



# Centrale del Latte d'Italia



## INTERIM MANAGEMENT REPORT

AT 30 September 2024







## **DIRECTORS' REPORT ON OPERATING PERFORMANCE**

**AT 30 September 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 –

Branch office: Via dell'Olmatello 20, 50127 Florence

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

## Boards and officers

### BOARD OF DIRECTORS

| E.<br>D. | N.E.D. | I.<br>D. |
|----------|--------|----------|
| •        |        |          |
| •        |        |          |
| •        |        |          |
|          | •      |          |
|          | •      | •        |
|          | •      | •        |
|          | •      | •        |

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

| C.R.C. | R.C. | R.P.C. | I.D.C. |
|--------|------|--------|--------|
|        |      |        |        |
|        |      |        |        |
|        |      |        |        |
|        | •    |        |        |
| •      | •    | •      | •      |
| •      | •    | •      | •      |
| •      | •    | •      | •      |

E.D. = Executive Director

I.D. = Independent Director

N.E.D. = Non-Executive Director

C.R.C. = Control and Risks Committee

R.C. = Remuneration and appointments committee

R.P.C. = Related Party Transactions Committee

I.D.C. = Independent Directors Committee

### INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A. - Turin

### FINANCIAL REPORTING OFFICER

Fabio Fazzari CFO and Investor Relator

As from the 2024 financial year, the company introduced the one-tier system, whose members of the Management Control Committee are

- Giovanni Maria Rayneri **Chairman**
- Anna Claudia Pellicelli
- Valeria Bruni Giordani

## 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.

At its meeting on 18 March 2024, the Company's Board of Directors decided to adopt a one-tier governance system instead of the traditional model. The Board of Directors considered the move to a one-tier system because it would improve the quality of governance by simplifying the company's organisational, administrative and accounting structures, ensuring a high level of transparency and more effective controls through complete and constant information flows, and overcoming the inefficiencies caused by the existence of a body separate from the governing body.

This system of governance also contributes to increasing the company's international recognition, which makes it more attractive to potential international investors.

The one-tier governance system is characterised by the presence of a Board of Directors, which is responsible for strategic supervision and management functions, and a Management Control Committee established within the same Board, which performs control functions.

The Shareholders' Meeting resolved in favour of amending the Articles of Association and adopting the one-tier governance system on 6 May 2024.

This management report shows the financial information of the Company at 30 September 2024 compared to the financial statements at 30 September 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. This may differ from the methods used by other companies.



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

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

Net financial debt is given by the algebraic sum of:

- Cash and cash equivalents
- Current financial assets
- Current financial liabilities
- Non-current financial 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 in the first nine months of 2024

Operations in the first nine months of 2024 show a positive pre-tax result of Euro 11,787 thousand and a total net result of Euro 8,324 thousand.

The aforementioned result is significantly better than in the same period of the previous year.

During the first nine months of the year, the Company recorded an increase in turnover (+1.3% compared to the same period of the previous year) due to its ability to acquire new customers in the Dairy segment and a commercial policy of price increases to counteract the inflationary effects that characterised the milk, butter and cream sector in the third quarter of 2024.

The company also confirmed its great ability to improve its margins (EBITDA margin of 10.1% as at 30 September 2024, 9.6% as at 30 September 2023) returning to pre-crisis levels.

The results achieved during Q3 once again highlight the company's ability to generate high margins despite particularly difficult market conditions. The comparison with the business plan shows a very positive trend, beyond expectations.

The third quarter of 2024 closed with a net profit after tax of Euro 8.3 million, up from Euro 6.3 million in Q3 2023.

## 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 Company's future, which in any case seems to be very positive based on the results of the third quarter. The company will continue to pay particular attention to cost controls and financial management in order to maximise the generation of free cash flow, to be allocated both to organic growth externally and to the remuneration of Shareholders.

The Company has no way of predicting the extent to which the global economic situation may affect its prospects for 2024 and 2025, but based on the information available at the date of preparation of this interim report on operations, the Directors believe that they can reasonably exclude significant adverse 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 solid financial structure as described below:

- The considerable level of cash reserves available at 30 September 2024.
- The presence of authorised and unused lines of credit from the Company to the majority shareholder Newlat Food SpA.
- The continual support given by the leading banks to the Newlat Group, partly

because of its market-leading status.

Note that the Company's economic and financial performance in the first nine months of 2024 was higher than budgeted. It should also be noted that the cash and cash equivalents, amounting to Euro 63 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 THE CLOSE OF THE INTERIM REPORT ON OPERATIONS FOR THE NINE MONTHS ENDED 30 September 2024**

After 30 September 2024 there were no atypical or unusual transactions requiring changes to the interim report at 30 September 2024.



## 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> | Income statement of the first nine months |              |               |              |              |              |
|---------------------------------------------------------------------------------------------|-------------------------------------------|--------------|---------------|--------------|--------------|--------------|
|                                                                                             | 2024                                      | %            | 2023          | %            | 2024 v 2023  | %            |
| Revenue from contracts with customers                                                       | 254,097                                   | 100.0%       | 250,851       | 100.0%       | 3,246        | 1.3%         |
| Cost of sales                                                                               | (201,271)                                 | (79.3%)      | (199,179)     | (79.4%)      | (2,292)      | 1.2%         |
| <b>Gross operating profit/(loss)</b>                                                        | <b>52,626</b>                             | <b>21.6%</b> | <b>51,672</b> | <b>20.6%</b> | <b>953</b>   | <b>1.8%</b>  |
| Sales and distribution costs                                                                | (36,313)                                  | (14.2%)      | (35,804)      | (14.3%)      | (309)        | 0.9%         |
| Administrative costs                                                                        | (6,349)                                   | (2.5%)       | (5,929)       | (2.4%)       | (420)        | 7.1%         |
| Net write-downs of financial assets                                                         | (104)                                     | -            | (199)         | (0.1%)       | 95           | (47.8%)      |
| Other revenues and income                                                                   | 5,556                                     | 2.2%         | 3,708         | 1.5%         | 1,848        | 49.8%        |
| Other operating costs                                                                       | (1,409)                                   | (0.6%)       | (1,624)       | (0.6%)       | 215          | (13.3%)      |
| <b>Operating profit/(loss) (EBIT)</b>                                                       | <b>14,206</b>                             | <b>5.6%</b>  | <b>11,824</b> | <b>4.7%</b>  | <b>2,382</b> | <b>20.1%</b> |
| Financial income                                                                            | 1,170                                     | 0.5%         | 426           | 0.2%         | 745          | 174.9%       |
| Financial expenses                                                                          | (3,590)                                   | (1.4%)       | (3,465)       | (1.4%)       | (124)        | 3.6%         |
| <b>Profit/(loss) before taxes</b>                                                           | <b>11,787</b>                             | <b>4.6%</b>  | <b>8,785</b>  | <b>3.5%</b>  | <b>3,003</b> | <b>34.2%</b> |
| Income taxes                                                                                | (3,463)                                   | (1.4%)       | (2,530)       | (1.0%)       | (933)        | 36.9%        |
| <b>Net profit/(loss)</b>                                                                    | <b>8,324</b>                              | <b>3.3%</b>  | <b>6,254</b>  | <b>2.5%</b>  | <b>2,070</b> | <b>33.1%</b> |

Operating income amounted to Euro 14.2 million, a clear increase compared with the same period of 2023.

