



FAGE INTERNATIONAL S.A.

**QUARTERLY REPORT
For the Nine and Three Months Ended
September 30, 2024**

November 14, 2024

This report (the “Quarterly Report”) sets forth certain information regarding the financial condition and results of operations of FAGE International S.A. and its subsidiaries (the “FAGE Group”) for the nine and three months ended September 30, 2024. The Quarterly Report includes a review, in English, of the FAGE Group’s unaudited financial information and analysis for the third quarter of 2024 as well as certain other information.

The following unaudited financial statements in the opinion of the management reflect all necessary adjustments (which include only normal recurring adjustments) necessary for a fair presentation of the FAGE Group’s financial position, results of operations and cash flows for the periods presented.

For a description of accounting policies see Notes to the Consolidated Financial Statements in the FAGE Group’s 2023 Annual Report.

Summary Analysis of Senior Notes Issued by FAGE INTERNATIONAL S.A. and FAGE USA DAIRY INDUSTRY, INC.

On August 3, 2016, FAGE International S.A. (“FAGE International”) and FAGE USA Dairy Industry, Inc. (“FAGE USA” and together with FAGE International, the “Issuers”) issued \$420,000,000 principal amount of their 5.625% Senior Notes due 2026 (the “Senior Notes”) under an indenture, dated as of August 3, 2016 (the “Indenture”), by and among the Issuers, FAGE Greece Dairy Industry Single Member S.A. (“FAGE Greece”), as guarantor, The Bank of New York Mellon, acting through its London Branch, as trustee, The Bank of New York Mellon, as paying and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as registrar. As of September 30, 2024, an aggregate principal amount of \$45.0 million of the Senior Notes remained outstanding.

The Senior Notes have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Senior Notes were offered and sold only to “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act) and pursuant to offers and sales occurring outside the United States within the meaning of Regulation S under the Securities Act. The Indenture is not required to be, nor will it be, qualified under the U.S. Trust Indenture Act of 1939, as amended.

A copy of the Indenture is available from FAGE International upon request. This Quarterly Report is being provided to holders of the Senior Notes pursuant to Section 4.02 of the Indenture.

FAGE International is a public limited company (société anonyme) incorporated under the laws of Luxembourg on September 25, 2012. Its registered office is located at 145, Rue du Kiem, L-8030 Strassen, Grand Duchy of Luxembourg. FAGE International has a share capital of \$1,000,000 and is registered with the Luxembourg Register of Commerce and Companies under number B 171651. FAGE International’s website is home.fage. The reference to this website is an inactive textual reference only and none of the information contained on this website is incorporated into this Quarterly Report. References to the FAGE Group include, unless the context requires otherwise, FAGE International and its consolidated subsidiaries FAGE USA Dairy Industry, Inc., FAGE Greece Dairy Industry Single Member S.A. and FAGE U.K. Limited. The FAGE Group operates principally in the United States, the Hellenic Republic, also known as Greece, Luxembourg and the United Kingdom.

FAGE USA is a corporation which is organized under the laws of the State of New York and was incorporated on February 17, 2005. Its principal place of business is 1 Opportunity Drive, Johnstown Industrial Park, Johnstown, New York 12095, U.S.A. FAGE USA’s U.S. Employer Identification Number is 83-0419718. FAGE USA is wholly owned by FAGE International.

FAGE Greece is a public limited company (société anonyme) which is organized under the laws of the Hellenic Republic and was incorporated on December 30, 1977. Its principal place of business is located at 35 Hermou Street, 144 52 Metamorfossi, Athens, Greece. FAGE Greece’s Greek tax identification number is 094061540.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements. The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Quarterly Report. Any statements that are not statements of historical fact, including statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance, are forward-looking in nature. These forward-looking statements include statements regarding: our financial position; our expectations concerning future operations, strategy, margins, profitability, liquidity and capital resources; other plans and objectives for future operations; and all other statements that are not historical facts. These statements are often, but not always, made through the use of words or phrases such as “will likely result,” “are expected to,” “will continue,” “believe,” “is anticipated,” “estimated,” “intends,” “expects,” “plans,” “seek,” “projection,” “future,” “objective,” “probable,” “target,” “goal,” “potential,” “outlook” and similar expressions. These statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. It is also possible that any or all of the events described in forward-looking statements may not occur.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Quarterly Report. Among the key factors that may have a direct bearing on our results of operations are:

