A multibrand company

# INTERIM MANAGEMENT REPORT

# AT 31 March 2021

# DIRECTORS' REPORT ON OPERATING PERFORMANCE

# AT 31 March 2021

## Contents

This report is available online
at www.newlat.it

**Newlat Food S.p.A.**
Registered Office at 16, Via J.F. Kennedy, Reggio Emilia
(RE) Paid-in share capital: €43,935,050.00 fully paid
Tax and VAT code 00183410653 / no. 277595 on the Economic and Administrative Index (REA) of Reggio Emilia
Company subject to management and coordination by Newlat Group S.A. pursuant to Articles 2497 et seq. of the Italian Civil Code.

# BOARDS AND OFFICERS

## Board of Directors

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

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

(**) Executive Director.

(***) Non-executive director.

## Board of Statutory Auditors

| Name and surname | Position |
|---|---|
| **Massimo Carlomagno** | Chairman |
| **Ester Sammartino** | Standing Auditor |
| **Antonio Mucci** | Standing Auditor |

## Remuneration and Appointments Committee

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

## Control and Risks Committee

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

## RPT Committee

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

## Financial Reporting Officer

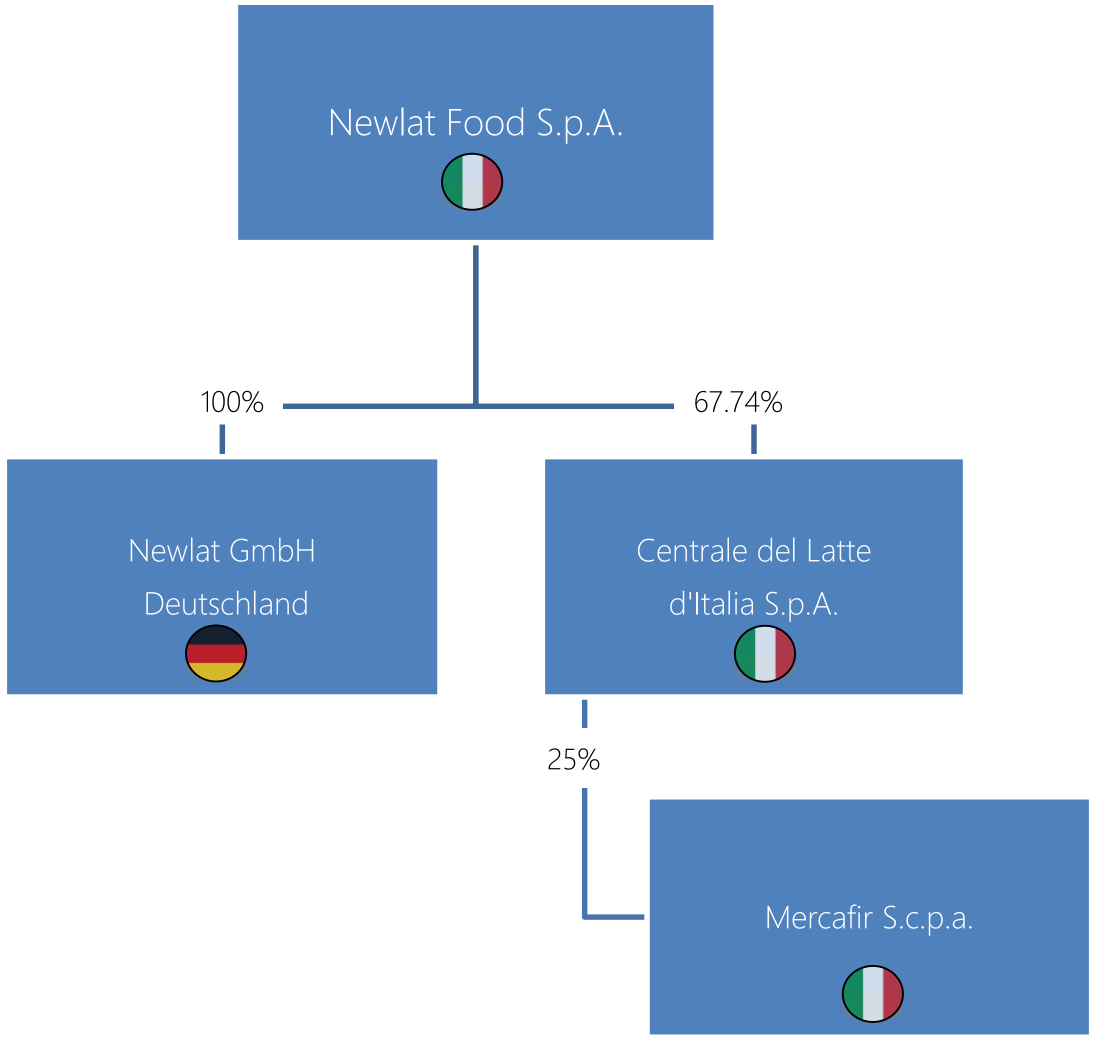
**Rocco Sergi**

## Independent Auditing Firm

**PricewaterhouseCoopers S.p.A.**

## Group Structure

Below is a graphical representation of the companies belonging to the Newlat Group at 31 March 2021:



# INTERIM MANAGEMENT REPORT

# DIRECTORS' OBSERVATIONS ON PERFORMANCE AT 31 March 2021

Decreased consumer demand and continued closures of hotel and foodservice activities contributed to lower sales volumes compared with the same period of the previous year, which, together with a greater boost in terms of promotional and marketing activities, led to turnover that was lower by 4.6%.

In terms of turnover, as noted above, we saw a 4.6% reduction compared to the previous period, with a drop of 10.7% in the Milk sector, 5.9% in Bakery and 7% in other products, offset by exceptional growth in the Dairy sector of 29.6%. Despite linear turnover, the Pasta and Special products sectors recorded an increase in sales volumes mainly due to higher promotional and marketing activities, which led to a reduction in the average sales price, thus confirming that the results achieved in 2020 were not the result of exceptional events but of an accurate commercial policy aimed at development and organic growth.

While negative, the figure is well above expectations, and when compared to the margin levels we can be satisfied with the results achieved in Q1 2021.

Analysis of Q1 performance cannot ignore how the current pandemic has impacted the lives of people around the world. Against such a background, the Group has again proved itself supremely adept at crisis management, making sure that supply levels are continually high in terms of quality and quantity.

In terms of distribution channels, Normal Trade recorded a negative performance of 17.9% as a result of both a decrease in volumes and higher promotional expenditures compared with the same period of the previous year.
Data by geographical area also showed -5.2% in the German market and -5.3% in the domestic market, while in other countries they showed a linear trend.

With regard to margins, the Group saw excellent results, reaching 9.1% of EBITDA compared with 8.8% in the same period of the previous year for the same scope of consolidation. This exceptional figure, despite the decrease in turnover, is the result of an accurate supply chain policy aimed at achieving economies of scale. This policy has made it possible to improve our margins.

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

The net financial position improved significantly from €5.2 million at 31 December 2020 to €11.8 million at 31 March 2021 thanks to the Group's ability to generate cash from operations. Cash conversion remained high at 84.9%. Excluding lease liabilities related to IFRS 16, the positive net financial position increased from €24.2 million at 31 December 2020 to €29.5 million at 31 March 2021.

| *(In thousands of euros)* | First quarter as at 31 March 2021 | as at 31 March 2020 (*) Proforma |
|---|---|---|
| Revenue from contracts with customers | 121,458 | 127,318 |
| Cost of sales | (95,468) | (101,387) |
| Gross operating profit/(loss) | 25,990 | 25,931 |
| Sales and distribution costs | (16,091) | (14,480) |
| Administrative costs | (5,815) | (6,900) |
| Net write-downs of financial assets | (329) | (518) |
| Other revenues and income | 2,822 | 2,363 |
| Other operating costs | (1,852) | (1,438) |
| Operating profit/(loss) | 4,725 | 4,958 |
| Financial income | 125 | 241 |
| Financial expenses | (519) | (866) |
| Profit/(loss) before taxes | 4,331 | 4,333 |
| Gross income taxes | (1,176) | (1,253) |
| Net profit/(loss) | 3,155 | 3,080 |
| Basic net profit/(loss) per share | 0.06 | 0.06 |
| Diluted net profit/(loss) per share | 0.06 | 0.06 |
| EBITDA | 11,043 | 11,253 |
| EBITDA MARGIN | 9.1% | 8.8% |

(*) The figures as at 31 March 2020 include the results of Centrale Latte d'Italia S.p.A.

Net income amounted to €3.2 million, up from €3 million in Q1 2020, due to a lower incidence of financial charges and the tax burden.

# NOTES TO THE INTERIM REPORT

## General information

Newlat Food S.p.A. is incorporated in Italy in the form of a public limited company operating under Italian law. The Company has its registered office at 16, Via J. F. Kennedy, Reggio Emilia.

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

The Company is subject to management and coordination by the parent Newlat Group S.A. (hereinafter "**Newlat Group**"), a company that directly owns 61.64% of the share capital, while the remaining part (38.36%) is held by institutional investors.

Newlat Group financial information as at 31 March 2021 including, as at 1 January 2020 with respect to the original scope of reference, the figures relating to the Centrale del Latte d'Italia S.p.A. Group. This information was prepared in continuity of accounting values.