EBITDA, details of which can be found in the following sections of the segment reporting, was up sharply (+7%), as was the EBITDA margin compared to the same period last year.

### 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, CLI is expected to recognise contributions as year-end bonuses linked to the achievement of certain turnover volumes or amounts related to the positioning of products.



## SEGMENT REPORTING

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

| <i>(In thousands of euros and as a percentage of revenue from contracts with customers)</i> | Income statement of the first nine months |               |                |               | Changes       |             |
|---------------------------------------------------------------------------------------------|-------------------------------------------|---------------|----------------|---------------|---------------|-------------|
|                                                                                             | 2024                                      | %             | 2023           | %             | 2024v<br>2023 | %           |
| Milk Products                                                                               | 198,320                                   | 78.0%         | 200,068        | 79.8%         | (1,748)       | (0.9%)      |
| Dairy Products                                                                              | 44,375                                    | 17.5%         | 38,702         | 15.4%         | 5,673         | 14.7%       |
| Other Activities                                                                            | 11,402                                    | 4.5%          | 12,081         | 4.9%          | (679)         | (5.6%)      |
| <b>Revenue from contracts with customers</b>                                                | <b>254,097</b>                            | <b>100.0%</b> | <b>250,851</b> | <b>100.0%</b> | <b>3,246</b>  | <b>1.3%</b> |

Revenues from the **Milk Products** segment were down (-0.9%) as a result of a reduction in sales volumes due to a drop in demand for fresh milk, partially offset by an increase in the average sales price recorded in the last quarter.

Revenues from the **Dairy Products** segment increased sharply (+14.7%) as a result of a rise in volumes and a higher average sales price.

Revenues from the **Other Activities** segment decreased slightly compared to the same period last year due to a drop in demand.

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 of revenue from contracts with customers)</i> | Income statement of the first nine months |               |                |               | Changes       |             |
|---------------------------------------------------------------------------------------------|-------------------------------------------|---------------|----------------|---------------|---------------|-------------|
|                                                                                             | 2024                                      | %             | 2023           | %             | 2024v<br>2023 | %           |
| Mass Distribution                                                                           | 156,603                                   | 61.6%         | 154,919        | 61.8%         | 1,684         | 1%          |
| B2B partners                                                                                | 9,275                                     | 3.7%          | 9,260          | 3.7%          | 15            | 0%          |
| Normal trade                                                                                | 62,907                                    | 24.8%         | 61,673         | 24.6%         | 1,233         | 2%          |
| Private labels                                                                              | 12,191                                    | 4.8%          | 11,610         | 4.6%          | 581           | 5%          |
| Food services                                                                               | 13,121                                    | 5.2%          | 13,389         | 5.3%          | (268)         | (2)%        |
| <b>Total revenue from contracts with customers</b>                                          | <b>254,097</b>                            | <b>100.0%</b> | <b>250,851</b> | <b>100.0%</b> | <b>3,245</b>  | <b>1.3%</b> |

Revenues in the **Mass Distribution** channel increased as a result of a reduction in sales volumes due to a drop in demand for fresh milk, offset by higher demand in the Dairy segment and higher average sales prices in the shelf-stable milk segment.

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

Revenues in the **Normal trade** channel increased as a combined result of a reduction in sales volumes due to a drop in demand for fresh milk and an increase in the average sales price.

Revenues in the Private Label channel increased due to higher sales volumes in the Dairy segment and a higher average sales price than in the same period last year.



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

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

| (In thousands of euros and as a percentage of revenue from contracts with customers) | Income statement of the first nine months |               |                |               | Changes       |             |
|--------------------------------------------------------------------------------------|-------------------------------------------|---------------|----------------|---------------|---------------|-------------|
|                                                                                      | 2024                                      | %             | 2023           | %             | 2024v<br>2023 | %           |
| Italy                                                                                | 225,400                                   | 88.7%         | 223,168        | 89.0%         | 2,232         | 1%          |
| Germany                                                                              | 13,509                                    | 5.3%          | 12,540         | 5.0%          | 968           | 8%          |
| Other countries                                                                      | 15,188                                    | 6.1%          | 15,142         | 6.1%          | 46            | 0%          |
| <b>Total revenue from contracts with customers</b>                                   | <b>254,097</b>                            | <b>100.0%</b> | <b>250,851</b> | <b>100.0%</b> | <b>3,245</b>  | <b>1.3%</b> |

Revenues from **Italy** increased because of higher sales volumes in the dairy sector and a higher average sales price than in the same period last year in the milk sector.

Revenues in **Germany** increased significantly due to the combined effect of higher sales volumes and a higher average sales price compared to the same period last year.

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

### Operating costs

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

| (In thousands of euros)      | Income statement of the first nine months |                  |
|------------------------------|-------------------------------------------|------------------|
|                              | 2024                                      | 2023             |
| Cost of sales                | (201,271)                                 | (199,179)        |
| Sales and distribution costs | (36,313)                                  | (35,804)         |
| Administrative costs         | (6,349)                                   | (5,929)          |
| <b>Total operating costs</b> | <b>(243,934)</b>                          | <b>(240,912)</b> |

Cost of sales was 79.3%, in line with the same period last year. In absolute terms, the increase in the cost of sales is directly linked to the higher sales volumes recorded in the first nine months of 2024 and an increase in the average sales price.

Sales and distribution expenses are in line with the same period of the previous year.

Administrative expenses were slightly higher than on 30 September 2023 due to an increase in average personnel costs.

EBITDA amounted to Euro 25.7 million (10.1% of sales) compared with Euro 24 million at 30 September 2023 (9.6% of sales), up by 7%.



