

Proforma consolidated statement of financial position as at 31 December 2019 and proforma consolidated income statement for the year ended 31 December 2019 and related explanatory notes of Newlat Food S.p.A.

1. Preamble

This document includes the proforma consolidated statement of financial position as at 31 December 2019 and the proforma consolidated income statement for the financial year ended 31 December 2019 of Newlat Food S.p.A. (hereafter the “**2019 Proforma Consolidated Financial Information**”), together with the related explanatory notes.

Newlat Food S.p.A. is hereafter defined as the “**Issuer**” or the “**Company**” or “**Newlat**”, and together with its subsidiaries as “**Newlat Group**”.

The 2019 Proforma Consolidated Financial Information was drafted solely for illustrative purposes and were prepared exclusively for the incorporation by reference in the Registration Document relating to the mandatory public purchase and exchange offer announced by Newlat on 1 April 2020, pursuant to and for the purposes of articles 102 and 106, paragraphs 1 and 2-*bis*, of Italian Legislative Decree no. 58 of 1998 (Consolidated Law on Finance - “**TUF**”), concerning all ordinary shares issued by Centrale del Latte d'Italia S.p.A. (hereafter “**CLI**” and together with its subsidiaries as “**CLI Group**”), listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A., after deducting the ordinary shares already held by Newlat (hereafter the “**Offer**”).

CLI Group and Newlat Group are hereafter jointly defined as the “**New Group**”.

The 2019 Proforma Consolidated Financial Information has been prepared in order to represent the main effects on the Newlat Group combined consolidated statement of financial position as at 31 December 2019 and on the Newlat Group combined consolidated income statement for the financial year ended 31 December 2019:

- of the acquisition by Newlat of 6,660,242 ordinary shares (hereafter the “**Acquisition**”), representing 47.57% of the share capital, of CLI (hereafter the “**CLI Major Holding**”) by the parent company Newlat Group S.A. (hereafter “**Newlat Group**”);
- of the Offer, as described above, launched by Newlat pursuant to and in compliance with the applicable legislation.

The Acquisition and Offer are hereafter jointly defined as the “**Transaction**”.

Further details on the Transaction are reported in Point 2 below.

The 2019 Proforma Consolidated Financial Information has been prepared in order to simulate, according to valuation criteria consistent with historical data and in compliance with the relevant legislation, the main effects of the Transaction on the Newlat Group combined consolidated statement of financial position as if it had taken place on 31 December 2019 and on the Newlat Group combined consolidated income statement as if it had taken place on 1 January 2019.

It should be noted, however, that the information contained in the 2019 Proforma Consolidated Financial Information represents, as previously indicated, a simulation, provided for illustrative purposes only, of the effects that could derive from the Transaction. The proforma financial information relates to a hypothetical situation and, therefore, does not represent the New Group's financial position and actual results. In particular, since proforma financial information is constructed to retroactively reflect the effects of subsequent transactions, despite compliance with commonly accepted rules and the use of reasonable assumptions, the very nature of such information means there are limitations. Therefore, it should be noted that, if the Transaction had actually taken place on the assumed dates, the same results would not necessarily have been obtained as the ones presented in the 2019 Proforma Consolidated Financial Information. Furthermore, in view of the different purposes of the proforma financial information compared to the financial information included in the historical financial statements and the different methods of calculating the effects of the Transaction with reference to the proforma consolidated statement of financial position and proforma consolidated income statement, these documents should be read and interpreted without looking for accounting links between them.

Finally, it should be noted that, by their nature, the 2019 Proforma Consolidated Financial Information relates to a hypothetical situation and, therefore, do not, and in no way intend to, represent the New Group's actual results, nor a forecast of its future results. The 2019 Proforma Consolidated Financial Information must not, therefore, be used in this regard.

The 2019 Proforma Consolidated Financial Information derive from the following historical data:

- the Newlat Group combined consolidated financial statements for the year ended 31 December 2019 approved by the Board of Directors on 25 May 2020, prepared in accordance with the IFRS international accounting standards adopted by the European Union and audited by the auditing firm PriceWaterhouseCoopers S.p.A. (hereafter the “**Independent Auditor**” or “**PwC**”), which issued its unqualified report on 3 June 2020 (hereafter the “**Combined Consolidated Financial Statements 2019**”);
- the CLI consolidated financial statements for the year ended 31 December 2019 approved by the Board of Directors on 5 March 2020, prepared in accordance with the IFRS international accounting standards adopted by the European Union and audited by the auditing firm Deloitte & Touche S.p.A., which issued its unqualified report on 23 March 2020 (hereafter the “**CLI Consolidated Financial Statements**”);
- the CLI interim management report as at 31 March 2020 approved by the Board of Directors on 14 May 2020, prepared in accordance with the International Accounting Standard for Interim Financial Reporting (IAS 34) adopted by the European Union (hereafter the “**CLI Interim Report**”).