## SUMMARY OF ACCOUNTING STANDARDS AND CRITERIA ADOPTED FOR PREPARING THE INTERIM REPORT

The accounting standards and measurement criteria adopted in the preparation and drafting of the Interim Report are set out below.

### Interim Report preparation criteria

The Interim Report was prepared in order to represent the assets, liabilities, revenues and costs directly and indirectly attributable to the Newlat Group. The proforma comparative figures at 31 March 2020 include the figures for the Centrale del Latte d'Italia S.p.A. Group for the purposes of a greater understanding and analysis of the Group's business performance. In particular, the inclusion was carried out by aggregating its data to the original structure of reference in the consolidated report of the Newlat Group, eliminating the statement of financial position and income statement data relating to transactions between the Newlat Group and other group companies.

### Consolidation criteria and methodology

The Interim Report includes the results, assets and liabilities and cash flows of the Group and its subsidiaries, prepared based on the relative accounting statements and, where applicable, suitably adjusted to bring them in line with IFRS. As stated above, the Interim Report as at 1 January 2020 includes the assets and liabilities, results and cash flows of the Centrale Latte d'Italia S.p.A. Group.

It should be noted that at the reference date of the Interim Report, all the companies included within the scope were consolidated using the line-by-line method and minority interests were recognised.

In preparing the Interim Report, all balances and transactions carried out between the companies included in the scope have been eliminated and therefore the Interim Report does not include any of the transactions in question.

## Alternative performance indicators

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

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

The alternative performance indicators listed below should be used as an information supplement to IFRS requirements to help users of the financial report to better understand the Group's results, assets and liabilities and cash flows. Note that these adjustment measures are calculated consistently from one year to the next and may differ from the methods used by other companies.

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

- Gross operating result: determined by the difference between net sales, the cost of sales (comprising material, production and distribution costs) and advertising and promotional costs;
- EBITDA: the operating result before depreciation, amortisation and write-downs;
- Profit/(Loss) before taxes: operating income less financial expense;
- Net profit/(loss): gross profit less taxes;
- ROS (return on sales): the ratio of operating income to net sales for the period;
- ROI (return on investment): the ratio of operating income for the period to fixed assets at the end of the period;
- Cash conversion: the ratio of EBITDA to the difference between EBITDA and total investments.
- Net profit attributable to minority interests: net profit attributable to minority shareholders;
- ROE (return on equity): the ratio of net income to net equity of the Group;

Net financial position is given by the algebraic sum of:

- Cash and cash equivalents;
- Current financial assets, recorded under 'other receivables';
- Current financial liabilities;

- Non-current financial liabilities;
- Current and non-current lease liabilities.

Reclassified statement of cash flows

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

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

## SIGNIFICANT EVENTS AS AT 31 MARCH 2021 AND MANAGEMENT OUTLOOK

Right from the beginning of the pandemic, the Group has shown that it is ready to deal with this situation, offering suitable product and service responses to the various demands that have arisen, particularly after the various stages of this experience.
The same thing applies to activities performed in line with Group guidelines. These are less commercial and logistical and more operations-oriented, such as strengthening liquidity and carefully managing trade receivables and operating costs, making sure in all cases to prioritise customer and employee satisfaction.
All this has enabled the Group, as we can see by the results, to deliver better margins and create more value for its shareholders.
Against this background, it is useful to stress that the commercial organisation and the production setup have played a crucial role in customer relations. Such an approach puts the end consumer at the centre of Group policies and guidelines while reinforcing brand loyalty.
In 2021 demand for food products returned to levels that were considered "normal" even though shops and hotels continued to close during the first quarter, causing a loss of turnover, as a direct result of lower sales volumes and increased promotional expenditures.
The Mass Distribution channel saw a negative performance of -1.4%, and the food services channels (restaurants, bars, hotels, etc.) and normal trade saw sales drop by -5.4% and -17.9% respectively.
While there is still considerable uncertainty about the future development of the Coronavirus, at the date of this interim report there is reason to have a positive outlook thanks to the ongoing vaccination campaign and the gradual relaxation of restrictive measures on commercial and hotel activities, as well as the resumption of tourism as the summer approaches.
Newlat Food S.p.A.'s management remains fully confident in the continuation of its organic growth plans, especially considering the excellent results in terms of margins and liquidity generation recorded during the first quarter. Based on the information available at the date of approval of this report, the Directors believe that it is unlikely that COVID-19 will have significant adverse impacts and that it is fully possible to achieve 2021 targets.
On 1 January 2021 the lease contract for the milk & dairy business unit between Newlat Food S.p.A. and Centrale Latte del d'Italia S.p.A. became operational. The reorganisation of the milk & dairy sector will bring benefits both in terms of economies of scale by reducing costs, and commercially by penetrating new markets and regions.
On 19 February 2021 the bond was successfully issued at an interest rate of 2.625% for a total value of €200 million with a duration of 6 years.

The following table lists some of the main income statement and statement of financial position indicators:

| *(In thousands of euros and as a percentage)* | First quarter At 31 March 2021 | At 31 March 2020 |
|---|---|---|
| Operating profit/(loss) (EBIT) | 4,725 | 4,958 |
| EBITDA | 11,043 | 11,253 |
| Revenue from contracts with customers | 121,458 | 127,318 |
| EBITDA margin | 9.1% | 8.8% |
| Investments (B) | 1,662 | 882 |
| Cash conversion | 84.9% | 92.2% |

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion are alternative performance indicators not identified as an accounting measure under IFRS and, therefore, should not be considered alternative measures to those provided by the Group's financial statements when assessing the Group's results. The comparative figures at 31 March 2020 include the results of the Centrale del Latte d'Italia SpA Group.

Operating income amounted to €4.7 million, a slight decrease compared with the same period of 2020 (-4.7%) due to the combined effect of the loss of volumes and the higher impact of promotional expenditures.

EBITDA also decreased in absolute value terms (-1.9%) as a result of the aforementioned reasons, however the EBITDA margin increased compared to the same period of 2020 (from 8.8% at 31 March 2020 to 9.1% at 31 March 2021) thanks to an attentive procurement policy.

| *(In thousands of euros)* | First quarter At 31 March 2021 | At 31 March 2020 |
|---|---|---|
| Investments | 1,662 | 882 |
| Investments as a share of revenues | 1.4% | 0.7% |
| EBITDA | 11,043 | 11,253 |
| EBITDA margin | 9.1% | 8.8% |
| *Cash conversion* | 84.9% | 92.2% |
| *Cash flow conversion ratio* | 84.9% | 92.2% |
| ROS | 3.9% | 3.9% |
| Net profit/(loss) | 3,155 | 3,080 |

Net profit was up slightly compared with the same period of the previous year (+2.4%).

| *(In thousands of euros)* | At 31 March | At 31 December |
|---|---|---|

| | 2021 | 2020 |
|---|---|---|
| Net non-current assets | 196,280 | 200,382 |
| Net operating working capital | (44,927) | (38,773) |
| Net working capital | (51,327) | (49,521) |
| Net invested capital | 144,953 | 150,863 |
| Net financial debt | (11,755) | (5,194) |
| Total sources of financing | 144,953 | 150,862 |
| Average days in inventory | 39 | 37 |
| Turnover rate of inventories | 9.2 | 9.7 |
| Average days for collection of trade receivables | 52 | 52 |
| Trade receivables turnover rate | 6.9 | 6.9 |
| Average days for payment of trade payables | 187 | 185 |
| Turnover rate of trade payables | 1.9 | 1.9 |
| ROI | 3.3% | 3.3% |
| ROE | 2.0% | 2.0% |

The net financial position compared with the data at 31 December 2020 has improved considerably by some €6.6 million due to the Group's ability to generate cash from operations.

Changes in net financial position are shown below:

| Net Financial Position at 31 December 2020 (million euros) | | **5.19** |
|---|---|---|
| EBITDA | | 11.04 |
| Net working capital | | 1.10 |
| Interest and taxes | - | 0.70 |
| Investments | - | 2.16 |
| Treasury shares | - | 2.27 |
| Other minority | - | 0.50 |
| Net financial position at 31 March 2021 (million euros) | | **11.71** |

The table below contains the income statement of the Group's Interim Report for the periods ended 31 March 2021 and 2020.

