,596
Income taxes	-	-	(727)	(727)
Net profit/(loss)	1,908	1,606	(1,644)	1,869
Total assets	188,750	8,876	44,655	242,281
Total liabilities	91,353	12,715	69,710	173,778
Investments	265			265
Employees (number)	537	66	14	617

(*) 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>	<i>First quarter as at 31 March 2023</i>			
	<i>Milk products</i>	<i>Dairy products</i>	<i>Other Activities</i>	<i>Interim report total</i>
Revenue from contracts with customers (third parties)	67,501	11,169	3,176	81,845
EBITDA (*)	5,480	1,696	185	7,361
EBITDA margin	8.12%	15.18%	2.69%	8.99%
Amortisation, depreciation and write-downs	3,969	92	49	4,109
Net write-downs of financial assets			150	150
Operating profit/(loss)	1,511	1,605	(14)	3,101
Financial income	-	-	130	130
Financial expenses	-	-	(969)	(969)
Profit/(loss) before taxes	1,511	1,605	(853)	2,262
Income taxes	-	-	(701)	(701)
Net profit/(loss)	1,511	1,605	(1,554)	1,561
Total assets as at 31.12.2023	180,328	8,073	63,059	251,460
Total liabilities as at 31.12.2023	90,842	14,374	79,612	184,828
Equity investments as at 31.03.2023	655			655
Employees (number) as at 31.12.2023	532	63	12	607

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

Non-current assets

<i>(In thousands of euros)</i>	<i>At 31 March 2024</i>	<i>At 31 December 2023</i>
Non-current assets		
Property, plant and equipment	103,800	105,694
Right-of-use assets	17,666	17,915
Intangible assets	19,522	19,527
Equity investments in associates	1,397	1,397
Non-current financial assets measured at fair value through profit or loss	703	703
Deferred tax assets	2,041	2,041
Total non-current assets	145,130	147,277

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

Fixed assets, plant and equipment

The category "Plant and Machinery", "Leasehold Improvements" and "Industrial and Commercial Equipment" shows investments made mainly in the Milk Products sector.

Right-of-use assets

The "Right of use assets" category shows the effects of the renewal for a further three years of the rental contract of the "M&D" business unit, stipulated with the parent

company Newlat Food S.p.A. and the leasing contracts of the production plants which the Company took over following this latest operation.

Intangible assets

Goodwill

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

Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 31 March 2024:

<i>(In thousands of euros)</i>	At 31 March 2024	At 31 December 2023
Trademarks with an indefinite useful life	19,132	19,132
Total net book value	19,132	19,132

Trademarks with an indefinite useful life

This item refers to the following trademarks:

- "Latte Rapallo", "Latte Tigullio", "Centrale del Latte di Vicenza" and "Mukki" for a total of Euro 19,132 thousand. At the reporting date they were not subjected to impairment tests because there were no indicators of impairment. In fact the margin is higher than what was forecast in the Business Plan that the Impairment Test of 31 December 2023 was based on.

Equity investments in associates

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

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

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

Deferred tax assets

At 31 March 2024, this item totalled Euro 2,041 thousand. Prepaid taxes refer mainly to the appropriation of taxed provisions. Based on the approved multi-year business plans, management believes that these receivables can be recovered with future taxable income.

Current assets

<i>(In thousands of euros)</i>	At 31 March 2024	At 31 December 2023
Current assets		
Inventories	22,803	23,738
Trade receivables	21,645	26,957
Current tax assets	130	130
Other receivables and current assets	14,357	14,301
Current financial assets measured at fair value through profit or loss	1	1
Financial receivables measured at amortised cost	3,025	3,025
Cash and cash equivalents	35,189	36,032
Total current assets	97,151	104,184

Inventories

Closing inventories were down by Euro 0.9 million on 31 December 2023 because of a decrease in warehouse stock and the average purchase cost.

Trade receivables

Trade receivables as at 31 March 2024 decreased due to higher receipts at the beginning of the year than at the end of 2023. There are no significant changes in the receipt conditions. Total Receivables are shown net of the provision for write-downs estimated prudentially on the basis of information held in order to adjust their value to the presumed realisable value.

Current tax assets and liabilities

Current tax assets totalled Euro 130 thousand, essentially unchanged versus 31 December 2023.

Current tax liabilities amounted to Euro 998 thousand. The change compared with 31 December 2023 is due to the calculation of the tax for the period.

Other receivables and current assets

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

Financial receivables measured at amortised cost

Financial receivables measured at amortised cost amounting to Euro 3,025 thousand include financial receivables from the related party New Property S.p.A.

Cash and cash equivalents

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

At 31 March 2024, cash and cash equivalents were not subject to restrictions or constraints.

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

Shareholders' equity

Share capital

As at 31 March 2024 the Company's fully subscribed and paid-up share capital totalled Euro 28,840,041.20, divided into 14,000,020 ordinary shares with no nominal value.

As reported in the statement of changes in shareholders' equity, the changes as at 31 March 2024 relate solely to the recognition of the net comprehensive income for the period in the amount of Euro 1,870 thousand.