Specifically, for the valuation of CLI Group's net assets, the reference date of the CLI Interim Report was used as the date closest to that of the Acquisition.

The 2019 Proforma Consolidated Financial Information were prepared in accordance with CONSOB Communication no. DEM/1052803 of 5 July 2001 governing the methodology for the preparation of proforma financial information. In particular, the 2019 Proforma Consolidated Financial Information were prepared by adjusting the combined consolidated historical data of Newlat Group as at 31 December 2019 and for the financial year ended 31 December 2019, taken from the Combined Consolidated Financial Statements 2019.

The accounting principles adopted for the preparation of the 2019 Proforma Consolidated Financial Information are the same as those used for the preparation of the Combined Consolidated Financial Statements 2019, namely the International Financial Reporting Standards, which comprise all the International Accounting Standards, all the International Financial Reporting Standards and all the interpretations of the IFRS Interpretations Committee (previously known as the Standing Interpretations Committee), adopted by the European Union (“**IFRS**”).

All the information reported in the current document is expressed in thousands of Euro, unless otherwise stated.

2. Transaction

Acquisition

On 30 March 2020, Newlat Group entered into a purchase and sale agreement (hereafter the “**Agreement**”), as the buyer, with Finanziaria Centrale del Latte di Torino S.p.A., Lavia – Partnership, Luigi Luzzati, Marco Fausto Luzzati, Carla Luzzati and Sylvia Loew as the sellers (hereafter the “**Sellers**”), under which Newlat Group purchased 6,473,122 ordinary shares of CLI, representing 46.24% of the share capital and voting rights (hereafter the “**CLI Shares subject to Purchase and Sale**”) against the payment, for each three CLI shares subject to purchase and sale, of a total consideration of Euro 3.00 and 1 ordinary share of Newlat held by Newlat Group, corresponding to a unit consideration for each CLI share subject to purchase and sale amounting to Euro 1.00 and 0.33 (repeating) ordinary shares of the Issuer (hereafter the “**Consideration**”). The transaction was executed on 1 April 2020 (hereafter the “**Execution Date**”).

On the Execution Date, the Issuer, with prior approval on 31 March 2020 by the Board of Directors, entered into a purchase and sale agreement with Newlat Group, with immediate effect, concerning the transfer, by means of off-market trading, of the CLI Shares subject to Purchase and Sale, as well as of a further 187,120 ordinary shares, representing 1.34% of the share capital, of CLI, already held by Newlat Group, for a total of 6,660,242 CLI ordinary shares, representing the CLI Major Holding (47.57%), under the same financial terms as the Agreement and, therefore, taking as reference the Consideration contractually agreed with the Sellers.

Offer

Following the Acquisition, pursuant to and in accordance with the applicable legislation, the Issuer announced the launch of the Offer at the same Consideration paid to Newlat Group (and paid by Newlat Group to the Sellers).

The meeting of the Board of Directors of the Issuer, held on 31 March 2020, also approved, among other things:

- the proposed paid capital increase, including the premium, to be executed in one or more rounds and also in several tranches, on a divisible basis, through the issue of a maximum of 4,666,673 Newlat ordinary shares, excluding the option right pursuant to art. 2441, paragraph 4, first sentence of the Italian Civil Code, to be paid by contribution in kind (i) of CLI shares attached to the Offer, as well as (ii) of the CLI Major Holding transferred by Newlat Group to Newlat, aimed at the issue of Newlat ordinary shares to be allocated as Consideration to Newlat Group and within the context of the Offer (hereafter “**Capital Increase**”); and
- to call an extraordinary session of the Company Shareholders’ Meeting to discuss the Capital Increase.

Following the transfer of the CLI Major Holding, the Issuer transferred Euro 6,660 thousand to Newlat Group, and 2,220,080 (as rounded up when issued) newly issued Newlat ordinary shares will be paid as soon as possible following the approval of the Capital Increase by the Company Shareholders’ Meeting.