| | **First quarter as at 31 March** | **Changes** |
|---|---|---|

| *(In thousands of euros and as a percentage of revenue from contracts with customers)* | 2021 | % | 2020 | % | 2021 vs 2020 | % |
|---|---|---|---|---|---|---|
| Revenue from contracts with customers | 121,458 | 100.0% | 127,318 | 100.0% | (5,860) | (4.6%) |
| Cost of sales | (95,468) | (78.6%) | (101,387) | (79.6%) | 5,919 | (5.8%) |
| **Gross operating profit/(loss)** | **25,990** | **21.4%** | **25,931** | **20.4%** | **59** | **0.2%** |
| Sales and distribution costs | (16,091) | (13.2%) | (14,480) | (11.4%) | (1,611) | 11.1% |
| Administrative costs | (5,815) | (4.8%) | (6,900) | (5.4%) | 1,085 | (15.7%) |
| Net write-downs of financial assets | (329) | (0.3%) | (518) | (0.4%) | 189 | (36.5%) |
| Other revenues and income | 2,822 | 2.3% | 2,363 | 1.9% | 460 | 19.5% |
| Other operating costs | (1,852) | (1.5%) | (1,438) | (1.1%) | (414) | 28.8% |
| **Operating profit/(loss) (EBIT)** | **4,725** | **3.9%** | **4,958** | **3.9%** | **(233)** | **(4.7%)** |
| Financial income | 125 | 0.1% | 241 | 0.2% | (116) | (48.1%) |
| Financial expenses | (519) | (0.4%) | (866) | (0.7%) | 347 | (40.0%) |
| **Profit/(loss) before taxes** | **4,331** | **3.6%** | **4,333** | **3.4%** | **(3)** | **(0.1%)** |
| Income taxes | (1,176) | (1.0%) | (1,253) | (1.0%) | 78 | (6.2%) |
| **Net profit/(loss)** | **3,155** | **2.6%** | **3,080** | **2.4%** | **75** | **2.4%** |

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

## Revenue from contracts with customers

Revenue from contracts with customers contains the contractual fees to which the Group is entitled in exchange for the transfer of the promised goods or services to the customer. The contractual fees may include fixed or variable amounts or both and are recognised net of rebates, discounts and promotions, such as contributions to the mass distribution channel. In particular, in the context of existing contractual relations with mass distribution operators, Newlat Food S.p.A. 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.

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

| *(In thousands of euros and as a percentage)* | First quarter as at 31 March | | | | Changes | |
|---|---|---|---|---|---|---|
| | 2021 | % | 2020 | % | 2021 vs 2020 | % |
| Pasta | 37,692 | 31.0% | 37,647 | 29.6% | 45 | 0.1% |
| *Milk Products* | 56,536 | 46.5% | 63,308 | 49.7% | (6,772) | (10.7%) |
| *Bakery Products* | 8,921 | 7.3% | 9,479 | 7.4% | (558) | (5.9%) |
| *Dairy Products* | 7,130 | 5.9% | 5,502 | 4.3% | 1,628 | 29.6% |
| *Special Products* | 8,380 | 6.9% | 8,372 | 6.6% | 8 | 0.1% |
| Other Products | 2,799 | 2.3% | 3,010 | 2.5% | (211) | (7.0%) |
| Revenue from contracts with customers | 121,458 | 100.0% | 127,318 | 100.0% | (5,860) | (4.6%) |

Revenues from the **Pasta** segment were in line with the same period of the previous year. While linear, the figure shows that the results achieved from the first quarter of 2020 are not the result of exceptional events but rather of a careful commercial strategy aimed at consolidating the organic growth seen during the same period of the previous year.

Revenues from the Milk Products segment decreased by 10.7%, mainly as a result of lower sales volumes in the normal trade sector and higher promotional expenditures.

Revenues from the Bakery Products segment decreased compared with the same period of the previous year (-5.9%) as a result of lower sales volumes related to the private label world.

Revenues from the Dairy Products segment increased by 29.6%, mainly due to the increase in mascarpone sales.

Revenues from the Special Products segment were in line with the same period of the previous year.

Revenues from the Other Products segment decreased by 7% compared with the same period of the previous year because of lower sales volumes, particularly in the normal trade sector as a result of COVID-19.

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

| *(In thousands of euros and as a percentage)* | First quarter as at 31 March | | | | Changes | |
|---|---|---|---|---|---|---|
| | 2021 | % | 2020 | % | 2021 vs 2020 | % |
| Mass Distribution | 82,484 | 67.9% | 83,672 | 65.7% | (1,188) | (1.4%) |
| *B2B partners* | 12,305 | 10.1% | 12,879 | 10.1% | (574) | (4.5%) |
| *Normal trade* | 13,987 | 11.5% | 17,042 | 13.4% | (3,055) | (17.9%) |
| *Private labels* | 9,515 | 7.8% | 10,376 | 8.1% | (861) | (8.3%) |
| *Food services* | 3,167 | 2.6% | 3,349 | 2.6% | (182) | (5.4%) |
| Total revenue from contracts with customers | 121,458 | 100.0% | 127,318 | 100.0% | (5,861) | (4.6%) |

Revenues from the Mass Distribution channel decreased (-1.4%) as a result of lower sales volumes in the Milk sector. This channel benefited most from the anti-COVID-19 measures implemented during the same period of the previous year.

Revenues from the B2B partners channel decreased by 4.5% as a result of lower sales volumes and the renegotiation of some sales price lists.

Revenues from the Normal Trade channel decreased, mainly as a result of lower sales volumes due to COVID-19 measures.

Revenues from the **Private Label** channel decreased by 8.6% compared with the same period of the previous year as a result of lower sales volumes.
Revenues from the **Food Service** channel decreased, mainly as a result of lower "Other Products" sales volumes because of COVID-19.

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

| *(In thousands of euros and as a percentage)* | First quarter as at 31 March | | | | Changes | |
|---|---|---|---|---|---|---|
| | 2021 | % | 2020 | % | 2021 vs 2020 | % |
| Italy | 81,174 | 66.8% | 85,680 | 67.3% | (4,506) | (5.3%) |
| Germany | 24,085 | 19.8% | 25,395 | 19.9% | (1,310) | (5.2%) |
| Other countries | 16,209 | 13.4% | 16,243 | 12.9% | (34) | (0.2%) |
| **Total revenue from contracts with customers** | **121,468** | **100.0%** | **127,318** | **100.0%** | **(5,850)** | **(4.6%)** |

Revenues from **Italy** decreased, mainly as a result of the decrease in the Milk sector.

Revenues from **Germany** decreased as a result of the decrease in the Bakery and Pasta sectors.

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 and as a percentage of revenue from contracts with customers)* | First quarter as at 31 March | | | |
|---|---|---|---|---|
| | 2021 | % | 2020 | % |
| Cost of sales | 95,468 | 78.6% | 101,387 | 79.6% |
| Sales and distribution costs | 16,091 | 13.2% | 14,480 | 11.4% |
| Administrative costs | 5,815 | 4.8% | 6,900 | 5.4% |
| **Total operating costs** | **117,374** | **96.6%** | **122,766** | **96.4%** |

Cost of sales represented 78.6% of turnover (79.6% at 31 March 2020). The impact on turnover has improved considerably as a result of an improved purchasing policy in the Group's supply chain.

Sales and distribution expenses were 11.1% higher than at 31 March 2020, with this amount up by 1.9 percentage points as a proportion of sales. The increase in distribution costs is mainly due to a different demand and supply policy on the part of the trade, which in many cases involved the provision of personalised services.

Administrative expenses were 15.7% lower than at 31 March 2020 due to the reorganisation of some functions within the Group.

EBITDA amounted to €11 million (9.1% of sales) compared with €11.2 million at 31 March 2020, representing 8.8% of sales.

The following table shows EBITDA by activity segment:

| | First quarter as at 31 March 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In thousands of Euro)* | Pasta | *Milk Products* | *Bakery Products* | *Dairy Products* | *Special Products* | Other products | Consolidated Report total |
| Revenue from contracts with customers (third parties) | 37,692 | 56,536 | 8,921 | 7,130 | 8,380 | 2,799 | 121,458 |
| EBITDA (*) | 2,065 | 5,721 | 1,157 | 1,103 | 852 | 145 | 11,043 |
| EBITDA margin | 5.5% | 10.1% | 13.0% | 15.5% | 10.2% | 5.2% | 9.1% |
| Amortisation, depreciation and write-downs | 1,252 | 3,514 | 349 | 65 | 430 | 379 | 5,989 |
| Net write-downs of financial assets | | | | | | 329 | 329 |
| Operating profit/(loss) | 813 | 2,207 | 808 | 1,038 | 422 | (563) | 4,725 |
| Financial income | - | - | - | - | - | 125 | 125 |
| Financial expenses | - | - | - | - | - | (519) | (519) |
| Profit/(loss) before taxes | 813 | 2,207 | 808 | 1,038 | 422 | (957) | 4,331 |
| Income taxes | - | - | - | - | - | (1,176) | (1,176) |
| Net profit/(loss) | 813 | 2,207 | 808 | 1,038 | 422 | (2,133) | 3,155 |

| | First quarter as at 31 March 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In thousands of Euro)* | Pasta | *Milk Products* | *Bakery Products* | *Dairy Products* | *Special Products* | Other products | Proforma Consolidated Report Total |
| Revenue from contracts with customers (third parties) | 37,647 | 63,308 | 9,479 | 5,502 | 8,372 | 3,010 | 127,318 |
| EBITDA (*) | 2,249 | 5,752 | 1,327 | 829 | 946 | 151 | 11,253 |
| EBITDA margin | 6.0% | 9.1% | 14.0% | 15.1% | 11.3% | 5.0% | 8.8% |
| Amortisation, depreciation and write-downs | 1,273 | 3,206 | 367 | 75 | 523 | 333 | 5,777 |
| Net write-downs of financial assets | | | | | | 518 | 518 |
| Operating profit/(loss) | 976 | 2,546 | 960 | 754 | 423 | (700) | 4,958 |
| Financial income | - | - | - | - | - | 241 | 241 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Financial expenses | - | - | - | - | - | (866) | (866) |
| Profit/(loss) before taxes | 976 | 2,546 | 960 | 754 | 423 | (1,325) | 4,333 |
| Income taxes | - | - | - | - | - | (1,253) | (1,253) |
| Net profit/(loss) | 976 | 2,546 | 960 | 754 | 423 | (2,578) | 3,080 |

EBIT amounted to €4.4 million (3.9% of sales) compared with €4.9 million in the first three months of 2020 (3.9% of sales), with a slight decrease of 4.7%.