- risks associated with our debt service obligations;
- the impact of restrictive debt covenants on our operating flexibility;
- uncertainties associated with general economic and political conditions in Greece, across Europe and in the United States;
- factors affecting our ability to compete in a competitive market;
- consumer demand for our products and loyalty to our brands;
- prices of raw materials that we use in our products;
- terrorist attacks or acts of war may impact our company and harm our business, operating results and financial condition;
- currency exchange rates and their effects on our financial condition, business and results of operations;
- the impact of present or future government regulations affecting our operations in the countries where we operate;
- uncertainties associated with our ability to implement our business strategy, including our expansion in the United States; and
- any event that could have a material adverse effect on our brands or reputation, such as product contamination or protracted quality control difficulties.

Because the risk factors referred to in this Quarterly Report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Quarterly Report by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for us to predict which factors they will be. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

In addition, this Quarterly Report may contain certain information concerning the Greek, EU and U.S. markets for dairy products that is forward-looking in nature and is based on a variety of assumptions regarding the ways and trends in which these markets will develop in the future. In certain cases, these assumptions have been derived from independent market research referred to in this Quarterly Report. Some market information is also based on our good faith estimates or derived from our review of internal surveys and statistics and our own knowledge of market conditions. If any of the assumptions regarding the dairy markets in which we operate are incorrect, actual market results could be different from those predicted. Although we do not know what impact any such differences may have on our business, our future results of operations and financial condition could be materially and adversely affected. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are urged to review carefully and consider the various disclosures made in this Quarterly Report that attempt to advise them of the factors affecting our business.

DEFINITIONS

The following terms used in this Quarterly Report have the meanings assigned to them below:

“Euro”, “euro”, “EUR” or “€”....	Euro, the currency of the European Union member states participating in the European Monetary Union.
“FAGE International”.....	FAGE International S.A., one of the Issuers of the Senior Notes.
“FAGE Greece”.....	FAGE Greece Dairy Industry Single Member S.A., the Guarantor of the Senior Notes.
“FAGE Group”, “Group”, “we”, “us” and “our”.....	FAGE International S.A., one of the Issuers of the Senior Notes, and its consolidated subsidiaries described collectively as a corporate group except where the context requires otherwise.
“FAGE USA”.....	FAGE USA Dairy Industry, Inc., one of the Issuers of the Senior Notes.
“Guarantor”.....	FAGE Greece.
“IFRS”.....	International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as endorsed by the EU.
“Indenture”.....	The indenture governing the Senior Notes.
“Issuers”.....	FAGE International and FAGE USA.
“Pounds”, “GBP” or “£”.....	Pounds sterling, the currency of the United Kingdom.
“Senior Notes”.....	The 5.625% Senior Notes due 2026 issued by FAGE International and FAGE USA on August 3, 2016 pursuant to the Indenture.
“U.S. dollar”, “USD”, “\$” or “U.S.\$”.....	United States dollar, the currency of the United States of America.
“U.S. GAAP”.....	Accounting principles generally accepted in the United States of America.

PRESENTATION OF FINANCIAL AND OTHER DATA

FAGE International and FAGE USA are the two primary obligors of the Senior Notes.

FAGE USA

FAGE USA, one of the Issuers of the Senior Notes, is a direct, wholly owned subsidiary of FAGE International, the other issuer. FAGE USA is a corporation incorporated in the State of New York that engages in the production and distribution of dairy products. This Quarterly Report does not include separate financial statements for FAGE USA. The financial information of FAGE USA is fully consolidated into our consolidated financial statements, which are included elsewhere in this Quarterly Report.

Financial Information

The consolidated financial information for the FAGE Group has been presented as of and for the nine months ended September 30, 2024 and 2023, and presents the consolidated net assets, financial position and results of operations of the FAGE Group during the periods presented. The consolidated financial statements of the FAGE Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union. You should read the consolidated financial statements of the FAGE Group included at the end of this Quarterly Report, including the notes thereto (collectively, the “Consolidated Financial Statements”), together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. Some financial information in this Quarterly Report has been rounded and, as a result, the numerical figures shown as totals in this Quarterly Report may vary slightly from the exact arithmetic aggregation of the figures that precede them.