The following table shows EBITDA by activity segment:

| <i>(In thousands of euros)</i>                        | At 30 September 2024 |                       |                       | Total financial statements |
|-------------------------------------------------------|----------------------|-----------------------|-----------------------|----------------------------|
|                                                       | <i>Milk products</i> | <i>Dairy products</i> | <i>Other Products</i> |                            |
| Revenue from contracts with customers (third parties) | 198,320              | 44,375                | 11,402                | 254,097                    |
| EBITDA (*)                                            | 19,410               | 5,610                 | 713                   | 25,733                     |
| EBITDA margin                                         | 9.79%                | 12.64%                | 6.25%                 | 10.13%                     |
| Amortisation, depreciation and write-downs            | 11,005               | 276                   | 142                   | 11,423                     |
| Net write-downs of financial assets                   |                      |                       | 104                   | 104                        |
| Operating profit/(loss)                               | 8,405                | 5,334                 | 467                   | 14,206                     |
| Financial income                                      | -                    | -                     | 1,170                 | 1,170                      |
| Financial expenses                                    | -                    | -                     | (3,590)               | (3,590)                    |
| Profit/(loss) before taxes                            | 8,405                | 5,334                 | (1,952)               | 11,787                     |
| Income taxes                                          | -                    | -                     | (3,463)               | (3,463)                    |
| Net profit/(loss)                                     | 8,405                | 5,334                 | (5,415)               | 8,324                      |

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

| <i>(In thousands of euros)</i>                        | At 30 September 2023 |                       |                       | Total financial statements |
|-------------------------------------------------------|----------------------|-----------------------|-----------------------|----------------------------|
|                                                       | <i>Milk products</i> | <i>Dairy products</i> | <i>Other Products</i> |                            |
| Revenue from contracts with customers (third parties) | 200,068              | 38,702                | 12,081                | 250,851                    |
| EBITDA (*)                                            | 18,538               | 4,813                 | 695                   | 24,046                     |
| EBITDA margin                                         | 9.27%                | 12.44%                | 5.75%                 | 9.59%                      |
| Amortisation, depreciation and write-downs            | 11,600               | 276                   | 147                   | 12,023                     |
| Net write-downs of financial assets                   |                      |                       | 199                   | 199                        |
| <b>Operating profit/(loss)</b>                        | <b>6,938</b>         | <b>4,537</b>          | <b>349</b>            | <b>11,824</b>              |
| Financial income                                      | -                    | -                     | 426                   | 426                        |
| Financial expenses                                    | -                    | -                     | (3,465)               | (3,465)                    |
| <b>Profit/(loss) before taxes</b>                     | <b>6,938</b>         | <b>4,537</b>          | <b>(2,691)</b>        | <b>8,784</b>               |
| Income taxes                                          | -                    | -                     | (2,530)               | (2,530)                    |
| <b>Net profit/(loss)</b>                              | <b>6,938</b>         | <b>4,537</b>          | <b>(5,221)</b>        | <b>6,254</b>               |

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

EBIT amounted to Euro 14.2 million (5.6% of sales) compared with Euro 11.8 million at 30 September 2023 (4.7% of sales), up by 20.1%.

The tax rate was 29.4%.

Net profit as at 30 September 2024 amounted to Euro 8.3 million, an increase compared to 30 September 2023 (net profit of Euro 6.2 million).



### EBITDA

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 30 September 2004 and 2023.

| <i>(In thousands of euros and in per cent)</i> | At 30 September |               |
|------------------------------------------------|-----------------|---------------|
|                                                | 2024            | 2023          |
| Operating profit/(loss) (EBIT)                 | 14,206          | 11,824        |
| Amortisation, depreciation and write-downs     | 11,423          | 12,023        |
| Net write-downs of financial assets            | 104             | 199           |
| <b>EBITDA (*) (A)</b>                          | <b>25,733</b>   | <b>24,046</b> |
| Revenue from contracts with customers          | 254,097         | 250,851       |
| <b>EBITDA margin (*)</b>                       | <b>10.1%</b>    | <b>9.6%</b>   |
| investments (B)                                | 2,718           | 1,295         |
| <b>Cash conversion [(A) - (B)]/(A)</b>         | <b>89.4%</b>    | <b>94.6%</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.

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> | Income statement of the first nine months |              |               |             | Changes      |             |
|---------------------------------------------------------------------------------------------|-------------------------------------------|--------------|---------------|-------------|--------------|-------------|
|                                                                                             | 2024                                      | %            | 2023          | %           | 2024 v 2023  | %           |
| Milk Products                                                                               | 19,410                                    | 9.8%         | 18,538        | 9.3%        | 872          | 4.7%        |
| Dairy Products                                                                              | 5,610                                     | 12.6%        | 4,813         | 12.4%       | 797          | 16.6%       |
| Other Activities                                                                            | 713                                       | 6.3%         | 695           | 2.7%        | 18           | 2.6%        |
| <b>EBITDA</b>                                                                               | <b>25,733</b>                             | <b>10.1%</b> | <b>24,046</b> | <b>9.6%</b> | <b>1,687</b> | <b>7.0%</b> |

EBITDA for the **Milk Products** segment increased mainly due to an increase in the average sales price and an improvement in the main cost components of the finished product. EBITDA related to the **Dairy Products** segment was up, mainly due to an increase in the average sales price as well as an increase in volumes mainly related to Mascarpone. EBITDA in the **Other products** segment was 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 30 September 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 30<br>September<br>2024 | At 31<br>December<br>2023 |
|----------------------------------------------------------|----------------------------|---------------------------|
| <b>Net financial debt</b>                                |                            |                           |
| A. Cash and cash equivalents                             | 9,788                      | 6,762                     |
| B. Cash equivalents                                      | 53,194                     | 29,270                    |
| C. Other current financial assets                        | 2,526                      | 3,026                     |
| <b>D Cash and cash equivalents (A)+(B)+(C)</b>           | <b>65,508</b>              | <b>39,058</b>             |
| E. Current financial payables                            | (54,047)                   | (19,125)                  |
| F. Current portion of non-current financial debt         | (10,495)                   | (11,486)                  |
| <b>G. Current financial indebtedness (E)+(F)</b>         | <b>(64,542)</b>            | <b>(30,611)</b>           |
| <b>H. Net current financial indebtedness (G)+(D)</b>     | <b>966</b>                 | <b>8,447</b>              |
| I. Non-current financial payables                        | (43,190)                   | (49,937)                  |
| J. Debt instruments                                      | -                          | -                         |
| K. Trade and other non-current payables                  | -                          | -                         |
| <b>L. Non-current financial indebtedness (I)+(J)+(K)</b> | <b>(43,190)</b>            | <b>(49,937)</b>           |
| <b>M. Net financial indebtedness (H)+(L)</b>             | <b>(42,224)</b>            | <b>(41,490)</b>           |

At 30 September 2024, without considering lease liabilities, net financial debt was as follows:

| <i>(In thousands of euros)</i> | At 30 September<br>2024 | At 31<br>December<br>2023 |
|--------------------------------|-------------------------|---------------------------|
| <b>Net financial debt</b>      | <b>(42,224)</b>         | <b>(41,490)</b>           |
| Non-current lease liabilities  | 9,306                   | 11,458                    |
| Current lease liabilities      | 10,010                  | 9,674                     |
| <b>Net Financial Position</b>  | <b>(22,908)</b>         | <b>(20,359)</b>           |