The tax rate for the period was 27.2% (28.9% in the first three months of 2020).

Net profit at 31 March 2020 was €3.2 million (€3.1 million at 31 March 2020), up by 2.4%.

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

| *(In thousands of euros and as a percentage)* | First quarter | |
|---|---|---|
| | At 31 March 2021 | At 31 March 2020 |
| Operating profit/(loss) (EBIT) | 4,725 | 4,958 |
| Revenue from contracts with customers | 121,458 | 127,318 |
| **ROS (*)** | **3.890%** | **3.894%** |

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

ROI (Return on Investment) was in line with the same period of the previous year.

The following table provides a reconciliation of the ROI for the periods under review.

| *(In thousands of euros and as a percentage)* | First quarter | |
|---|---|---|
| | At 31 March 2021 | At 31 March 2020 |
| Operating profit/(loss) (EBIT) | 4,725 | 4,958 |
| Net invested capital (*) | 144,953 | 150,863 |
| **ROI (*)** | **3.259%** | **3.286%** |

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

The table below provides a reconciliation of EBITDA, the EBITDA margin and cash conversion at 31 March 2021 and 2020.

| *(In thousands of euros and as a percentage)* | First quarter | |
|---|---|---|
| | At 31 March 2021 | At 31 March 2020 |
| Operating profit/(loss) (EBIT) | 4,725 | 4,958 |
| EBITDA (*) (A) | 11,043 | 11,253 |
| Revenue from contracts with customers | 121,458 | 127,318 |
| EBITDA margin (*) | 9.1% | 8.8% |
| Investments (B) | 1,662 | 882 |
| Cash conversion [(A) - (B)]/(A) | 84.9% | 92.2% |

(*) Operating profit/(loss) (EBIT), EBITDA, the EBITDA margin and the cash conversion rate 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 Interim Report when assessing the Group's results and cash flows.

To assess performance, the Company's management monitors, among other things, EBITDA by business unit as shown in the table below at 31 March 2021 and 2020.

| *(In thousands of euros and as a percentage of revenue from contracts with customers)* | First quarter as at 31 March | | | |
|---|---|---|---|---|
| | **2021** | **%** | **2020** | **%** |
| Pasta | 2,065 | 5.5% | 2,249 | 6.0% |
| *Milk Products* | 5,721 | 10.1% | 5,752 | 9.1% |
| *Bakery Products* | 1,157 | 13.0% | 1,327 | 14.0% |
| *Dairy Products* | 1,103 | 15.5% | 829 | 15.1% |
| *Special Products* | 852 | 10.2% | 946 | 11.3% |
| Other Products | 145 | 5.2% | 151 | 5.0% |
| EBITDA | 11,043 | 9.1% | 11,253 | 8.8% |

EBITDA from the Pasta segment decreased due to a higher impact of promotional expenditures.

EBITDA from the Milk Products segment was in line with Q1 2020, mainly thanks to an improved procurement policy.

EBITDA from the Bakery Products segment decreased due to lower sales volumes.

EBITDA from the Dairy Products segment increased mainly due to the increase in sales volumes, particularly mascarpone.

EBITDA from the Special Products segment decreased due to increased promotional expenditures in order to support the good performance of sales in the sector.

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

**Net profit/(loss)**

The table below provides a reconciliation of the ROE at 31 March 2021.

| *(In thousands of euros and as a percentage)* | First quarter At 31 March 2021 | At 31 March 2020 |
|---|---|---|
| Net profit/(loss) | 3,155 | 3,080 |
| Shareholders' equity | 156,706 | 156,057 |
| ROE (*) | 2.01% | 1.97% |

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

The net financial position is as follows (including financial payables related to IFRS 16 lease liabilities):

| *(In thousands of euros)* *Net financial debt* | At 31 March 2021 | At 31 December 2020 |
|---|---|---|
| A. Cash | 252 | 323 |
| B. Other cash and cash equivalents | 419,259 | 181,804 |
| C. Securities held for trading | 4 | 4 |
| D. Cash and cash equivalents (A)+(B)+(C) | 419,515 | 182,131 |
| E. Current financial receivables | | |
| F. Current bank payables | (45,447) | (35,976) |
| G. Current portion of non-current debt | (49,237) | (27,145) |
| H. Other current financial debt | (7,615) | (6,570) |
| I. Current financial debt (F)+(G)+(H) | (102,299) | (69,691) |
| J. Net current financial debt (I)+ (E)+ (D) | 317,216 | 112,440 |
| K. Non-current bank payables | (96,842) | (94,811) |
| L. Bonds issued | (198,490) | - |
| M. Other non-current financial payables | (10,129) | (12,436) |
| N. Non-current financial debt (K)+(L)+(M) | (305,461) | (107,247) |
| O. O. Net financial debt (J)+ (N) | 11,755 | 5,193 |

## INVESTMENTS

Investments in property, plant and equipment totalled €1.6 million, as shown in the table below.

| *(In thousands of euros and as a percentage)* | At 31 March |
|---|---|

| | 2021 | % |
|---|---|---|
| Land and buildings | 13 | 0.8% |
| Plant and machinery | 1,471 | 88.5% |
| Other assets | 3 | 0.2% |
| **Investments in property, plant and equipment** | **1,487** | **89.5%** |
| Concessions, licences, trademarks and similar rights | 175 | 10.5% |
| **Investments in intangible assets** | **175** | **10.5%** |
| **Total investments** | **1,662** | **100.0%** |

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

The increases in 2021 include €1.7 million of industrial and commercial equipment and relate mainly to purchases of plant and machinery, mostly in connection with projects for updating and renovating production and packaging lines.

Investments in intangible assets relate mainly to the purchase and updating of software.

## INTRAGROUP TRANSACTIONS AND TRANSACTIONS WITH RELATED PARTIES

It should be noted that related-party transactions, including intra-group transactions, are not classed as atypical or unusual since they fall within the normal course of business for the Group companies and are therefore be defined as ordinary.

Such transactions were also concluded at arm's length or at standard terms, taking account of the goods and the services supplied. Information on transactions with related parties is presented in the Notes to this Interim Management Report.

## EVENTS AFTER THE END OF Q1 2021

After the end of Q1 2021 no atypical or unusual transactions were carried out warranting a mention in this Report or requiring changes to the consolidated financial statements at 31 March 2021.

Given the good performance in the first quarter of 2021 and the good outlook for the second quarter, the full year 2021 is expected to be in line with the Group's expectations.

Reggio Emilia (RE), 14 May 2021

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

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

Reggio Emilia (RE), 14 May 2021

Rocco Sergi
Financial Reporting Officer
Reporting Officer

## Financial statements and notes

## Consolidated statement of financial position

| *(In thousands of euros)* | **At 31 March 2021** | **At 31 December 2020** |
|---|---|---|
| Non-current assets | | |
| Property, plant and equipment | 149,758 | 151,541 |
| Right-of-use assets | 16,243 | 18,452 |
| *of which from related parties* | *5,791* | *6,708* |
| Intangible assets | 50,771 | 51,058 |
| Equity investments in associates | 1,397 | 1,397 |
| Non-current financial assets measured at fair value through profit or loss | 808 | 746 |
| Financial assets measured at amortised cost | 801 | 801 |
| *of which from related parties* | *735* | *735* |
| Prepaid tax assets | 5,460 | 5,466 |
| Total non-current assets | 225,239 | 229,460 |
| Current assets | | |
| Inventories | 44,337 | 41,347 |
| Trade receivables | 72,310 | 71,268 |
| *of which from related parties* | *184* | *606* |
| Current tax assets | 1,909 | 1,888 |
| Other receivables and current assets | 12,074 | 11,003 |
| Current financial assets measured at fair value through profit or loss | 4 | 4 |
| Cash and cash equivalents | 419,511 | 182,127 |
| *of which from related parties* | *47,755* | *69,351* |
| Total current assets | 550,144 | 307,638 |
| TOTAL ASSETS | 775,383 | 537,098 |
| Shareholders’ equity | | |
| Share capital | 43,935 | 43,935 |
| Reserves | 96,250 | 61,276 |
| Net profit/(loss) | 2,588 | 37,053 |
| Total shareholders' equity attributable to the Group | 142,773 | 142,265 |
| Shareholders' equity net of minority interests/shareholders | 13,934 | 13,790 |
| Total consolidated equity | 156,706 | 156,057 |
| Non-current liabilities | | |
| Provisions for employee benefits | 15,385 | 15,411 |
| Provisions for risks and charges | 1,575 | 1,587 |
| Deferred tax liabilities | 12,000 | 12,080 |
| Non-current financial liabilities | 295,332 | 94,811 |
| Non-current lease liabilities | 10,129 | 12,436 |
| *of which from related parties* | *3,227* | *4,144* |
| Total non-current liabilities | 334,420 | 136,325 |
| Current liabilities | | |
| Trade payables | 158,410 | 151,388 |
| *of which from related parties* | *157* | *213* |
| Current financial liabilities | 94,684 | 63,121 |
| *of which from related parties* | *891* | *891* |
| Current lease liabilities | 7,615 | 6,570 |
| *of which from related parties* | *2,812* | *2,812* |
| Current tax liabilities | 4,021 | 3,438 |
| Other current liabilities | 19,526 | 20,201 |
| Total current liabilities | 284,255 | 244,718 |
| TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY | 775,383 | 537,098 |