With reference to the Offer, for the purposes of preparing the 2019 Proforma Consolidated Financial Information, a level of subscription of 7,339,778 ordinary shares was assumed, representing 52.43% of the share capital, of CLI (hereafter the “**Subscription Level**”), thus assuming the transfer by the Issuer to the shareholders of CLI who are beneficiaries of the Offer (hereafter “**CLI Shareholders**”) of Euro 7,340 thousand and 2,446,593 newly issued ordinary shares deriving from the Capital Increase.

In view of the above, for the purposes of preparing the 2019 Proforma Consolidated Financial Information, it has been assumed that the Transaction as a whole concerns 14,000,020 ordinary shares, representing 100% of the share capital, of CLI and that, consequently, the Issuer will have to (i) transfer Euro 14,000 thousand and (ii) issue 4,666,673 new ordinary shares within the context of the Capital Increase.

In addition, as part of the preparation of the 2019 Proforma Consolidated Financial Information, for the purposes of determining the fair value of the newly issued ordinary shares related to the Offer deriving from the Capital Increase and therefore for the purposes of determining the consideration paid as part of the Offer, the most recent date in relation to the timing of preparation of the 2019 Proforma Consolidated Financial Information was assumed as the reference date, i.e. 22 May 2020.

3. 2019 Proforma Consolidated Financial Information

The following are reported below: (i) the table relating to the proforma consolidated statement of financial position as at 31 December 2019 and (ii) the table relating to the proforma consolidated income statement for the financial year ended 31 December 2019, showing, by type, the adjustments made to represent the significant effects of the Transaction and the related explanatory notes.

Proforma Consolidated Statement of Financial Position as at 31 December 2019

<i>(in thousands of Euro)</i>	Newlat Group Combined Consolidated Statement of Financial Position as at 31 December 2019	CLI Reclassified Consolidated Statement of Financial Position as at 31 December 2019	<i>Proforma adjustments</i>		New Group proforma consolidated statement of financial position as at 31 December 2019
			Acquisition Accounting	Offer Accounting	
	(1)	(2)	(3)	(4)	
Non-current assets					
Property, plant and equipment	31,799	120,058	-	-	151,857
Right-of-use assets	17,326	4,304	-	-	21,630
Intangible assets	25,217	19,655	-	-	44,872
Equity investments in associates	-	1,397	-	-	1,397
Non-current financial assets measured at fair value through profit or loss	42	656	1,391	-	2,089
Financial assets measured at amortised cost	866	1	-	-	867
Prepaid tax assets	5,034	1,664	-	-	6,698
Total non-current assets	80,284	147,735	1,391	-	229,410
Current assets					
Inventories	25,880	10,755	-	-	36,635
Trade receivables	49,274	21,465	-	-	70,739
Current tax assets	716	3,230	-	-	3,946
Other receivables and current assets	4,702	8,615	-	-	13,317
Current financial assets measured at fair value through profit or loss	4	-	-	-	4
Cash and cash equivalents	100,884	18,950	(6,660)	(7,340)	105,834
Total current assets	181,460	63,015	(6,660)	(7,340)	230,475
TOTAL ASSETS	261,744	210,750	(5,269)	(7,340)	459,885
Group shareholders' equity	91,546	57,070	(25,086)	12,477	136,007
Minority interests	-	-	19,817	(19,817)	-
SHAREHOLDERS' EQUITY	91,546	57,070	(5,269)	(7,340)	136,007
Non-current liabilities					
Provisions for employee benefits	10,646	5,856	-	-	16,502
Provisions for risks and charges	1,396	65	-	-	1,461
Deferred tax liabilities	3,850	6,089	-	-	9,939
Non-current financial liabilities	12,000	56,278	-	-	68,278
Non-current lease liabilities	13,032	2,284	-	-	15,316
Other non-current liabilities	600	-	-	-	600
Total non-current liabilities	41,524	70,572	-	-	112,096
Current liabilities					
Trade payables	85,592	39,160	-	-	124,752
Current financial liabilities	22,456	35,633	-	-	58,089
Current lease liabilities	4,776	2,052	-	-	6,828
Current tax liabilities	471	12	-	-	483
Other current liabilities	15,379	6,251	-	-	21,630
Total current liabilities	128,674	83,108	-	-	211,782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	261,744	210,750	(5,269)	(7,340)	459,885

Explanatory notes to the proforma consolidated statement of financial position as at 31 December 2019

Note 1 - Newlat Group combined consolidated statement of financial position as at 31 December 2019

This column includes the Newlat Group combined consolidated statement of financial position as at 31 December 2019 extracted from the Combined Consolidated Financial Statements 2019.