### INVESTMENTS

The following table provides a breakdown of the Company's investments in property, plant and equipment and intangible assets at 30 September 2024:

| <i>(In thousands of euros and in per cent)</i>      | At 30 September<br>2024 |               | At 31 December<br>2023 |               |
|-----------------------------------------------------|-------------------------|---------------|------------------------|---------------|
|                                                     |                         | %             |                        | %             |
| Land and buildings                                  | 25                      | 0.9%          | 227                    | 9.1%          |
| Plant and machinery                                 | 2,475                   | 91.1%         | 1,013                  | 40.5%         |
| Industrial and commercial equipment                 | 60                      | 2.2%          | 382                    | 15.3%         |
| Assets under construction and payments on account   | 158                     | 5.8%          | 880                    | 35.2%         |
| <b>Investments in property, plant and equipment</b> | <b>2,718</b>            | <b>100.0%</b> | <b>2,502</b>           | <b>100.1%</b> |

During the reporting period, the Company made investments totalling Euro 2,718 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, primarily in the Milk segment.

## OTHER INFORMATION

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

Pursuant to CONSOB Communication no. 6064293 of 28 July 2006, note that during the first nine months of 2024 no atypical and/or unusual transactions occurred outside the normal operation of the company that could give rise to doubts regarding the correctness and completeness of the information in the financial statements, conflicts of interest, protection of company assets and safeguarding the minority Shareholders. The accounting and financial effects of transactions occurring in the first nine months of 2024 were illustrated above.

### Treasury shares and shares of parent companies

In compliance with the provisions of article 2428 of the Italian Civil Code, it is confirmed that as at 30 September 2024 the Company did not trade in any treasury shares or shares of parent companies and does not, at 30 September 2024, hold any treasury shares or shares of parent companies.

### Share performance

In the first nine months of 2024 the stock of Centrale del Latte d'Italia S.p.A., listed on the Euronext Milan market and organised and managed by Borsa Italiana S.p.A., reached a maximum value of Euro 3.14 per share compared to a low of Euro 2.58. On the last trading day, the company's stock closed at Euro 2.72 per share, which is equivalent to a market capitalisation of Euro 39.2 million.

### Branch offices

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

### Transactions with related parties

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

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

The 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**").

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

Turin, 11 November 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, 11 November 2024

Mr Fabio Fazzari  
Financial Reporting Officer





## Financial statements and explanatory notes

**Statement of Financial Position at 30 September 2024**

| <i>(In thousands of euros)</i>                                             | At 30 September<br>2024 | At 31 December<br>2023 |
|----------------------------------------------------------------------------|-------------------------|------------------------|
| <b>Non-current assets</b>                                                  |                         |                        |
| Property, plant and equipment                                              | 101,714                 | 105,694                |
| Right-of-use assets                                                        | 16,203                  | 17,915                 |
| <i>of which from related parties</i>                                       | 9,251                   | 11,809                 |
| Intangible assets                                                          | 19,512                  | 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                  |
| <b>Total non-current assets</b>                                            | <b>141,570</b>          | <b>147,277</b>         |
| <b>Current assets</b>                                                      | -                       | -                      |
| Inventories                                                                | 24,246                  | 23,738                 |
| Trade receivables                                                          | 43,437                  | 26,957                 |
| <i>of which from related parties</i>                                       | 7,078                   | 7,118                  |
| Current tax assets                                                         | 130                     | 130                    |
| Other receivables and current assets                                       | 12,778                  | 14,301                 |
| <i>of which from related parties</i>                                       | 5,842                   | 5,842                  |
| Current financial assets measured at fair value through profit or loss     | 1                       | 1                      |
| Financial receivables measured at amortised cost                           | 2,525                   | 3,025                  |
| <i>of which from related parties</i>                                       | 2,525                   | 3,025                  |
| Cash and cash equivalents                                                  | 62,982                  | 36,032                 |
| <i>of which from related parties</i>                                       | 53,194                  | 29,270                 |
| <b>Total current assets</b>                                                | <b>146,099</b>          | <b>104,184</b>         |
| <b>TOTAL ASSETS</b>                                                        | <b>287,669</b>          | <b>251,461</b>         |
| <b>Shareholders' equity</b>                                                | -                       | -                      |
| Share capital                                                              | 28,840                  | 28,840                 |
| Reserves                                                                   | 37,792                  | 34,834                 |
| Net profit/(loss)                                                          | 8,324                   | 2,959                  |
| <b>Total shareholders' equity attributable to the Group</b>                | <b>74,957</b>           | <b>66,632</b>          |
| <b>Non-current liabilities</b>                                             | -                       | -                      |
| Provisions for employee benefits                                           | 5,342                   | 5,786                  |
| Provisions for risks and charges                                           | 1,479                   | 1,369                  |
| Deferred tax liabilities                                                   | 5,819                   | 5,994                  |
| Non-current financial liabilities                                          | 33,883                  | 38,479                 |
| Non-current lease liabilities                                              | 9,306                   | 11,458                 |
| <i>of which from related parties</i>                                       | 4,573                   | 7,012                  |
| <b>Total non-current liabilities</b>                                       | <b>55,830</b>           | <b>63,086</b>          |
| <b>Current liabilities</b>                                                 | -                       | -                      |
| Trade payables                                                             | 75,747                  | 78,317                 |
| <i>of which from related parties</i>                                       | 11,899                  | 21,136                 |
| Current financial liabilities                                              | 54,532                  | 20,937                 |
| <i>of which from related parties</i>                                       | 19,042                  | 8,296                  |
| Current lease liabilities                                                  | 10,010                  | 9,674                  |
| <i>of which from related parties</i>                                       | 8,932                   | 8,890                  |
| Current tax liabilities                                                    | 3,387                   | 241                    |
| Other current liabilities                                                  | 13,207                  | 12,573                 |
| <i>of which from related parties</i>                                       | 1,615                   | 1,615                  |
| <b>Total current liabilities</b>                                           | <b>156,883</b>          | <b>121,742</b>         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                          | <b>287,669</b>          | <b>251,461</b>         |