## Consolidated income statement of the first quarter

| *(In thousands of euros)* | 2021 | 2020 |
|---|---|---|
| Revenue from contracts with customers | 121,458 | 80,339 |
| Cost of sales | (95,468) | (66,946) |
| *of which from related parties* | *(917)* | *(893)* |
| **Gross operating profit/(loss)** | **25,990** | **13,393** |
| Sales and distribution costs | (16,091) | (6,785) |
| Administrative costs | (5,815) | (3,592) |
| *of which from related parties* | *(30)* | *(30)* |
| Net write-downs of financial assets | (329) | (350) |
| Other revenues and income | 2,822 | 1,449 |
| Other operating costs | (1,852) | (830) |
| **Operating profit/(loss)** | **4,725** | **3,285** |
| Financial income | 125 | 192 |
| *of which from related parties* | | *117* |
| Financial expenses | (519) | (284) |
| *of which from related parties* | | *(135)* |
| **Profit/(loss) before taxes** | **4,331** | 3,193 |
| Gross income taxes | (1,176) | (887) |
| **Net profit/(loss)** | **3,155** | 2,306 |
| **Profit (loss) attributable to minority interests** | **207** | |
| **Group net profit/(loss)** | **2,948** | **2,306** |
| Basic net profit/(loss) per share | 0.07 | 0.06 |
| Diluted net profit/(loss) per share | 0.07 | 0.06 |

## Consolidated comprehensive income statement of the first quarter

| *(In thousands of euros)* | 2021 | 2020 |
|---|---|---|
| **Net profit/(loss) (A)** | 3,155 | 2,306 |
| **a) Other components of comprehensive income that will not be subsequently reclassified to the income statement:** | | |
| Actuarial gains/(losses) | (311) | (139) |
| Tax effect on actuarial gains/(losses) | 77 | 42 |
| **Total other components of comprehensive income that will not be subsequently reclassified to the income statement** | (234) | (97) |
| **Total other components of comprehensive income, net of tax effect (B)** | (234) | (97) |
| **Total comprehensive net profit/(loss) (A)+(B)** | 2,921 | 2,208 |
| **Profit (loss) attributable to minority interests** | 145 | |
| **Group net profit/(loss)** | 2,776 | 2,208 |

## Consolidated statement of changes in equity

| *(In thousands of euros)* | Share capital | Reserves | Net profit/(loss) | Total net equity | Shareholders' equity attributable to minority interests | Total |
|---|---|---|---|---|---|---|
| **At 31 December 2019** | **40,780** | **40,455** | **10,311** | **91,545** | | |
| Allocation of net profit/(loss) for the previous year | | **10,311** | **(10,311)** | **-** | | |
| Net profit/(loss) | | | **2,306** | **2,306** | | |
| Actuarial gains/(losses) net of the related tax effect | | **(97)** | | **(97)** | | |
| **Total comprehensive net profit/(loss) for the period** | | **(97)** | **2,306** | **2,208** | | |
| **At 31 March 2020** | **40,780** | **50,669** | **2,306** | **93,754** | | |
| Acquisition of Centrale del Latte d'Italia SpA | 2,221 | 9,101 | | 11,322 | 19,817 | 31,139 |
| Acquisition of minority stakes in Centrale del Latte d'Italia S.p.A. | 934 | 3,617 | | 4,551 | (7,354) | (2,803) |
| Capital increase costs | | (564) | | (564) | | **(564)** |
| **Total capital increase** | **3,155** | **12,154** | **-** | **15,309** | **12,463** | **27,772** |
| Treasury shares | | (922) | | (922) | | **(922)** |
| **Total treasury shares** | | **(922)** | | (922) | | **(922)** |
| Net profit/(loss) | | | **34,748** | 34,748 | 1,683 | 36,431 |
| Actuarial gains/(losses) net of the related tax effect | | (625) | | (625) | (356) | (981) |
| **Total comprehensive net profit/(loss) for the year** | | **(625)** | **34,748** | **34,123** | **1,327** | **35,450** |
| **At 31 December 2020** | **43,935** | **61,276** | **37,054** | **142,265** | **13,790** | **156,057** |
| Allocation of net profit/(loss) for the previous year | | **37,054** | **(37,054)** | **-** | | |
| Treasury shares | | (2,269) | | (2,269) | | **(2,269)** |
| **Total treasury shares** | | **(2,269)** | | (2,269) | | **(2,269)** |
| Net profit/(loss) | | | **2,948** | **2,948** | **207** | 3,155 |
| Actuarial gains/(losses) net of the related tax effect | | **(172)** | | **(172)** | **(62)** | (234) |
| **Total comprehensive net profit/(loss) for the year** | **-** | **(172)** | **2,948** | **2,776** | **145** | **2,921** |
| **At 31 March 2021** | **43,935** | **95,889** | **2,948** | **142,773** | **13,934** | **156,706** |

## Consolidated cash flow statement of the first quarter

| *(In thousands of euros)* | **2021** | **2020** |
|---|---|---|
| Profit/(loss) before taxes | 4,331 | 3,193 |
| *- Adjustments for:* | | |
| Amortisation, depreciation and write-downs | 6,318 | 3,400 |
| Financial expense/(income) | 394 | 96 |
| *of which from related parties* | | *(18)* |
| **Cash flow generated /(absorbed) by operating activities before changes in net working capital** | **11,043** | **6,689** |
| Change in inventory | (2,990) | 126 |
| Change in trade receivables | (1,371) | (1,460) |
| Change in trade payables | 7,022 | (2,624) |
| Change in other assets and liabilities | (1,246) | 2,022 |
| Use of provisions for risks and charges and for employee benefits | (276) | (66) |
| Taxes paid | (689) | (99) |
| **Net cash flow generated /(absorbed) by operating activities** | **11,492** | **4,182** |
| Investments in property, plant and equipment | (1,487) | (607) |
| Investments in intangible assets | (175) | (70) |
| Investments of financial assets | (62) | |
| Deferred fee for acquisitions | (500) | |
| **Net cash flow generated /(absorbed) by investment activities** | **(2,224)** | **(677)** |
| New long-term financial debt | 224,014 | 15,000 |
| Repayments of long-term financial debt | 8,070 | (16,703) |
| Repayments of lease liabilities | (1,305) | (1,199) |
| *of which from related parties* | *(917)* | *(893)* |
| Net interest expense | (394) | (96) |
| *of which from related parties* | | *(18)* |
| Treasury shares | (2,268) | |
| **Net cash flow generated/(absorbed) by financing activities** | **228,117** | **(2,998)** |
| **Total changes in cash and cash equivalents** | **237,383** | **506** |
| **Cash and cash equivalents at the beginning of the period** | **182,127** | **100,884** |
| *of which from related parties* | *69,351* | *45,338* |
| Total changes in cash and cash equivalents | 237,383 | 506 |
| **Cash and cash equivalents at the end of the period** | **419,511** | **101,390** |
| *of which from related parties* | *47,755* | *44,969* |

## Notes to the consolidated financial statements

### Introductory notes

The comparative data in the consolidated interim report differ from the pro forma data in the management report in that the scope does not include Centrale del Latte d'Italia S.p.A. Group, acquired on 1 April 2020.

### *Basis of preparation*

The consolidated financial statements at 31 March 2021 were prepared in accordance with International Accounting Standards (IAS/IFRS) for interim financial statements. The consolidated interim 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 consolidated financial statements at 31 March 2021 should therefore be read in conjunction with the consolidated annual financial statements for the year ended 31 December 2020.

The accounting standards and criteria adopted in the report as at 31 March 2021 may not coincide with the provisions of the IFRSs in force as at 31 December 2020, due to future guidance from the European Commission on the approval of international accounting standards or the issuance of new standards, interpretations or implementation guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee (IFRIC).

The preparation of an interim report in accordance with IAS 34 Interim Financial Reporting requires judgements, estimates and assumptions that have an effect on the values of revenues, costs, 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. Moreover, some measurement processes, especially the more complex ones such as establishing any impairment of non-current assets, are normally carried out fully only during the preparation of the annual financial statements, when all the necessary information is available, except for those cases in which there are impairment indicators that require an immediate assessment of possible losses in value. Similarly, the actuarial valuations necessary to calculate Employee Benefit Liabilities are normally prepared when drafting the annual report.
The consolidated report is presented in thousands of Euro. The report is prepared using the cost method.