Note 2 - CLI reclassified consolidated statement of financial position as at 31 December 2019

This column includes the CLI reclassified consolidated statement of financial position as at 31 December 2019, extracted from the CLI Consolidated Financial Statements and reclassified to reflect Newlat Group's statement format.

Note 3 - Acquisition Accounting

This column includes the effects of accounting for the Acquisition, as if it had taken place on 31 December 2019, and the resulting consolidation, in accordance with IFRS 10, of the same holding in the Combined Consolidated Financial Statements 2019.

The Acquisition is accounted for in accordance with IFRS 3.

The price recognised by the Issuer to Newlat Group for the Acquisition (hereafter the “**CLI Major Holding Price**”) was determined as shown in the following table.

<i>(in thousands of Euro)</i>	
Monetary component of the Consideration (in Euro)	1.00
Number of shares representing the CLI Major Holding	6,660,242
Monetary component of the CLI Major Holding Price (A)	6,660
Non-monetary component of the Consideration (no. of Newlat shares)	0.33
Fair value of non-monetary component of the Consideration as at the Execution Date (in Euro)	5.10
Number of shares representing the CLI Major Holding	6,660,242
Non-monetary component of the CLI Major Holding Price (B)	11,322
CLI Major Holding Price (C=A+B)	17,982

The proforma adjustment to cash and cash equivalents, amounting to Euro 6,660 thousand, is the monetary component of the CLI Major Holding Price and reflects the amount transferred from the Issuer to Newlat Group as at the Execution Date, financed through its own resources, in relation to the transfer of the CLI Major Holding.

The non-monetary component of the CLI Major Holding Price, equal to Euro 11,322 thousand, represented as an increase in the Group shareholders' equity, reflects the amount of the Capital Increase paid by contribution in kind of the CLI Major Holding by Newlat Group, or associated with the issue of 2,220,080 ordinary shares of the Company.

With reference to the valuation of CLI Group's non-controlling interests as at the Execution Date, the Issuer has opted, within the provisions of paragraph 19 of IFRS 3, for the application of the fair value method. The following table reports the calculation relating to the valuation of minority interests as at the Execution Date, amounting to Euro 19,817 thousand, based on the aforementioned method.

<i>(in thousands of Euro)</i>	
CLI Major Holding Price (A)	17,982
CLI Group non-controlling interests as at the Execution Date (%) (B)	52.43%
Fair value of CLI Group's net assets as at the Execution Date (C=A/(1-B))	37,799
Fair value of minority interests as at the Execution Date (D=C-A)	19,817

The following table reports the calculation of the difference between the value of CLI Group's net assets acquired as at the Execution Date and the CLI Major Holding Price.

<i>(in thousands of Euro)</i>	
CLI Group net assets as at the Execution Date (A)	58,461
Fair value of minority interests as at the Execution Date (B)	19,817
CLI Group's net assets acquired as at the Execution Date (C=A-B)	38,644
CLI Major Holding Price (D)	17,982
Badwill (E=C-D)	20,662

The difference between the value of CLI Group's net assets acquired as at the Execution Date and the CLI Major Holding Price, attributable to the badwill recorded as an increase in the Group shareholders' equity in the proforma consolidated statement of financial position as at 31 December 2019, was calculated on the basis of the financial information as at the Execution Date. Therefore, as part of the preparation of the 2019 Proforma Consolidated Financial Information, the difference between the value of CLI Group's net assets acquired as at 31 December 2019 (Euro 37,253 thousand) and the same values as at the Execution Date derived from the CLI Interim Report (Euro 38,664 thousand), equal to Euro 1,391 thousand, was recorded as non-current financial assets valued at fair value, in accordance with the provisions of CONSOB Communication no. DEM/1052803 of 5 July 2001.

Finally, it should be noted that, in accordance with paragraph 45 of IFRS 3, which provides for a "valuation period" during which the company must carry out a preliminary initial accounting of the acquisition and complete the valuation at a later date, and in any case within 12 months from the date of acquisition, the final valuation of the current value of CLI Group's net assets acquired by the Issuer has not yet been completed. Therefore, the final valuation of the current value of the aforementioned CLI Group's net assets may change with respect to that reported in the 2019 Proforma Consolidated Financial Information, in which it was assumed that the valuation is equal to CLI Group's net assets as at the date closest to the Acquisition Execution Date.