## Income statement of the first nine months of 2024

| <i>(In thousands of euros)</i>        | Income statement of the first nine months |               |
|---------------------------------------|-------------------------------------------|---------------|
|                                       | 2024                                      | 2023          |
| Revenue from contracts with customers | 254,097                                   | 250,851       |
| <i>of which from related parties</i>  | 748                                       | 2,323         |
| Cost of sales                         | (201,471)                                 | (199,179)     |
| <i>of which from related parties</i>  | (5,204)                                   | (5,234)       |
| <b>Gross operating profit/(loss)</b>  | <b>52,626</b>                             | <b>51,672</b> |
| Sales and distribution costs          | (36,113)                                  | (35,804)      |
| Administrative costs                  | (6,349)                                   | (5,929)       |
| <i>of which from related parties</i>  | (36)                                      | (36)          |
| Net write-downs of financial assets   | (104)                                     | (199)         |
| Other revenues and income             | 5,556                                     | 3,708         |
| Other operating costs                 | (1,409)                                   | (1,624)       |
| <b>Operating profit/(loss)</b>        | <b>14,206</b>                             | <b>11,824</b> |
| Financial income                      | 1,170                                     | 426           |
| <i>of which from related parties</i>  | 1,069                                     | 420           |
| Financial expenses                    | (3,590)                                   | (3,465)       |
| <i>of which from related parties</i>  | (448)                                     | (360)         |
| <b>Profit/(loss) before taxes</b>     | <b>11,787</b>                             | <b>8,785</b>  |
| Income taxes                          | (3,463)                                   | (2,530)       |
| <b>Net profit/(loss)</b>              | <b>8,324</b>                              | <b>6,254</b>  |

## Statement of comprehensive income

| <i>(In thousands of euros)</i>                                                                                           | Income statement of the first nine months |              |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------|
|                                                                                                                          | 2024                                      | 2023         |
| <b>Net profit/(loss) (A)</b>                                                                                             | <b>8,324</b>                              | <b>6,254</b> |
| a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:          |                                           |              |
| Actuarial gains/(losses)                                                                                                 | -                                         | -            |
| Tax effect on actuarial gains/(losses)                                                                                   | -                                         | -            |
| <b>Total other components of comprehensive income that will not be subsequently reclassified to the income statement</b> | <b>-</b>                                  | <b>-</b>     |
| <b>Total other components of comprehensive income, net of tax effect (B)</b>                                             | <b>-</b>                                  | <b>-</b>     |
| <b>Total comprehensive net profit/(loss) (A)+(B)</b>                                                                     | <b>8,324</b>                              | <b>6,254</b> |



## Statement of changes in shareholders' equity as at 30 September 2024

| <i>(In thousands of euros)</i>                            | Share capital | Reserves      | Net profit/(loss) | Total shareholders' equity of the Company |
|-----------------------------------------------------------|---------------|---------------|-------------------|-------------------------------------------|
| <b>At 31 December 2022</b>                                | <b>28,840</b> | <b>34,683</b> | <b>154</b>        | <b>63,678</b>                             |
| Allocation of net profit/(loss) for the previous year     |               | 154           | (154)             | -                                         |
| Net profit/(loss)                                         |               |               | 6,254             | 6,254                                     |
| <b>Total comprehensive net profit/(loss) for the year</b> | <b>-</b>      | <b>0</b>      | <b>6,254</b>      | <b>6,254</b>                              |
| <b>At 30 September 2023</b>                               | <b>28,840</b> | <b>34,838</b> | <b>6,254</b>      | <b>69,932</b>                             |
| Net profit/(loss)                                         |               |               | (3,295)           | (3,295)                                   |
| Actuarial gains/(losses) net of the related tax effect    |               | (4)           |                   | (4)                                       |
| <b>Total comprehensive net profit/(loss) for the year</b> | <b>-</b>      | <b>(4)</b>    | <b>(3,295)</b>    | <b>(3,299)</b>                            |
| <b>At 31 December 2023</b>                                | <b>28,840</b> | <b>34,834</b> | <b>2,959</b>      | <b>66,633</b>                             |
| Allocation of net profit/(loss) for the previous year     |               | 2,959         | (2,959)           | -                                         |
| Net profit/(loss)                                         |               |               | 8,324             | 8,324                                     |
| <b>Total comprehensive net profit/(loss) for the year</b> | <b>-</b>      | <b>0</b>      | <b>8,324</b>      | <b>8,324</b>                              |
| <b>At 30 September 2024</b>                               | <b>28,840</b> | <b>34,834</b> | <b>11,283</b>     | <b>74,957</b>                             |





## Cash Flow Statement of the first nine months of 2024

| <i>(In thousands of euros)</i>                                                                       | At 30 September |                 |
|------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                      | 2024            | 2023            |
| Profit/(loss) before taxes                                                                           | 11,787          | 8,784           |
| - <i>Adjustments for:</i>                                                                            |                 |                 |
| Amortisation, depreciation and write-downs                                                           | 11,527          | 12,222          |
| Financial expense/(income)                                                                           | 2,419           | 3,040           |
| <i>of which from related parties</i>                                                                 | <i>(448)</i>    | <i>(360)</i>    |
| <b>Cash flow generated /(absorbed) by operating activities before changes in net working capital</b> | <b>25,733</b>   | <b>24,046</b>   |
| Change in inventory                                                                                  | (509)           | 1,533           |
| Change in trade receivables                                                                          | (16,584)        | 2,526           |
| Change in trade payables                                                                             | (2,570)         | (5,410)         |
| Change in other assets and liabilities                                                               | 1,665           | 2,788           |
| Use of provisions for risks and charges and for employee benefits                                    | (334)           | (433)           |
| Taxes paid                                                                                           | -               | (0)             |
| <b>Net cash flow generated /(absorbed) by operating activities</b>                                   | <b>7,402</b>    | <b>25,050</b>   |
| Investments in property, plant and equipment                                                         | (2,718)         | (1,395)         |
| Investments in intangible assets                                                                     | (0)             | (3)             |
| Investments of financial assets                                                                      | -               | -               |
| Lyliag acquisition                                                                                   | -               | -               |
| <b>Net cash flow generated /(absorbed) by investment activities</b>                                  | <b>(2,718)</b>  | <b>(1,398)</b>  |
| New financial payables                                                                               | 34,743          | -               |
| Repaid financial payables                                                                            | (5,745)         | (16,302)        |
| <i>Repayments of lease liabilities</i>                                                               | <i>(4,813)</i>  | <i>(5,012)</i>  |
| <i>of which from related parties</i>                                                                 | <i>(1,857)</i>  | <i>(2,786)</i>  |
| Net interest expense                                                                                 | (2,419)         | (3,040)         |
| <b>Net cash flow generated/(absorbed) by financing activities</b>                                    | <b>21,766</b>   | <b>(24,353)</b> |
| <b>Total changes in cash and cash equivalents</b>                                                    | <b>26,450</b>   | <b>(701)</b>    |
| <b>Cash and cash equivalents at start of year</b>                                                    | <b>36,032</b>   | <b>26,623</b>   |
| <i>of which from related parties</i>                                                                 | <i>12,549</i>   | <i>35,977</i>   |
| <i>Offsetting of financial receivables</i>                                                           | <i>500</i>      | <i>(3,025)</i>  |
| Total changes in cash and cash equivalents                                                           | 26,450          | (701)           |
| <b>Cash and cash equivalents at end of year</b>                                                      | <b>62,982</b>   | <b>22,896</b>   |
| <i>of which from related parties</i>                                                                 | <i>53,194</i>   | <i>17,264</i>   |

## Explanatory notes

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

The Interim Management Report at 30 September 2024 was prepared in accordance with the international accounting principles (IAS/IFRS) adopted by the European Union for interim financial statements (IAS 34). The financial statements were prepared in accordance with IAS 1, while the notes were prepared in condensed form applying the option provided for in IAS 34 and therefore do not include all the information required for an annual report prepared in accordance with IFRSs. The interim report on operations at 30 September 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 for the first nine months of 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 endorsed by the European Union and effective from 1 January 2024

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

- 1) With Regulation (EU) No. 2023/2579 of 20 November 2023, the European Commission endorsed the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)", published by the IASB® Board on 22 September 2022.