The FAGE Group adopted the U.S. dollar as its reporting currency effective October 1, 2012 and FAGE International adopted the U.S. dollar as its reporting and functional currency effective October 1, 2012. Solely for your convenience, this Quarterly Report contains translations of certain euro amounts into U.S. dollars at specified rates. These U.S. dollar amounts do not represent actual U.S. dollar amounts, nor could such euro amounts necessarily have been converted into U.S. dollars at the rates indicated. Unless otherwise indicated, euro amounts have been translated into U.S. dollars at the rate of U.S. \$1.1196 per euro, which was the equivalent rate of the euro as reported by the European Central Bank in its foreign exchange rates report as at September 30, 2024.

If you are in the United States or otherwise familiar with U.S. GAAP but not familiar with IFRS, you should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Quarterly Report.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in the financial statements.

The Consolidated Financial Statements have been prepared as of and for the nine months ended September 30, 2024 and 2023, and are presented in U.S. dollars rounded to the nearest thousand. The Consolidated Financial Statements have been prepared under the historical cost convention except for the measurement of investments in equity instruments initially designated at fair value through other comprehensive income, derivative financial instruments and land, which are measured at fair value.

The accounting policies set out in the notes to the Consolidated Financial Statements have been consistently applied to all periods presented except for changes arising through amendments or revisions to IFRS and the issuance of new accounting pronouncements. The amendments and revisions to IFRS as well as the new accounting pronouncements did not have a material effect on the Consolidated Financial Statements.

Industry Data

This Quarterly Report may contain information concerning the U.S. market for yogurt, the Greek dairy market and the dairy markets of certain other countries in which we conduct business. We operate in an industry in which it is difficult to obtain precise industry and market information. We have obtained the market and competitive position data in this Quarterly Report from industry publications and from surveys or studies conducted by third parties that we believe to be reliable, including research information produced by Circana (formerly known as Information Resources International). We cannot assure you of the accuracy and completeness of such information, and we have not independently verified the market and competitive position data contained in this Quarterly Report. In addition, in many cases, statements in this Quarterly Report regarding the dairy industry and our competitive position in the dairy industry are based on our experience and our own investigation of market conditions. There can be no assurance that any of these assumptions are accurate or correctly reflect our competitive position in the industry, and none of these internal surveys or information have been verified by independent sources, which may have estimates or opinions regarding industry-related information which differ from ours.

ENFORCEABILITY OF CIVIL LIABILITIES

FAGE International is a public limited company (*société anonyme*) incorporated under the laws of Luxembourg and FAGE Greece is organized under the laws of Greece. Certain executive officers and directors of the Issuers and the Guarantor and certain experts named herein presently reside outside of the United States, principally in Luxembourg and Greece. As a result, it will be necessary for investors to comply with Luxembourg or Greek law in order to obtain an enforceable judgment against any such foreign resident persons or assets of such entities, including an order to foreclose upon such assets. Although we have agreed under the terms of the Indenture pursuant to which the Senior Notes were issued to accept service of process in the United States by an agent designated for such purpose, it may not be possible for investors to (i) effect service of process within the United States upon our officers, directors and certain experts named herein and (ii) enforce any judgments in the United States against such persons obtained in U.S. courts predicated upon civil liabilities of such persons, including any judgments predicated upon U.S. federal securities laws, to the extent such judgments exceed such person's U.S. assets.

We have been advised by Loyens & Loeff, our Luxembourg counsel, that although there is no treaty between Luxembourg and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment against FAGE International obtained from a state or federal court of the United States, which remains in full force and effect, may be enforced through a court of competent jurisdiction in Luxembourg, subject to compliance with the following enforcement procedures (*exequatur*) set out in the relevant provisions of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case law:

- the foreign court must properly have had jurisdiction to hear and determine the matter, both according to its own laws and to the Luxembourg international private law conflict of jurisdiction rules;
- the foreign court must have applied the law which is designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules (although some first instance decisions rendered in Luxembourg—which have not been confirmed by the Luxembourg Court of Appeal—no longer apply this condition);
- the decision of the foreign court must be enforceable in the jurisdiction in which it was rendered;
- the foreign court has acted in accordance with its own procedural laws;
- the judgment was obtained in compliance with the rights of the defendant (*i.e.*, following proceedings where the defendant had the opportunity to appear, was granted the necessary time to prepare its case and, if the defendant appeared, could present a defense);
- the decision of the foreign court must not have been obtained by fraud; and
- the decisions and the considerations of the foreign court must not be contrary to Luxembourg international public policy rules or have been given in proceedings of a tax, penal or criminal nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages)) or rendered subsequent to an evasion of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law (i) if the choice of such foreign law was not made bona fide or (ii) if the foreign law was not pleaded and proved or (iii) if pleaded and proved, such foreign law was contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