Note 4 - Offer Accounting

This column includes the effects of accounting of the Offer as if it had taken place on 31 December 2019.

Pursuant to IFRS 10, the Offer is a transaction with minority shareholders. The price paid by the Issuer to CLI Shareholders for the purchase, within the context of the Offer, of the number of ordinary shares relating to the Subscription Level (hereafter the "**Offer Price**") was determined as shown in the following table.

<i>(in thousands of Euro)</i>	
Monetary component of the Consideration (in Euro)	1.00
No. of shares representing the Offer Subscription Level	7,339,778
Monetary component of the Offer Price (A)	7,340
Non-monetary component of the Consideration (no. of Newlat shares)	0.33
Fair value of the non-monetary component of the Consideration (in Euro)	5.03
No. of shares representing the Offer Subscription Level	7,339,778
Non-monetary component of the Offer Price (B)	12,306
Offer Price (C=A+B)	19,646

The proforma adjustment to cash and cash equivalents, amounting to Euro 7,340 thousand, is the monetary component of the Offer Price and reflects the amount transferred by the Issuer to CLI Shareholders within the context of the Offer, financed through its own resources, determined on the basis of the number of ordinary shares relating to the Subscription Level.

The non-monetary component of the Offer Price, equal to Euro 12,306 thousand, represented as an increase in the Group shareholders' equity, reflects the amount of the Capital Increase paid by contribution in kind of ordinary shares relating to the Subscription Level by the CLI Shareholders, or associated with the issue of 2,446,593 ordinary shares of the Company valued, as part of the preparation of the 2019 Proforma Consolidated Financial Information, as previously specified, on the most recent date available, namely 22 May 2020.

The Subscription Level determines, within the context of the accounting of the Offer, the full reversal of the value of minority interests, amounting to Euro 19,817 thousand. In this regard, it should be noted that, with reference to the configuration of the Offer as a transaction with non-controlling shareholders, the Group shareholders' equity increases, pursuant to paragraph 23 of IFRS 10, also due to the positive difference between the aforementioned value of minority interests and the Offer Price (Euro 19,646 thousand), equal to Euro 171 thousand, resulting from the difference between the fair value of the non-monetary component of the Consideration on 22 May 2020 and the same fair value as at the Execution Date.

Proforma Consolidated Income Statement for the year ended 31 December 2019

<i>(in thousands of Euro)</i>	Group Combined Consolidated Income Statement for the year ended 31 December 2019	CLI Reclassified Consolidated Income Statement for the year ended 31 December 2019	<i>Proforma adjustments</i>		Proforma consolidated income statement of the New Group for the year ended 31 December 2019
			Acquisition Accounting	Offer Accounting	
	(5)	(6)	(7)	(8)	
Revenue from contracts with customers	320,902	175,151	-	-	496,053
Cost of sales	(262,212)	(134,361)	-	-	(396,573)
Gross operating profit/(loss)	58,690	40,790	-	-	99,480
Sales and distribution costs	(31,717)	(34,859)	-	-	(66,576)
Administrative costs	(13,417)	(11,507)	-	-	(24,924)
Net write-downs of financial assets	(674)	(1,176)	-	-	(1,850)
Other revenues and income	5,141	3,436	-	-	8,577
Other operating costs	(3,464)	(1,986)	-	-	(5,450)
Operating profit/(loss)	14,559	(5,302)	-	-	9,257
Financial income	582	239	-	-	821
Financial expenses	(1,946)	(1,833)	-	-	(3,779)
Income (expenses) from investments	-	117	-	-	117
Profit (loss) before taxes	13,195	(6,779)	-	-	6,416
Income taxes	(2,884)	268	-	-	(2,616)
Net profit/(loss)	10,311	(6,511)	-	-	3,800
<i>- of which for the Group</i>	<i>10,311</i>	<i>(6,511)</i>	<i>3,414</i>	<i>(3,414)</i>	<i>3,800</i>
<i>- of which for minority interests</i>	<i>-</i>	<i>-</i>	<i>(3,414)</i>	<i>3,414</i>	<i>-</i>

Explanatory notes of the proforma consolidated income statement for the year ended 31 December 2019

Note 5 - Newlat Group combined consolidated income statement for the year ended 31 December 2019

This column includes the Newlat Group combined consolidated income statement for the year ended 31 December 2019, extracted from the Combined Consolidated Financial Statements 2019.