With the Amendments to IFRS 16, the IASB Board clarified the following accounting treatment for subsequent measurement of the lease liability arising from a sale and leaseback:

- The lessee-seller applies the requirements of IFRS 16.36-46 for the subsequent measurement of lease liabilities arising from the leaseback.
- In applying the above paragraphs of IFRS 16, the seller-lessee shall determine the "lease payments payable" or the "revised lease payments payable" in a manner that does not recognise any amount of gain or loss that relates to the right-of-use asset retained thereby. The lease liability is then reduced by the amount of the initially estimated lease payments payable, with any difference between the estimated and actual payments recognised in profit/(loss) for the year.
- The application of the above provisions does not preclude the lessee-seller from recognising in profit or loss the gain or loss arising from the partial or total termination of the contract as required by paragraph IFRS 16.46(a).

The lessee-seller must establish its own accounting policy for determining the lease payments to be included in the initial estimate of the lease liability.

The Amendments to IFRS 16 become effective with financial statements for financial years beginning on or after 1 January 2024. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

- 2) With Regulation (EU) No. 2023/2822 of 19 December 2023, the European Commission endorsed the following documents published by the IASB Board:
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements), published on 23 January 2020.
  - Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements), published on 31 October 2022.

### Amendments to IAS 1

*Right to defer settlement of a liability for at least 12 months after the end of the financial year*

The IASB Board's first objective was to clarify the apparently conflicting concepts expressed in paragraphs 69(d) and 73 of IAS 1.

Specifically, IAS 1.69(d) provided as a general criterion for classifying a liability as non-current the existence of an "unconditional right of the entity to defer settlement of the liability for at least 12 months after the reporting period" and IAS 1.73 referred instead to "an entity's discretion to refinance or roll over the obligation for at least 12 months after the reporting period of an existing financing arrangement". It was therefore unclear from a combined reading of these two paragraphs whether it was sufficient to have a right to defer settlement of a liability for at least 12 months at the end of the financial year, or whether it was also relevant to the classification of a liability in the financial statements whether the entity intended to exercise that right or not.

With the Amendments to IAS 1, the IASB Board clarified that:

- The right to defer the settlement of a liability for a period of at least 12 months after the end of the reporting period, referred to in paragraph 69(d), need not be unconditional but need only be "substantive and...must exist at the end of the reporting period".
- The classification of a liability as current or non-current must not be affected by an entity's intentions to exercise or not to exercise the right to defer payment beyond 12 months (e.g. an intention to refinance or roll over a loan by extending its maturity) and by decisions made between the end of the reporting period and the date of its publication (e.g. a decision to repay a loan early).

### *Methods for settling a liability*

The Amendments to IAS 1 clarified that, for the purposes of classifying a liability as current or non-current, the term settled (in paragraph 69(a), (c) and (d)) refers to a transfer to the counterparty that results in the settlement of the liability. The transfer could be of:

- a) cash or other economic resources, e.g. goods or services; or
- b) the entity's own equity instruments, unless paragraph 76B applies.

Contractual provisions in a liability that allow the counterparty to require the liability to be settled by the transfer of the entity's own equity instruments (e.g. a convertible bond) do not affect the classification of the liability as current or non-current if, by applying IAS 32 Financial Instruments: presentation in the financial statements, the entity classifies the

option as an equity instrument, recognising it separately from the financial liability as a component of equity of a compound financial instrument (e.g. an option to convert into a fixed number of shares of a convertible bond).

#### *Financial reporting*

An entity must disclose information in the financial statements about events that occur between the end of the reporting period and the date the financial statements are authorised for issue that are specifically defined in IAS 1 as non-adjusting subsequent events in accordance with the requirements of IAS 10 Events after the Reporting Period:

- a) Long-term refinancing of a liability classified as current.
- b) Rectification of the breach of a long-term financing contract classified as current.
- c) Granting by the lender of a grace period to rectify a breach of a long-term financing contract classified as current.
- d) Settlement of a liability classified as non-current.

If management intends or expects to settle a liability classified as non-current within twelve months after the reporting period, it does not change the classification in the financial statements but must disclose the timing of such settlement in the notes.

#### *Liabilities from loan contracts with covenants*

The IASB Board has clarified that where the right to defer the settlement of a liability arising from a loan contract for at least 12 months after the reporting period is subject to compliance with specific covenants, the liability is classified as non-current if all covenants under the contract have been met up to the reporting period, even if they are calculated in the first few months of the following reporting period.

Compliance with contractual covenants to be calculated after the reporting period is not relevant to the classification of the liability in the statement of financial position.

#### *Disclosure of liabilities arising from loan contracts with covenants*

The Amendments to IAS 1 introduced the following disclosure requirements with respect to liabilities arising from loan contracts, which are classified as non-current liabilities in the statement of financial position, and whose right to defer their settlement for at least 12 months after the end of the reporting period is subject to covenant compliance:

- a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of the related liabilities.
- b) Information about any facts and circumstances that indicate that the entity may have difficulty complying with the covenants. These facts and circumstances could also refer to the situation where the covenants to be met in the 12 months following the end of the reporting period would not be met using the figures at the end of the financial year.

The Amendments to IAS 1 are effective for financial statements for financial years beginning on or after 1 January 2024 and are to be applied retroactively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted by providing adequate disclosure in the notes to the financial statements.

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

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

- On 30 May 2024 the IASB published “Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7”. The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). Specifically, the amendments aim to:

- Clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test.
- Determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is extinguished. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions. With these amendments, the IASB also introduced additional disclosure requirements with regard to investments in equity instruments designated as FVOCI.

The amendments will apply to the financial statements for financial years beginning on or after 1 January 2026.

- On 9 May 2024, the IASB published a new principle, IFRS 19 - Subsidiaries without Public Accountability: Disclosures.