## *Accounting standards*

*Recently issued accounting standards*

The following accounting standards, amendments and interpretations were applied for the first time by the Group as at 1 January 2020:

- On 31 October 2018 the IASB published the document "Definition of Material (amendments to IAS 1 and IAS 8)". That document introduced changes to the definition of "material" contained in IAS 1 - Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Its aim was to make the definition of "material" more specific, and to introduce the concept of "obscured information" alongside the concept of omissions or misstatements, which were already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way that produces, for the primary readers of financial statements, an effect similar to that which would have occurred if that information had been omitted or misstated.

The adoption of this amendment had no effect on the Company's financial statements.

- On 29 March 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective for years starting on or after 1 January 2020, but early adoption is permitted. The Conceptual Framework defines the basic concepts of financial reporting and guides the Board in elaborating the IFRS standards. The document helps to ensure that the standards are conceptually coherent and that similar transactions are dealt with in the same way, in order to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports businesses in elaborating accounting standards when no IFRS applies to a specific transaction. In general it also helps the parties to understand and interpret the standards.

The adoption of this amendment had no effect on the Company's financial statements.

- On 26 September 2019, the IASB published the "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". It amended IFRS 9 Financial Instruments and IFRS 39 – Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: *Disclosures*. The amendment changed some of the requirements for the application of hedge accounting, by introducing temporary derogations to mitigate the impact of the uncertainty of the IBOR reform on future cash flows in the period preceding its completion. The amendment also requires companies to report additional information about their hedging relations that are directly affected by the uncertainties of the reform, to which these derogations apply.

The adoption of this amendment had no effect on the Company's financial statements.

- On 22 October 2018 the IASB published "Definition of a Business (amendments to IFRS 3)". The document provides clarification regarding the definition of business for the correct application of IFRS 3. In particular, the amendment clarifies that while a business usually produces an output, the presence of an output is not strictly necessary to identify a business in the presence of an integrated set of activities/processes and assets. However, to satisfy the definition of a business, an integrated set of activities/processes and assets must include, at a minimum, a substantial input and process that together contribute significantly to the ability to create output. To this end, the IASB has replaced the term "ability to create outputs" with "ability to contribute to the creation of outputs" to clarify that a business can exist even without the presence of all the inputs and processes necessary to create an output. The amendment also introduced an optional concentration test that rules out the presence of a business if the price paid refers substantially to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets after 1 January 2020, but early application is allowed.
The adoption of this amendment had no effect on the Company's financial statements.

- On 28 May 2020 the IASB published an amendment entitled "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document allows lessees to account for the reductions in rents related to Covid-19 without having to assess whether the definition of lease modification in IFRS 16 is respected through an analysis of the contracts. Therefore, lessees who apply this option will be able to account for the effects of the rent reductions directly to the income statement on the effective date of the reduction. This amendment applies to financial statements starting on 1 June 2020, however the Company availed itself of the possibility of applying this amendment early on 1 January 2020.
The adoption of this amendment had no effect on the Company's financial statements.

**IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet applicable and adopted in advance by the Group as at 31 March 2021**

The following accounting standards, amendments and interpretations were applied for the first time by the Group as at 1 January 2020:

- On 31 October 2018 the IASB published the document "Definition of Material (amendments to IAS 1 and IAS 8)". That document introduced changes to the definition of "material" contained in IAS 1 - Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Its aim was to make the definition of "material" more specific, and to introduce the concept of "obscured information" alongside the concept of omissions or misstatements, which were already present in the two amended standards. The amendment clarifies that information is "obscured" if it has been described in such a way that produces, for the primary readers of financial statements, an effect similar to that which would have occurred if that information had been omitted or misstated.
The adoption of this amendment had no effect on the Company's financial statements.

- On 29 March 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective for years starting on or after 1 January 2020, but early adoption is permitted. The Conceptual Framework defines the basic concepts of financial reporting and guides the Board in elaborating the IFRS standards. The document helps to ensure that the standards are conceptually coherent and that similar transactions are dealt with in the same way, in order to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports businesses in elaborating accounting standards when no IFRS applies to a specific transaction. In general it also helps the parties to understand and interpret the standards.
The adoption of this amendment had no effect on the Company's financial statements.

- On 26 September 2019, the IASB published the "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". It amended IFRS 9 Financial Instruments and IFRS 39 – Financial Instruments: Recognition and Measurement as well as IFRS 7 - Financial Instruments: Disclosures. The amendment changed some of the requirements for the application of hedge accounting, by introducing temporary derogations to mitigate the impact of the uncertainty of the IBOR reform on future cash flows in the period preceding its completion. The amendment also requires companies to report additional information about their hedging relations that are directly affected by the uncertainties of the reform, to which these derogations apply.
The adoption of this amendment had no effect on the Company's financial statements.

- On 28 May 2020 the IASB published an amendment entitled "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document allows lessees to account for the reductions in rents related to Covid-19 without having to assess whether the definition

of lease modification in IFRS 16 is respected through an analysis of the contracts. Therefore, lessees who apply this option will be able to account for the effects of the rent reductions directly to the income statement on the effective date of the reduction. This amendment applies to financial statements starting on 1 June 2020, but the Company has availed itself of the possibility of applying this amendment early on 1 January 2020.
The adoption of this amendment had no effect on the Company's 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 18 May 2017 the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including reinsurance contracts held by an insurer.
The new standard also provides for presentation and disclosure requirements to improve comparability between entities in this sector.
The new principle measures an insurance contract based on a General Model or a simplified version thereof, called a Premium Allocation Approach ("PAA").

The main characteristics of the General Model are:

- the estimates and assumptions of future cash flows are always the current ones;
- measurement reflects the time value of money;
- the estimates provide for extensive use of observable market information;
- there is a current and explicit measurement of the risk;
- the expected profit is deferred and pro forma in groups of insurance contracts at the time of initial recognition; and
- the expected profit is recognised in the contractual period of coverage, taking into account the adjustments deriving from changes in the assumptions relating to the cash flows of each group of contracts.

The PAA approach measures the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, an entity expects that liability to reasonably represent an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will take place within one year from the date on which the claim occurred.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

The standard applies from 1 January 2023 but early application is permitted only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from contracts with customers.
The directors do not expect significant effects in the Company's financial statements.

- On 23 January 2020 the IASB published "Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify payables and other liabilities as short or long term. The amendments will come into force on 1 January 2023, but early adoption is permitted. The directors are currently assessing the possible effects of the introduction of this amendment on the Company's financial statements.

On 14 May 2020 the IASB published the following amendments:

- Amendments to IFRS 3 - Business Combinations: the amendments are intended to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without entailing changes to the provisions of IFRS 3.
- Amendments to IAS 16 - Property, Plant and Equipment: the amendments are intended to prevent the deduction from the cost of tangible assets of the amount received from the sale of goods produced during the testing phase of the activity. These sales revenues and related costs will therefore be recognised in the income statement.

- Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets: this amendment clarifies that all costs directly attributable to the contract must be taken into account in the estimate of the possible cost of a contract. Consequently, the assessment of the possible cost of a contract includes not only the incremental costs (e.g., the cost of the direct material used in the process), but also all the costs that the company cannot avoid since it has entered into a contract (e.g. the share of the personnel cost and depreciation of the machinery used for the fulfilment of the contract).

- Annual Improvements 2018-2020: amendments were made to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the Illustrative Examples of IFRS 16 - Leases.

The directors are currently assessing the possible effects of the introduction of these amendments on the Company's financial statements.

## Notes to the consolidated financial statements at 31 March 2021

## Scope of consolidation

The following table summarises, with reference to the companies included in the scope of the Interim Report, the information relating to the company name, registered office, functional currency and share capital at 31 March 2020:

| Name | Registered Office | Currency | Share capital at 31 March 2021 |
|---|---|---|---|
| Newlat Food S.p.A. | Italy - Via J.F. Kennedy 16, Reggio Emilia | EUR | 43,935,050 |
| Newlat Deutschland GmbH | Germany - Franzosenstrabe 9, Mannheim | EUR | 1,025,000 |
| Centrale del Latte d'Italia S.p.A. | Italy - Via Filadelfia 220, 10137 Turin | EUR | 28,840,041 |

The scope of consolidation as at 31 March 2021 differs from the comparative data as at 31 March 2020 in that it includes the Centrale del Latte d'Italia S.p.A. Group, acquired on 1 April 2020.