Non-current liabilities

<i>(In thousands of euros)</i>	At 31 March 2024	At 31 December 2023
Non-current liabilities		
Provisions for employee benefits	5,666	5,786
Provisions for risks and charges	1,396	1,369
Deferred tax liabilities	5,936	5,994
Non-current financial liabilities	37,090	38,479
Non-current lease liabilities	10,656	11,458
Total non-current liabilities	60,745	63,086

Provisions for employee benefits

At 31 March 2024, this item totalled Euro 5,666 thousand, down from Euro 120 thousand at 31 December 2023, mainly due to the departure of employees.

Provisions for risks and charges

As at 31 March 2024 the provisions for risks and charges refer primarily to the provision for agents' indemnities, which represents a reasonable forecast of the charges that would be borne by the Company in the event of future interruption of agency relationships.

Deferred tax liabilities

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

Non-current and current financial liabilities

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

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

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

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

Current and non-current lease liabilities

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

The change compared with 31 December 2023 was due mainly to the refund of lease fees during the first quarter of 2024.

Current liabilities

<i>(In thousands of euros)</i>	At 31 March 2024	At 31 December 2023
Current liabilities		
Trade payables	67,417	78,317
Current financial liabilities	21,286	20,937
Current lease liabilities	10,354	9,574
Current tax liabilities	998	241
Other current liabilities	12,978	12,573
Total current liabilities	113,034	121,742

Trade payables

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

There are no particular changes in payment times to suppliers.

Current financial liabilities

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

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

Current lease liabilities

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

Other current liabilities

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

Income statement

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

Earnings per share

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

<i>(In thousands of euros)</i>	At 31 March	
	2024	2023
Profit for the year	1,870	1,561
Weighted average number of shares in circulation	14,000	14,000
Earnings per share (in Euro)	0.13	0.11

Related party transactions

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

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

The Company deals with the following related parties:

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

<i>(In thousands of euros)</i>	Direct parent company	Indirect parent company	Companies controlled by the parent companies	Total	Total statement of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property			
Right-of-use assets						
At 31 March 2024	7,694		3,365	11,059	17,666	62.6%
At 31 December 2023	8,281		3,528	11,809	17,915	65.9%
Trade receivables						
At 31 March 2024	5,448	327		5,775	21,646	26.7%
At 31 December 2023	6,920	197		7,117	26,957	26.4%
Other receivables and current assets						
At 31 March 2024	5,842			5,842	14,357	40.7%
At 31 December 2023	5,842			5,842	14,301	40.8%
Financial receivables measured at amortised cost						
At 31 March 2024			3,025	3,025	3,025	100.0%
At 31 December 2023			3,025	3,025	3,025	100.0%
Cash and cash equivalents						
At 31 March 2024	28,162			28,162	35,189	80.0%
At 31 December 2023	29,270			29,270	36,032	81.2%
Non-current lease liabilities						
At 31 March 2024	3,458		2,911	6,369	10,657	59.8%
At 31 December 2023	3,945		3,068	7,013	11,458	61.2%
Trade payables						
At 31 March 2024	22,325	4	1,624	23,953	67,418	35.5%
At 31 December 2023	20,960	30	145	21,135	78,317	27.0%
Current financial liabilities						
At 31 March 2024	108	3,025		3,133	21,286	14.7%
At 31 December 2023	5,272	3,025		8,297	20,937	39.6%
Current lease liabilities						
At 31 March 2024	8,287		617	8,904	10,354	86.0%
At 31 December 2023	8,279		611	8,890	9,674	91.9%
Other current liabilities						
At 31 March 2024	1,615			1,615	12,978	12.4%
At 31 December 2023	1,615			1,615	12,573	12.8%

(In thousands of euros)	Direct parent company	Indirect parent company	Companies controlled by the parent companies	Other companies controlled by the parent companies	Total	Total of financial position items	% of statement of financial position item
	Newlat Food	Newlat Group	New Property				
Revenue from contracts with customers							
At 31 March 2024	213				213	81,947	0.3%
At 31 March 2023	1,142				1,142	81,845	1.4%
Cost of sales							
At 31 March 2024	815		221		1,036	65,715	1.6%
At 31 March 2023	1,162		163		1,325	65,740	2.0%
Administrative costs							
At 31 March 2024		12			12	1,982	0.6%
At 31 March 2023		33			33	1,867	1.8%
Financial income							
At 31 March 2024	268				268	269	99.7%
At 31 March 2023	125				125	130	95.8%
Financial expenses							
At 31 March 2024	86	-	35		121	1,300	9.3%
At 31 March 2023	6	-	40		46	969	4.7%

Disputes, contingent liabilities and contingent assets

Furthermore, there have been no substantial changes in the pending disputes or contingent liabilities at 31 March 2024 compared to what was already shown in the annual financial report at 31 December 2023.

Turin, 13 May 2024

Angelo Mastrolia
Chairman of the BoD

Fabio Fazzari
Financial Reporting Officer

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

Turin, 13 May 2024

Angelo Mastrolia
Chairman of the BoD

Fabio Fazzari
Financial Reporting Officer