Cost of sales, sales and distribution costs, and administrative expenses include amortisation, depreciation and write-downs amounting to Euro 13,092 thousand.

In accordance with the provisions of CONSOB Communication no. DEM/1052803 of 5 July 2001 it should also be noted that the Newlat Group Combined Consolidated Income Statement as at 31 December 2019 for the year ended 31 December 2019 includes non-recurring expenses amounting to Euro 367 thousand.

Note 6 - CLI reclassified consolidated income statement for the financial year ended 31 December 2019

This column includes the CLI consolidated income statement for the financial year ended 31 December 2019, extracted from the CLI Consolidated Financial Statements and reclassified to reflect Newlat Group's statement format.

Cost of sales, sales and distribution costs, and administrative expenses include amortisation, depreciation and write-downs amounting to Euro 10,589 thousand.

Note 7 - Acquisition Accounting

This column includes the effects of accounting for the Acquisition, as if it had taken place on 1 January 2019, and the resulting consolidation, in accordance with IFRS 10, of the same holding in the Combined Consolidated Financial Statements 2019.

In particular, this column represents the distribution of CLI Group's net loss between Newlat Group's share of Euro 3,097 thousand and the CLI Shareholders' share of Euro 3,414 thousand, determined on the basis of the percentage of share capital representing the CLI Major Holding.

In accordance with the provisions of CONSOB Communication no. DEM/1052803 of 5 July 2001, it should be noted that the badwill, amounting to Euro 20,662 thousand, was not taken into account in the preparation of the Proforma Consolidated Income Statement for the year ended 31 December 2019 as it was a non-recurring income directly attributable to the Transaction. In this regard, it should be noted that paragraph 34 of IFRS 3 requires badwill to be recognised in the buyer's consolidated income statement as at the date of acquisition.

Note 8 - Offer Accounting

This column includes the effects of accounting of the Offer as if it had taken place on 1 January 2019.

In particular, this column represents the reversal of CLI Group's net loss attributable to the CLI Shareholders, amounting to Euro 3,414 thousand, determined on the basis of the percentage of share capital representing the CLI Major Holding referred to in note 7, according to the Subscription Level relating to the Offer.

4. Other aspects

In accordance with the relevant legislation, for the preparation of these 2019 Proforma Consolidated Financial Information, no assumptions have been made about any synergies arising from the integration of Newlat Group with CLI, nor about the costs that will be incurred in relation to the integration.

The table below shows a sensitivity analysis of the expected total outlay of the Issuer as well as the number of new ordinary shares that it would be required to issue as part of the Capital Increase due to changes in the levels of subscription to the Offer by CLI Shareholders and taking into account the Acquisition of the CLI Major Holding.

	Acquisition of the CLI Major Holding						+Subscription Level
	+0%	+10%	+20%	+30%	+40%	+50%	
Shares representing CLI share capital (%)	47.57%	57.57%	67.57%	77.57%	87.57%	97.57%	100.00%
Monetary outlay (thousands of Euro)	6,660	8,060	9,460	10,860	12,260	13,660	14,000
Issue of new ordinary shares (no.)	2,220,080	2,686,748	3,153,415	3,620,082	4,086,750	4,553,417	4,666,673

The following is a statement of the New Group's proforma net financial debt as at 31 December 2019, determined in accordance with CONSOB Communication of 28 July 2006 and in compliance with the Recommendations ESMA/2013/319.

<i>(in thousands of Euro)</i>	Proforma as at 31 December 2019
Net financial debt	
A. Cash	74,497
B. Other cash equivalents	45,338
C. Securities held for trading	4
D. Cash and cash equivalents (A)+(B)+(C)	119,839
E. Current financial receivables	-
F. Current bank payables	(25,665)
G. Current portion of non-current debt	(29,114)
H. Other current financial debt	(10,138)
I. Current financial debt (F)+(G)+(H)	(64,917)
J. Net current financial debt (I)+ (E)+ (D)	54,922
K. Non-current bank loans	(56,358)
L. Bonds issued	(11,872)
M. Other non-current financial debt	(15,364)
N. Non-current financial debt (K)+(L)+(M)	(83,594)
O. Net financial debt (J)+ (N)	(28,672)

(*) Proforma net financial debt 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 New Group's financial statements when assessing the New Group's financial performance and financial position.