The new principal introduces some simplifications with respect to the disclosures required by other IAS-IFRS principles. This principle can be applied by an entity that meets the following main criteria:

- It is a subsidiary company.
- It has not issued equity or debt instruments listed on a market and is not in the process of issuing them.
- It has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new principle will enter into force on 1 January 2027, but earlier application is permitted.

- On 9 April 2024, the IASB published a new principle, IFRS 18 - Presentation and Disclosure in Financial Statements, which will replace IAS 1 - Presentation of Financial Statements. The new principle aims to improve the presentation of the main financial statements and introduces important changes with regard to the statement of profit or loss. Specifically, the new principle requires:

- Classification of revenues and expenses into three new categories (operating section, investing section and financing section), in addition to the income tax and

discontinued operations categories already present in the statement of profit or loss.

- Present two new sub-totals, operating profit or loss and profit or loss before financing and income tax (i.e. EBIT).

The new principle also:

- Requires more information on the performance indicators defined by management.
- Introduces new criteria for the aggregation and disaggregation of information.
- Introduces a number of changes to the format of the statement of cash flows, including the requirement to use the operating profit or loss as the starting point for the presentation of the statement of cash flows prepared under the indirect method and the elimination of certain classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

The new principle will enter into force on 1 January 2027, but earlier application is permitted.

- On 15 August 2023 the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology to ascertain whether one currency can be converted into another, and when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, but earlier application is permitted.
- On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only first-time adopters of IFRSs to continue to recognise amounts related to Rate Regulation Activities under the previous adopted accounting standards.

The directors do not expect any significant effects from the introduction of these amendments and accounting principles.



## Notes to the Interim Report on Operations at 30 September 2024



## Criteria and methods

The interim report as at 30 September 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. The table below shows the main statement of financial position and income statement items examined by the chief operating decision maker in order to assess the Company's performance at and for the interim period ended 30 September 2024, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

| <i>(In thousands of euros)</i>                        | At 30 September 2024 |                |                |                            |
|-------------------------------------------------------|----------------------|----------------|----------------|----------------------------|
|                                                       | Milk products        | Dairy products | Other Products | Total financial statements |
| Revenue from contracts with customers (third parties) | 198,320              | 44,375         | 11,402         | 254,097                    |
| EBITDA (*)                                            | 19,410               | 5,610          | 713            | 25,733                     |
| EBITDA margin                                         | 9.79%                | 12.64%         | 6.25%          | 10.13%                     |
| Amortisation, depreciation and write-downs            | 11,005               | 276            | 142            | 11,423                     |
| Net write-downs of financial assets                   |                      |                | 104            | 104                        |
| <b>Operating profit/(loss)</b>                        | <b>8,405</b>         | <b>5,334</b>   | <b>467</b>     | <b>14,206</b>              |
| Financial income                                      | -                    | -              | 1,170          | 1,170                      |
| Financial expenses                                    | -                    | -              | (3,590)        | (3,590)                    |
| <b>Profit/(loss) before taxes</b>                     | <b>8,405</b>         | <b>5,334</b>   | <b>(1,952)</b> | <b>11,787</b>              |
| Income taxes                                          | -                    | -              | (3,463)        | (3,463)                    |
| <b>Net profit/(loss)</b>                              | <b>8,405</b>         | <b>5,334</b>   | <b>(5,415)</b> | <b>8,324</b>               |
| Total assets                                          | 193,790              | 10,959         | 82,920         | 287,669                    |
| Total liabilities                                     | 117,669              | 16,148         | 78,896         | 212,712                    |
| Investments                                           | 2,723                |                | -              | 2,723                      |
| Employees (number)                                    | 542                  | 65             | 12             | 619                        |

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



| <i>(In thousands of euros)</i>                        | At 30 September 2023 |                |                |                            |
|-------------------------------------------------------|----------------------|----------------|----------------|----------------------------|
|                                                       | Milk products        | Dairy products | Other Products | Total financial statements |
| Revenue from contracts with customers (third parties) | 200,068              | 38,702         | 12,081         | 250,851                    |
| EBITDA (*)                                            | 18,538               | 4,813          | 695            | 24,046                     |
| EBITDA margin                                         | 9.3%                 | 12.4%          | 2.7%           | 9.6%                       |
| Amortisation, depreciation and write-downs            | 11,600               | 276            | 147            | 12,023                     |
| Net write-downs of financial assets                   |                      |                | 199            | 199                        |
| <b>Operating profit/(loss)</b>                        | <b>6,938</b>         | <b>4,537</b>   | <b>349</b>     | <b>11,824</b>              |
| Financial income                                      |                      |                | 426            | 426                        |
| Financial expenses                                    |                      |                | (3,465)        | (3,465)                    |
| <b>Profit/(loss) before taxes</b>                     | <b>6,938</b>         | <b>4,537</b>   | <b>(2,691)</b> | <b>8,784</b>               |
| Income taxes                                          |                      |                | (2,530)        | (2,530)                    |
| <b>Net profit/(loss)</b>                              | <b>6,938</b>         | <b>4,537</b>   | <b>(5,221)</b> | <b>6,254</b>               |
| Total fixed assets as at 31 December 2023             | 180,328              | 8,073          | 63,059         | 251,460                    |
| Total liabilities as at 31 December 2023              | 90,842               | 14,374         | 79,612         | 184,828                    |
| Investments as at 30 September 2023                   | 710                  | 685            | -              | 1,295                      |
| Employees (number) as at 30 September 2023            | 533                  | 70             | 12             | 605                        |

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

The table above shows the main income statement items at 30 September 2023 and the main statement of financial position items at 31 December 2023 examined by the chief operating decision maker in order to assess the Company's performance, and the reconciliation of these items with respect to the corresponding amount included in the Interim Management Report:

## Non-current assets

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

| <i>(In thousands of euros)</i>                                             | At 30 September<br>2024 | At 31 December<br>2023 |
|----------------------------------------------------------------------------|-------------------------|------------------------|
| <b>Non-current assets</b>                                                  |                         |                        |
| Property, plant and equipment                                              | 101,714                 | 105,694                |
| Right-of-use assets                                                        | 16,203                  | 17,915                 |
| Intangible assets                                                          | 19,512                  | 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                  |
| <b>Total non-current assets</b>                                            | <b>141,570</b>          | <b>147,277</b>         |

### Fixed assets, plant and equipment

The decrease is mainly due to amortisation/depreciation for the period. The increases for the period mainly relate to the completion of the investment in the Dairy segment.

### Right-of-use assets

The decrease is mainly due to amortisation/depreciation for the period. The changes recorded under the investment item refer mainly to the lease of machinery used in the production process.