We have been advised by Theo V. Sioufas & Co., Greek counsel to the FAGE Group, that, although there is no treaty between Greece and the United States regarding the reciprocal enforcement of judgments, a valid, final and conclusive judgment for a definite amount (both in respect of principal and interest) against FAGE Greece and/or its officers and directors from a state or federal court of the United States, which judgment remains in full force and effect, may be enforced without a further review on the merits through a court of competent jurisdiction in Greece, subject to compliance with the following enforcement procedures of Articles 323 and 905 of the Greek Code of Civil Procedure:

- the judgment is also enforceable under the laws of the jurisdiction concerned;
- the judgment is not contrary to mandatory provisions of Greek law, the principles of *bonos mores* or public order and international public policy, and the U.S. court has not applied laws held by Greek courts to be of a tax, penal, criminal or punitive nature. On this last point there is no precedent under Greek law; however, there is precedent with lower courts

that have refused to declare U.S. judgments awarding punitive damages enforceable in Greece, in circumstances other than under U.S. securities laws, and have reduced the amount of damages enforceable in Greece to a figure deemed in the opinion of the Greek court to be compensatory;

- the judgment was issued by a competent court of the jurisdiction concerned, both according to Greek and U.S. law, and was confirmed by a competent Greek court, pursuant to the general principles of the Greek Code of Civil Procedure;
- it was established that the unsuccessful litigant in the proceedings leading to the judgment had not been deprived of its rights to participate in such proceedings other than by the application of the procedural rules of the jurisdiction concerned that apply to nationals and non-nationals of that jurisdiction; and
- the judgment is not contrary to a previous judgment issued by a competent Greek court involving the same dispute and constituting *res judicata*.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the FAGE Group for the Nine and Three Months Ended September 30, 2024 and 2023

The following table sets forth, for the periods indicated, certain items in the FAGE Group's consolidated statements of income expressed as percentages of sales:

	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
	(Unaudited)		(Unaudited)	
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	(52.9)	(53.1)	(53.5)	(52.1)
Gross profit	47.1	46.9	46.5	47.9
Selling, general and administrative expenses	(22.9)	(22.2)	(21.4)	(20.0)
Other income	0.1	0.2	0.1	0.4
Other expenses	(3.3)	(1.3)	(6.1)	(1.6)
Operating profit for the period	21.0	23.6	19.1	26.7
Financial income/(expenses), net	(0.6)	(1.7)	(0.2)	(1.3)
Foreign exchange gains/(losses), net	0.2	(0.1)	1.2	(1.0)
Profit before income taxes	20.6	21.8	20.1	24.4
Income tax expense	(4.4)	(4.9)	(3.5)	(5.4)
Net profit	16.2%	16.9%	16.6%	19.0%

Nine months ended September 30, 2024 compared to nine months ended September 30, 2023

Sales. Our sales in value for the nine months ended September 30, 2024 amounted to \$564.3 million, an increase of \$87.0 million, or 18.2%, compared to sales in value of \$477.3 million for the nine months ended September 30, 2023.

This increase in sales in value for the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, is mainly due to the increase in our sales in volume by 18.3% and the positive impact of 0.5% on sales in value due to the weakening of the U.S. dollar against the Euro and the British Pound (the exchange rates for the nine months ended September 30, 2024 and 2023, were €1 = \$1.0873 and €1 = \$1.0816 and £1 = \$1.2807 and £1 = \$1.2449, respectively), which were partially offset by the decrease in the average net selling price across all markets by 0.6%. Our sales in value increased in the United Kingdom, the United States and Italy by 46.0%, 20.5% and 9.6%, respectively, which were partially offset by a decrease in sales in value in Greece by 0.8%.

Our sales in volume for the nine months ended September 30, 2024 increased by 18.3% as compared to the nine months ended September 30, 2023. This resulted mainly from increases in sales in volume in the United Kingdom, the United States, Italy and Greece by 44.1%, 20.2%, 12.2% and 0.3%, respectively.

Our sales in value outside of Greece accounted for 89.8% of our total sales in value for the nine months ended September 30, 2024, as compared to 87.9% for the nine months ended September 30, 2023.