### 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 Group's activity is identifiable in the following business segments: Pasta, Milk Products, Bakery Products, Dairy Products, Special 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 Group's performance at and for the interim period ended 31 March 2020, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

| | At 31 March 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In thousands of euros)* | Pasta | *Milk Products* | *Bakery Products* | *Dairy Products* | *Special Products* | Other Products | **Interim Report total** |
| Revenue from contracts with customers (third parties) | 37,692 | 56,536 | 8,921 | 7,130 | 8,380 | 2,799 | 121,458 |
| EBITDA (*) | 2,065 | 5,721 | 1,157 | 1,103 | 852 | 145 | 11,043 |
| EBITDA margin | 5.5% | 10.1% | 13.0% | 15.5% | 10.2% | 5.2% | 9.1% |
| Amortisation, depreciation and write-downs | 1,252 | 3,514 | 349 | 65 | 430 | 379 | 5,989 |
| Net write-downs of financial assets | | | | | | 329 | 329 |
| **Operating profit/(loss)** | 813 | 2,207 | 808 | 1,038 | 422 | (563) | 4,725 |
| Financial income | - | - | - | - | - | 125 | 125 |
| Financial expenses | - | - | - | - | - | (519) | (519) |
| **Profit/(loss) before taxes** | 813 | 2,207 | 808 | 1,038 | 422 | (957) | 4,331 |
| Income taxes | - | - | - | - | - | (1,176) | (1,176) |
| **Net profit/(loss)** | 813 | 2,207 | 808 | 1,038 | 422 | (2,133) | 3,155 |
| Total assets | 116,151 | 248,619 | 18,068 | 12,783 | 19,160 | 360,602 | 775,383 |
| Total liabilities | 87,422 | 198,087 | 15,964 | 11,690 | 15,965 | 289,549 | 618,677 |
| Investments | 91 | 1,211 | 155 | 25 | 30 | 150 | 1,622 |
| Employees (number) | 491 | 188 | 539 | 58 | 153 | 61 | 1,490 |

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

| | At 31 March 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In thousands of euros)* | Pasta | *Milk Products* | *Bakery Products* | *Dairy Products* | *Special Products* | Other Products | **Interim Report total** |
| Revenue from contracts with customers (third parties) | 37,647 | 16,329 | 9,479 | 5,502 | 8,372 | 3,010 | 80,339 |
| EBITDA (*) | 2,249 | 1,184 | 1,327 | 829 | 946 | 151 | 6,685 |
| EBITDA margin | 6.0% | 7.2% | 14.0% | 15.1% | 11.3% | 5.0% | 8.3% |
| Amortisation, depreciation and write-downs | 1,273 | 569 | 367 | 75 | 523 | 243 | 3,050 |
| Net write-downs of financial assets | | | | | | 350 | 350 |
| **Operating profit/(loss)** | **976** | **615** | **960** | **754** | **423** | **(442)** | 3,285 |
| Financial income | - | - | - | - | - | 192 | 192 |
| Financial expenses | - | - | - | - | - | (284) | (284) |
| **Profit/(loss) before taxes** | **976** | **615** | **960** | **754** | **423** | **(534)** | 3,193 |
| Income taxes | - | - | - | - | - | (887) | (887) |
| **Net profit/(loss)** | **976** | **615** | **960** | **754** | **423** | **(1,422)** | 2,306 |
| Total assets | 113,738 | 268,468 | 16,156 | 8,602 | 17,962 | 112,173 | 537,099 |
| Total liabilities | 40,827 | 249,723 | 16,933 | 13,205 | 15,932 | 44.4239 | 381,043 |
| Investments | 132 | 315 | 113 | 81 | 36 | | 677 |
| Employees (number) | 490 | 544 | 192 | 60 | 155 | 58 | 1,499 |

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

The table below shows the main income statement items at 31 March 2020 and the main statement of financial position items at 31 December 2020 examined by the chief operating decision maker in order to assess the Group's performance, and the reconciliation of these items with respect to the corresponding amount included in the Interim Report:

## Non-current assets

| *(In thousands of euros)* | **At 31 March 2021** | **At 31 December 2020** |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 149,758 | 151,541 |
| Right-of-use assets | 16,243 | 18,452 |
| Intangible assets | 50,771 | 51,058 |
| Equity investments in associates | 1,397 | 1,397 |
| Non-current financial assets measured at fair value through profit or loss | 808 | 746 |
| Financial assets measured at amortised cost | 801 | 801 |
| Prepaid tax assets | 5,460 | 5,466 |
| Total non-current assets | 225,239 | 229,460 |

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

*Property, plant and equipment*

Tangible assets decreased mainly as a result of depreciation for the period amounting to €3,445 thousand. Investments for the period totalled €1,662 thousand and relate mainly to plant and machinery of the Milk business unit.

*Right-of-use assets*

Real estate right-of-use assets relate mainly to the production plants in Sansepolcro (AR), Ozzano Taro (PR), Reggio Emilia, Lodi, Lecce and Eboli (SA), Bologna and Corte de' Frati (CR) leased to Newlat Food S.p.A. under the agreements entered into with New Property S.p.A. These leases fall within the scope of related party transactions. The right-of-use assets at 31 March 2021 also refer to the Delverde production plant, located at Fara San Martino (CH).

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

## Intangible assets

*Goodwill*

The goodwill of €3,863 thousand refers entirely to the acquisition of Centrale del Latte di Salerno S.p.A. The process of valuing the assets and liabilities of Centrale del Latte di Salerno S.p.A. was completed during 2015 and no higher values emerged on which to allocate the higher purchase price. Therefore, in line with international accounting standards, the Board of Directors decided to allocate the overall higher value to goodwill. As at the reporting date of the Interim Report, the Group's management has considered any trigger events that could lead to the re-determination of the assumptions underlying the impairment testing carried out as at 31 December 2020. At present there is no reason to believe that the assumptions as at 31 December 2020 are incorrect.

*Concessions, licences, trademarks and similar rights*

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

| *(In thousands of euros)* | **At 31 March 2021** | **At 31 December 2020** |
|---|---|---|
| Trademarks with an indefinite useful life | 44,799 | 44,799 |
| Trademarks with a finite useful life | 823 | 1,026 |
| Total net book value | 45,622 | 45,825 |

*Trademarks with an indefinite useful life*

This item refers to:

- the Drei Glocken and Birkel brands registered by Newlat Deutschland for a total of €18.8 million.
- the Centrale Latte Rapallo-Latte Tigullio, Mukki and Centrale del Latte di Vicenza brands, as well as the Tapporosso brand, recorded in the separate financial statements of the parent company for a total of €19,132 thousand and revalued during purchase price allocation for a total of €6,823 thousand.

At present there are no significant changes in the impairment assumptions as at 31 December 2020 adopted by management.

*Trademarks with a finite useful life*

This item includes brands owned by Newlat Food S.p.A., amortised according to the residual useful life, estimated on the basis of the period of time over which it is considered that they are guaranteed to generate cash flows.

*Equity investments in associates*

Equity investments in associates totalled approximately €1.4 million and referred to Centrale del Latte d'Italia S.p.A.'s stake in Mercafir S.c.p.a. (€1,397 thousand) and in Filat (€4 thousand).

*Non-current financial assets measured at fair value through profit or loss*
The item "Non-current financial assets measured at fair value with impact on the income statement" amounts to €808 thousand (€746 thousand as at 31 December 2020). This item mainly refers to a minority interest of less than 5% in Centrale del Latte d'Italia S.p.A. in "Futura S.r.l." for a total of approximately €657 thousand.

*Financial assets measured at amortised cost*
At 31 March 2021, this item totalled €801 thousand (€801 thousand at 31 December 2020) and referred mainly to security deposits paid in previous years by Newlat Food S.p.A. to the associate New Property S.p.A. under the aforementioned production premises lease agreements.

*Prepaid tax assets*
At 31 March 2021, this item totalled €5,460 thousand (€5,466 thousand in December 2020). Prepaid taxes refer mainly to the appropriation of taxed provisions, as well as to previous limited losses of the subsidiary Centrale del Latte d'Italia S.p.A. Based on the approved multi-year business plans, which have not been revised as a result of COVID-19 because of the positive results achieved, management believes that these assets can be recovered through future taxable income.

## Current assets

| *(In thousands of euros)* | **At 31 March 2021** | **At 31 December 2020** |
|---|---|---|
| **Current assets** | | |
| Inventories | 44,337 | 41,347 |
| Trade receivables | 72,310 | 71,268 |
| Current tax assets | 1,909 | 1,888 |
| Other receivables and current assets | 12,074 | 11,003 |
| Current financial assets measured at fair value through profit or loss | 4 | 4 |
| Cash and cash equivalents | 419,511 | 182,127 |
| **Total current assets** | **550,144** | **307,638** |

*Inventories*

Closing inventories were up compared to 31 December 2020 due to lower sales volumes and a shift in promotional expenditures in the second quarter.

*Trade Receivables*

Trade receivables are in line with 31 December 2020. Total Receivables are shown net of the provision for write-downs estimated prudentially on the basis of information held in order to adjust their value to the presumed realisable value.

*Current tax assets and liabilities*

Current tax assets totalled €1,909 thousand at 31 December 2020 (€1,888 thousand at 31 December 2020) and were mainly for direct tax receivables from IRAP and IRES.

Current tax liabilities totalled €4,021 thousand (€3,438 thousand at 31 December 2020). The change compared with 31 December 2020 was due mainly to provisions for the period.

*Other receivables and current assets*

This item totalled €12,074 thousand (€11,003 thousand at 31 December 2020) and consisted of tax receivables, advances to suppliers, prepaid expenses and other short-term receivables. The increase is mainly due to an increase in the VAT receivable requested for reimbursement upon submission of the VAT return.

*Cash and cash equivalents*

"Cash and cash equivalents" consist mainly of sight current accounts with banks.
At 31 March 2020, cash and cash equivalents were not subject to restrictions or constraints. Some €47,755 thousand of the available cash relates to cash pooled with the parent company Newlat Group S.A.

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

## Shareholders' equity

*Share capital*

As at 31 March 2021, the Company's fully subscribed and paid-up share capital totalled €43,935,050, divided into 43,935,050 ordinary shares that were dematerialised as a result of the IPO operation.