### 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.

### Concessions, licences, trademarks and similar rights

The following table shows a breakdown of "Concessions, licences, trademarks and similar rights" as at 30 September 2024:

| <i>(In thousands of euros)</i>            | At 30 September 2024 | At 31 December 2023 |
|-------------------------------------------|----------------------|---------------------|
| Trademarks with an indefinite useful life | 19,132               | 19,132              |
| <b>Total net book value</b>               | <b>19,132</b>        | <b>19,132</b>       |

### Trademarks with an indefinite useful life

This item refers to the brands “Latte Rapallo”, “Latte Tigullio”, “Centrale del Latte di Vicenza” and “Mukki” for a total of Euro 19,132 thousand. At the reporting date, trademarks with an indefinite useful life were not subject to an impairment test as no Trigger Events were found that required early impairment.

In fact, despite the fact that the market capitalisation is lower than the Company's shareholders' equity value, in the first nine months of the year the performance and margins recorded were higher than those forecast in the Business Plan used to carry out the Impairment exercise as at 31 December 2023. In fact, the assumptions that led to the Impairment result as shown in the Annual Financial Report as at 31 December 2023 are still valid

### Equity investments in associates

Equity investments in associate companies amounting to Euro 1,397 thousand refer mainly to the stake held by Centrale del Latte d'Italia SpA in Mercafir Scpa.

### 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 30 September 2024, this item totalled Euro 2,041 thousand (Euro 2,041 thousand in December 2023). 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 30 September 2024 | At 31 December 2023 |
|------------------------------------------------------------------------|----------------------|---------------------|
| <b>Current assets</b>                                                  |                      |                     |
| Inventories                                                            | 24,246               | 23,738              |
| Trade receivables                                                      | 43,437               | 26,957              |
| Current tax assets                                                     | 130                  | 130                 |
| Other receivables and current assets                                   | 12,778               | 14,301              |
| Current financial assets measured at fair value through profit or loss | 1                    | 1                   |
| Financial receivables measured at amortised cost                       | 2,525                | 3,025               |
| Cash and cash equivalents                                              | 62,982               | 36,032              |
| <b>Total current assets</b>                                            | <b>146,099</b>       | <b>104,184</b>      |



### Inventories

Closing inventories were up by Euro 0.5 million on 31 December 2023 because of a decrease in warehouse stock.

### Trade receivables

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.

At each reporting date, customer receivables are analysed to check for the existence of impairment indicators. To perform this analysis, the Company assesses whether there are expected losses on 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 Company'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". The determination of the provision for the period reflects the exposure of receivables – net of the provision for doubtful receivables – at their estimated realisable value.

### Current tax assets and liabilities

Current tax assets totalled Euro 130 thousand, in line with 31 December 2023.

Current tax liabilities amounted to Euro 3,387 thousand, up from 31 December 2023 due to the recognition of 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 refer to financial receivables from the related party New Property SpA for a total amount of Euro 2,525 thousand.

### 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 30 September 2024, cash and cash equivalents were not subject to restrictions or constraints. Part of the aforementioned cash and cash equivalents of Euro 53,194 thousand is attributable to cash pooled with the direct parent Newlat Food and the indirect parent company Newlat Group SA.

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

## Shareholders' equity

### *Share capital*

As at 30 September 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 30 September 2024 relate solely to the recognition of the net comprehensive income for the period in the amount of Euro 8,324 thousand.

## Non-current liabilities

| <i>(In thousands of euros)</i>       | At 30 September<br>2024 | At 31 December<br>2023 |
|--------------------------------------|-------------------------|------------------------|
| <b>Non-current liabilities</b>       |                         |                        |
| Provisions for employee benefits     | 5,342                   | 5,786                  |
| Provisions for risks and charges     | 1,479                   | 1,369                  |
| Deferred tax liabilities             | 5,819                   | 5,994                  |
| Non-current financial liabilities    | 33,883                  | 38,479                 |
| Non-current lease liabilities        | 9,306                   | 11,458                 |
| <b>Total non-current liabilities</b> | <b>55,830</b>           | <b>63,086</b>          |

### Provisions for employee benefits

At 30 September 2024, this item totalled Euro 5,342 thousand, down from Euro 5,786 thousand at 31 December 2023, mainly because of the decrease in employees due to resignations and retirements.

### Provisions for risks and charges

The provision for risks and charges consists primarily of 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.

Other provisions for risks and charges refer to disputes and litigation of an immaterial nature.

### Deferred tax liabilities

Deferred tax liabilities mainly refer to the allocation of capital gains from the acquisition of Centrale del Latte Toscana, the fair value valuation of the Mukki, Rapallo-Tigullio and Vicenza trademarks, and the fair value valuation of the Centrale del Latte land.

### Non-current and current financial liabilities

Please refer to the "Net Financial Debt" section in the management report. As at 30 September 2024, the covenants relating to the loan granted by MS Capital Services were respected. With regard to the financial constraints on the other financing lines, the check is performed on the annual data as at 31 December, as per contractual requirements. The

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

### Current and non-current lease liabilities

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

Liabilities were recognised in compliance with the new IFRS 16 that came into effect on 1 January 2019 and determined as the present value of future lease payments discounted at a marginal rate of interest which, based on the length of each individual agreement, was identified in a range between 4% and 6%.

There are no payables due beyond five years.

## Current liabilities

| <i>(In thousands of euros)</i>   | At 30 September<br>2024 | At 31 December<br>2023 |
|----------------------------------|-------------------------|------------------------|
| <b>Current liabilities</b>       |                         |                        |
| Trade payables                   | 75,747                  | 78,317                 |
| Current financial liabilities    | 54,532                  | 20,937                 |
| Current lease liabilities        | 10,010                  | 9,674                  |
| Current tax liabilities          | 3,387                   | 241                    |
| Other current liabilities        | 13,207                  | 12,573                 |
| <b>Total current liabilities</b> | <b>156,883</b>          | <b>121,742</b>         |

### 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.

### 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 more uniform analysis of the Company's economic situation.

## Earnings per share

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

| <i>(In thousands of euros)</i>                                      | Income statement of the first nine months |              |
|---------------------------------------------------------------------|-------------------------------------------|--------------|
|                                                                     | 2024                                      | 2023         |
| Profit for the year attributable to the Group in thousands of euros | 8,324                                     | 6,254        |
| Weighted average number of shares in circulation                    | 14,000                                    | 14,000       |
| <b>Earnings per share (in Euro)</b>                                 | <b>0.595</b>                              | <b>0.447</b> |

## Related party transactions

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

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

The Company deals with the following related parties:

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

## Disputes, contingent liabilities and contingent assets

Furthermore, there are no substantial changes to the situations regarding disputes or contingent liabilities from 30 September 2024.

Turin, 11 November 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, 11 November 2024

Angelo Mastrolia  
Chairman of the BoD

Fabio Fazzari  
Financial Reporting Officer