Gross profit. Gross profit for the nine months ended September 30, 2024 was \$265.5 million, an increase of \$41.5 million, or 18.5%, from \$224.0 million for the nine months ended September 30, 2023. Gross profit as a percentage of sales for the nine months ended September 30, 2024 was 47.1%, compared to 46.9% for the nine months ended September 30, 2023.

Selling, general and administrative expenses. Selling, general and administrative expenses ("SG&A") for the nine months ended September 30, 2024 were \$129.0 million, an increase of \$23.1 million, or 21.9%, from \$105.9 million for the nine months ended September 30, 2023. As a percentage of sales, SG&A was 22.9% for the nine months ended September 30, 2024 and 22.2% for the nine months ended September 30, 2023. This increase in SG&A is mainly due to the increase in advertising costs and shipping and handling costs.

Other income/(expenses), net. Net other expenses for the nine months ended September 30, 2024 amounted to \$18.1 million. Net other expenses for the nine months ended September 30, 2023 amounted to \$5.3 million.

Operating profit. Operating profit for the nine months ended September 30, 2024 was \$118.3 million, an increase of \$5.6 million, or 4.9%, as compared to operating profit of \$112.8 million for the nine months ended September 30, 2023. As a percentage of sales, operating profit was 21.0% for the nine months ended September 30, 2024, as compared to 23.6% for the nine months ended September 30, 2023. This increase in operating profit is mainly due to the increase in gross profit, which was partially offset by the increases in SG&A and net other expenses.

Financial income/(expenses), net. Net financial expenses for the nine months ended September 30, 2024 were \$2.8 million, compared to \$8.0 million for the nine months ended September 30, 2023. Financial income/(expenses), net as a percentage of sales was 0.6% for the nine months ended September 30, 2024 and 1.7% for the nine months ended September 30, 2023.

Foreign exchange (losses)/gains, net. Net foreign exchange gains for the nine months ended September 30, 2024 were \$0.9 million, compared to net foreign exchange losses for the nine months ended September 30, 2023 of \$0.7 million.

Profit before income taxes. Profit before income taxes for the nine months ended September 30, 2024 was \$116.4 million, as compared to profit before income taxes of \$104.1 million for the nine months ended September 30, 2023. This increase in profit before income taxes is mainly due to the increase in operating profit and the decrease in financial income/(expenses).

Income tax benefit/(expense). Income tax expense for the nine months ended September 30, 2024 was \$25.0 million, as compared to an income tax expense of \$23.3 million for the nine months ended September 30, 2023.

Net profit. Net profit for the nine months ended September 30, 2024 was \$91.4 million, as compared to net profit of \$80.8 million for the nine months ended September 30, 2023.

Three months ended September 30, 2024 compared to three months ended September 30, 2023

Sales. Our sales in value for the three months ended September 30, 2024 amounted to \$206.4 million, an increase of \$38.7 million, or 23.1%, compared to sales in value of \$167.7 million for the three months ended September 30, 2023.

This increase in sales in value for the three months ended September 30, 2024, as compared to the three months ended September 30, 2023, is mainly due to the increase in our sales in volume by 22.0%, the positive impact of 1.0% on sales in value due to the weakening of the U.S. dollar against the Euro and the British Pound (the exchange rates for the three months ended September 30, 2024 and 2023, were €1 = \$1.1037 and €1 = \$1.0828 and £1 = \$1.3137 and £1 = \$1.2594, respectively) and the increase in the average net selling price across all markets by 0.1%. Our sales in value increased in the United Kingdom, the United States, Greece and Italy by 53.7%, 23.2%, 16.2% and 11.9%, respectively.

Our sales in volume for the three months ended September 30, 2024 increased by 22.0% as compared to the three months ended September 30, 2023. This resulted mainly from increases in sales in volume in the United Kingdom, the United States, Italy and Greece by 51.4%, 26.5%, 9.3% and 1.5%, respectively.

Our sales in value outside of Greece accounted for 88.8% of our total sales in value for the three months ended September 30, 2024, as compared to 88.1% for the three months ended September 30, 2023.

Gross profit. Gross profit for the three months ended September 30, 2024 was \$96.0 million, an increase of \$15.8 million, or 19.7%, from \$80.3 million for the three months ended September 30, 2023. Gross profit as a percentage of sales for the three months ended September 30, 2024 was 46.5%, compared to 47.9% for the three months ended September 30, 2023. The main reason for this decrease was the increase in the prices of milk used in the Greek and U.S. facilities by 19.6% and 11.8%, respectively.