As reported in the statement of changes in consolidated equity, the changes during the period related to:

- purchase of treasury shares for a total amount of €2,269 thousand;
- the Group net profit for the period, in the amount of €2,948 thousand;
- actuarial losses attributable to the Group, in the amount of €172 thousand, relating to the discounting of the Group employee severance indemnity provision;
- recognition of net equity and profit attributable to third parties (i.e. the minority shareholders of Centrale del Latte d'Italia S.p.A.) in the amount of €145 thousand.

## Non-current liabilities

| (In thousands of euros) | At 31 March 2021 | At 31 December 2020 |
|---|---|---|
| **Non-current liabilities** | | |
| Provisions for employee benefits | 15,385 | 15,411 |
| Provisions for risks and charges | 1,575 | 1,587 |
| Deferred tax liabilities | 12,000 | 12,080 |
| Non-current financial liabilities | 295,332 | 94,811 |
| Non-current lease liabilities | 10,129 | 12,436 |
| **Total non-current liabilities** | 334,420 | 136,325 |

*Provisions for employee benefits*

At 31 March 2021, this item totalled €15,385 thousand, essentially in line with 31 December 2020 (€15,411 thousand).

*Provisions for risks and charges*

The provision for risks and charges consists mainly of the provision for agents' indemnities and represents a reasonable forecast of the charges that would be borne by the Group in the event of future interruption of agency relationships for a total amount of €1,351 thousand.

*Deferred tax liabilities*

These refer in the amount of €4,078 thousand to the "Birkel e Drei Glocken" brands registered by Newlat GmbH and in the amount of €7,922 thousand to the brands owned by Centrale del Latte d'Italia Group, pertaining to the fair value measurement of the brands, not recognised for tax purposes.

*Non-current and current financial liabilities*

These refer to short- and medium-long term bank borrowings. The increase compared to 31 December 2020 is mainly due to the issue of a bond for a total amount of €200 million and a short-term loan with Commerzbank AG for a total of €20 million. Some of the outstanding loans are subject to compliance with financial covenants.
Checks on compliance with the aforementioned covenants are performed on the annual data at 31 December of the Newlat Group or of Centrale del Latte d'Italia S.p.A., whose financial statements are consolidated into the Newlat Group. The Group believes that these covenants will be respected at 31 December 2021 on the back of estimates based on the positive economic and financial performance recorded during the three-month period ended 31 March 2021 and on the positive operational outlook for 2021.

*Current and non-current lease liabilities.*

Current and non-current lease liabilities amounted respectively to €4,021 thousand (€3,438 thousand at 31 December 2020) and €10,129 thousand (€12,436 thousand at 31 December 2020); these items include financial debt relating mainly to the multi-year lease agreements for properties at which Newlat's factories are located and to the lease of industrial machinery and facilities.
Liabilities were determined as the present value of future lease payments discounted at a marginal rate of interest which, based on the length of each agreement, was identified in a range between 1% and 3%.
There are no payables due beyond five years.
The change compared with 31 December 2020 was due mainly to the payment of fees during the period.

## Current liabilities

| *(In thousands of euros)* | At 31 March 2021 | At 31 December 2020 |
|---|---|---|
| **Current liabilities** | | |
| Trade payables | 158,410 | 151,388 |
| Current financial liabilities | 94,684 | 63,121 |
| Current lease liabilities | 7,615 | 6,570 |
| Current tax liabilities | 4,021 | 3,438 |
| Other current liabilities | 19,526 | 20,201 |
| **Total current liabilities** | **284,255** | **244,718** |

*Trade payables*

Trade payables refer mainly to purchases of services, raw materials and goods destined for production and sale by the Group. There were no significant changes in payment times to suppliers.

*Other current liabilities*

Other current liabilities, totalling €19,526 thousand (€20,201 thousand at 31 December 2020) consisted mainly of withholding tax payables and payables to employees and social security and welfare bodies.

## Income statement

Given the significant change in scope of consolidation compared to 31 March 2020 following the acquisition of the Centrale Latte d'Italia S.p.A. Group on 1 April 2020 and the lease of the operating business unit from 1 January 2021, which materially affect the comparability of the consolidated income statement, please see the management report on operations and the combined accounting position for a more representative analysis of the income statement items, carried out on a comparable basis at constant scope of consolidation.

## Earnings per share

*Basic earnings per share*

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

| | At 31 March | |
|---|---|---|
| | 2021 | 2020 |
| Profit for the year attributable to the Group in thousands of euros | 2,585 | 2,306 |
| Weighted average number of shares in circulation | 43,935,050 | 40,780,482 |
| Earnings per share (in Euro) | 0.06 | 0.06 |

## Related party transactions

The Group's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures, are mainly of a commercial or financial nature and are carried out under normal market conditions.
Despite this, there is no guarantee that, if these transactions had been conducted between or with third parties, said third parties would have negotiated and entered into the relevant contracts, or executed the transactions themselves, under the same conditions and in the same manner.
The Group deals with the following related parties:

- Newlat Group, a direct parent company;
- companies controlled by the direct parent or indirect parent companies other than its own subsidiaries and associates ("**Companies controlled by parent companies**").

The table below provides a detailed breakdown of the statement of financial position items relating to the Group's transactions with related parties at 31 March 2021 and 31 December 2020.

| *(In thousands of euros)* | *Parent company* | *Companies controlled by the parent companies* | | *Total* | *Total statement of financial position items* | % of statement of financial position item |
|---|---|---|---|---|---|---|
| | Newlat Group | New Property | Other companies controlled by the parent companies | | | |
| Right-of-use assets | | | | | | |
| At 31 March 2021 | - | 5,791 | | 5,791 | 16,243 | 35.7% |
| At 31 December 2020 | - | 6,708 | | 6,708 | 18,452 | 36.4% |
| Non-current financial assets at amortised cost | | | | | | |
| At 31 March 2021 | - | 735 | | 735 | 801 | 91.7% |
| At 31 December 2020 | - | 735 | | 735 | 801 | 91.7% |
| Trade receivables | | | | | | |
| At 31 March 2021 | - | 165 | 19 | 184 | 72,310 | 0.3% |
| At 31 December 2020 | - | 587 | 19 | 606 | 72,729 | 0.8% |
| Cash and cash equivalents | | | | | | |
| At 31 March 2021 | 47,755 | | | 47,755 | 419,511 | 11.4% |
| At 31 December 2020 | 69,351 | | | 69,351 | 182,127 | 38.1% |
| Non-current financial liabilities | | | | | | |
| Non-current lease liabilities | | | | | | |
| At 31 March 2021 | - | 3,227 | | 3,227 | 10,129 | 31.9% |
| At 31 December 2020 | - | 4,144 | | 4,144 | 12,436 | 33.3% |
| Trade payables | | | | | | |
| At 31 March 2021 | 105 | | 57 | 162 | 158,410 | 0.1% |
| At 31 December 2020 | 105 | | 108 | 213 | 151,388 | 0.1% |
| Current lease liabilities | | | | | | |
| At 31 March 2021 | | 2,812 | | 2,812 | 7,615 | 36.9% |
| At 31 December 2020 | | 2,812 | | 2,812 | 6,570 | 42.8% |

The table below provides a breakdown of the income statement items relating to the Group's transactions with related parties for the interim periods ended 31 March 2021 and 2020.

| *(In thousands of euros)* | Parent company | Companies controlled by the parent companies | | Total | Total statement of financial position items | % of statement of financial position item |
|---|---|---|---|---|---|---|
| | Newlat Group | New Property | Other companies controlled by the parent companies | | | |
| Cost of sales | | | | | | |
| At 31 March 2021 | - | 797 | 49 | 846 | 95,468 | 0.9% |
| At 31 March 2020 | - | 693 | 52 | 745 | 66,946 | 1.1% |
| Administrative costs | | | | | | |
| At 31 March 2021 | 30 | - | - | 30 | 5,815 | 0.5% |
| At 31 March 2020 | 30 | - | - | 30 | 3,591 | 0.8% |
| Financial income | | | | | | |
| At 31 March 2021 | - | - | - | - | 192 | 0% |
| At 31 March 2020 | 117 | - | - | 117 | 192 | 60.9% |
| Financial expenses | | | | | | |
| At 31 March 2021 | - | 50 | - | 50 | 519 | 9.7% |
| At 31 March 2020 | 135 | 67 | - | 202 | 284 | 71.3% |

## Disputes, contingent liabilities and contingent assets

The Parent Company and some of its subsidiaries are parties to some disputes concerning relatively small amounts. However, it is considered that the resolution of such disputes is unlikely to generate significant liabilities for the Group for which specific risk provisions are not already allocated. Furthermore, there are no substantial changes to the situations regarding disputes or contingent liabilities from 31 December 2020.

Reggio Emilia, 14 May 2021

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

The Financial Reporting Officer, Rocco Sergi, declares, pursuant to paragraph 2, Article 154-bis of the Italian Consolidated Law on Finance, that the accounting information contained in this Interim Report corresponds to the contents of accounting documents, books and records.

Reggio Emilia, 14 May 2021

Rocco Sergi
Financial Reporting Officer
Reporting Officer