Finally, the proforma EBITDA and proforma Standardised EBITDA of the New Group for the year ended 31 December 2019 is reported below.

<i>(in thousands of Euro)</i>	Proforma financial year ended 31 December 2019
Operating profit/(loss)	9,257
Amortisation, depreciation and write-downs	23,681
Net write-downs of financial assets	1,850
Proforma EBITDA (*)	34,788
Non-recurring expense (income)	367
Proforma Standardised EBITDA (*)	35,155

(*) Proforma EBITDA and proforma Standardised EBITDA 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 New Group's financial statements when assessing the New Group's results.



AUDITORS' REPORT ON THE EXAMINATION OF PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 AND PROFORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 AND RELATED EXPLANATORY NOTES OF NEWLAT FOOD SPA

To the Board of Directors of
Newlat Food SpA

1. We have examined the proforma consolidated statement of financial position as at 31 December 2019 and the proforma consolidated income statement for the year ended 31 December 2019 of Newlat Food SpA (the "**Company**") and the related explanatory notes (hereinafter, the "**2019 Proforma Consolidated Financial Information**").

The 2019 Proforma Consolidated Financial Information have been derived from:

- the historical financial information related to the combined consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 31 December 2019 (hereinafter, the "**2019 Combined Consolidated Financial Statements**") prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the historical financial information related to the consolidated financial statements of Centrale del Latte d'Italia SpA (hereinafter "**CLI**") as at 31 December 2019 (hereinafter, the "**CLI Consolidated Financial Statements**") prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the proforma adjustments applied, which we have examined.

We have performed an audit of the 2019 Combined Consolidated Financial Statements for which our audit report was issued on 3 June 2020. The CLI Consolidated Financial Statements have been audited by Deloitte & Touche SpA, which issued its audit report on 23 March 2020.

The 2019 Proforma Consolidated Financial Information have been prepared on the basis of the assumptions illustrated in the explanatory notes, in order to retrospectively reflect the effects of:

- the purchase by Newlat of 6,660,242 ordinary shares, representing 47.57% of share capital, of CLI from the parent company Newlat Group S.A. (hereinafter, the "**Acquisition**"); and
- the mandatory cash and exchange tender offer announced by the Company on 1 April 2020, pursuant to articles 102 and 106, paragraphs 1 and 2-bis, of Legislative Decree No. 58 of 1998, the Consolidated Finance Act (*Testo unico della finanza*, known as

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimmà 72 Tel. 0805640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



“**TUF**”), on all the ordinary shares of CLI not already owned (hereinafter, the “**Offering**”).

The Acquisition and the Offering are hereinafter jointly referred to as the “**Transaction**”.

2. The 2019 Proforma Consolidated Financial Information have been prepared in connection with the Transaction for the inclusion in the Offering prospectus.

The purpose of the preparation of the 2019 Proforma Consolidated Financial Information is to simulate, using accounting policies that are consistent with historical financial information and compliant with the applicable legislation, the effects of the Transaction on the Group's combined consolidated statement of financial position as at 31 December 2019 as if the Transaction had taken place on 31 December 2019 and its effects on the Group's combined consolidated income statement for the year ended 31 December 2019 as if it had taken place on 1 January 2019.

However, it should be noted that if the Transaction had taken place on the dates assumed above, the effects would not necessarily have been the same as those presented.

The directors of the Company are responsible for the preparation of the 2019 Proforma Consolidated Financial Information. Our responsibility is to express an opinion on the reasonableness of the assumptions used by the Directors in the preparation of the 2019 Proforma Consolidated Financial Information and on the correctness of the methodology applied for the preparation of the same information. It is also our responsibility to express a professional opinion on the correctness of the measurement criteria and accounting principles applied.

3. We conducted our examination in accordance with the criteria recommend by CONSOB in its communication DEM/1061609 of 9 August 2001 for examination of proforma financial information, and carried out such tests as we considered necessary for the purposes of our engagement.
4. In our opinion, the assumptions applied by the Company in the preparation of the 2019 Proforma Consolidated Financial Information, in order to retrospectively reflect the effects of the Transaction, are reasonable and the methodology used in the preparation of the above mentioned proforma financial information has been applied correctly for the purposes illustrated above. Furthermore, the measurement criteria and accounting policies used for the preparation of the same information are correct.

Milan, 3 June 2020

PricewaterhouseCoopers SpA

Signed by

Matteo Colombo
(Partner)



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