Selling, general and administrative expenses. SG&A for the three months ended September 30, 2024 were \$44.1 million, an increase of \$10.5 million, or 31.4%, from \$33.6 million for the three months ended September 30, 2023. As a percentage of sales, SG&A was 21.4% for the three months ended September 30, 2024 and 20.0% for the three months ended September 30, 2023. This increase in SG&A is mainly due to the increase in advertising costs and shipping and handling costs.

Other income/(expenses), net. Net other expenses for the three months ended September 30, 2024 amounted to \$12.5 million. Net other expenses for the three months ended September 30, 2023 amounted to \$1.9 million.

Operating profit. Operating profit for the three months ended September 30, 2024 was \$39.4 million, a decrease of \$5.4 million, or 12.0%, as compared to operating profit of \$44.8 million for the three months ended September 30, 2023. As a percentage of sales, operating profit was 19.1% for the three months ended September 30, 2024, as compared to 26.7% for the three months ended September 30, 2023. This decrease in operating profit is mainly due to the increases in SG&A and net other expenses, which were partially offset by the increase in gross profit.

Financial income/(expenses), net. Net financial expenses for the three months ended September 30, 2024 were \$0.5 million, compared to \$2.1 million for the three months ended September 30, 2023. Financial income/(expenses), net as a percentage of sales was 0.2% for the three months ended September 30, 2024 and 1.3% for the three months ended September 30, 2023.

Foreign exchange (losses)/gains, net. Net foreign exchange gains for the three months ended September 30, 2024 were \$2.6 million, compared to net foreign exchange losses for the three months ended September 30, 2023 of \$1.7 million.

Profit before income taxes. Profit before income taxes for the three months ended September 30, 2024 was \$41.6 million, as compared to profit before income taxes of \$41.0 million for the three months ended September 30, 2023. This increase is mainly due to the foreign exchange effects and the decrease in financial income/(expenses), net, which were partially offset by the decrease in operating profit.

Income tax expense. Income tax expense for the three months ended September 30, 2024 was \$7.4 million, as compared to an income tax expense of \$9.0 million for the three months ended September 30, 2023.

Net profit. Net profit for the three months ended September 30, 2024 was \$34.2 million, as compared to net profit of \$31.9 million for the three months ended September 30, 2023.

Liquidity and Capital Resources

Our principal sources of liquidity are existing cash balances, cash flow from operations, debt raised from capital markets (including the Senior Notes) and available amounts under our line of credit maintained with Citibank. Our principal liquidity needs are debt service (primarily interest on and repurchases of the Senior Notes), dividend payments, capital expenditures and working capital. We believe that our available capital resources will be sufficient to fund our liquidity needs.

Sources of capital. We fund our operating costs through cash from operations and short-term borrowings under our line of credit. The available credit line for the FAGE Group as of September 30, 2024 amounted to \$35.0 million, which was provided by Citibank, N.A. in the United States and secured by accounts receivable and certain inventory of FAGE USA. Out of the available credit line as of September 30, 2024, the unused portion amounted to \$35.0 million (See Note 18). The available credit line for the Group as of December 31, 2023 amounted to \$35.0 million.

Cash at banks and cash equivalents as of September 30, 2024 amounted to \$56.1 million, compared to \$17.8 million as of December 31, 2023 (See Note 15).

We believe that this amount of our cash at banks and cash equivalents (\$56.1 million), together with the line of credit, is sufficient to finance both the operations and the investment program of the FAGE Group.

Cash flow data.

	Nine months ended September 30,	
	2024	2023
	(\$ thousands)	
Cash flow from/(used in) operating activities	145,723	121,380
Cash flow from/(used in) investing activities.....	(12,438)	61,088
Cash flow from/(used in) financing activities	(94,364)	(163,737)
Effect of exchange rates changes on cash	(640)	34
Cash and cash equivalents at beginning of period.....	17,821	73,737
Cash and cash equivalents at period-end.....	56,102	92,502

Cash flow from/(used in) operating activities. Net cash from operating activities for the nine months ended September 30, 2024 was \$145.7 million, compared to net cash from operating activities of \$121.4 million for the nine months ended September 30, 2023. This increase is mainly due to the increase in operating profit.

Cash flow from/(used in) investing activities. Net cash used in investing activities amounted to \$12.4 million for the nine months ended September 30, 2024. Of the \$14.5 million of capital expenditures incurred during the first nine months of 2024, \$9.4 million related to capital expenditures for the U.S. facility, \$3.9 million related to capital expenditures for the facilities in Greece and \$1.2 million related to our investment in our new manufacturing facility. Net cash from investing activities amounted to \$61.1 million for the nine months ended September 30, 2023.

Cash flow from/(used in) financing activities. Net cash used in financing activities for the nine months ended September 30, 2024 was \$94.4 million. This resulted from \$60.0 million used to repurchase bonds (the Senior Notes), \$5.7 million of interest paid, \$28.0 million of dividends paid to our shareholders and \$0.7 million of payments of lease liabilities. Net cash used in financing activities for the nine months ended September 30, 2023 was \$163.7 million, which resulted from \$107.5 million used to repurchase bonds (the Senior Notes), \$15.6 million of interest paid, \$40.0 million of dividends paid to our shareholders and \$0.6 million of payments of lease liabilities.

Other Financial Data

EBITDA (net profit/(loss) plus income tax (expense)/benefit, financial income/(expenses), net and depreciation and amortization) for the nine months ended September 30, 2024 amounted to \$141.5 million, as compared to \$134.9 million for the nine months ended September 30, 2023. The reconciliation of net profit to EBITDA is as follows:

	Nine months ended September 30,	
	2024	2023
	(\$ thousands)	
Net profit	91,417	80,760
Income tax (benefit)/expense	24,951	23,304
Financial (income)/expenses, net	2,839	8,039
Depreciation and amortization	22,281	22,772
EBITDA.....	141,488	134,875

EBITDA serves as an additional indicator of our operating performance and not as a replacement for measures such as cash flows from operating activities and operating income. We believe that EBITDA is useful to investors as a measure of operating performance because it eliminates variances caused by the amounts and types of capital employed and amortization policies and helps investors evaluate the performance of our underlying business. In addition, we believe that EBITDA is a measure commonly used by analysts and investors in our industry. Accordingly, we have disclosed this information to permit a more complete analysis of our operating performance. Other companies may calculate EBITDA in a different way. EBITDA is not a measurement of financial performance under IFRS and should not be considered an alternative to cash flow provided by or used in operating activities or as a measure of liquidity or an alternative to net profit/(loss) as an indicator of our operating performance or any other measure of performance derived in accordance with IFRS.

The net debt (short-term borrowings plus long-term interest-bearing loans and borrowings less cash and cash equivalents, and less investments in time deposits maturing in more than three months) of the Group as of September 30, 2024 amounted to \$(11.2) million, as compared to \$86.5 million as of December 31, 2023.

Principal Risks and Uncertainties for the Remainder of 2024

Risk assessment and evaluation is an integral part of the management process throughout the FAGE Group. Risks are identified and evaluated and appropriate risk management strategies are implemented at each level. The key business risks are identified by the senior management team. FAGE International's Board of Directors, in conjunction with senior management, identifies major business risks faced by the Group and determines the appropriate course of action to manage these risks.

The principal risks and uncertainties faced by the FAGE Group are summarized below:

- first, we are exposed to aggressive competition in the domestic Greek market;
- second, we are exposed to currency exchange rate fluctuations, particularly in relation to the Euro (€) and the U.K. sterling (£);
- third, price fluctuations in raw materials could adversely affect the Group's manufacturing costs; and
- fourth, the ongoing conflicts between Russia and Ukraine and in the Middle East, respectively, may affect the Group's costs, which may have an effect on the Group's results.

FAGE International's Board of Directors regularly monitors all of the above risks and appropriate actions are taken to mitigate those risks or address the potential adverse consequences.

Related Party Transactions

The FAGE Group purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies which are controlled by members of the Filippou family.

Account balances with related companies are as follows:

	September 30, 2024	December 31, 2023
	(\$ thousands)	
Due from:		
- EMFI S.A.	-	18
	-	18
Due to:		
- Mornos S.A.	334	78
- Vis S.A.	20	22
	354	100

Transactions with related companies for the nine months ended September 30, 2024 and 2023, are analyzed as follows:

	Purchases from related parties		Sales to related parties	
	September 30,		September 30,	
	2024	2023	2024	2023
	(\$ thousands)			
Inventories, materials and supplies	10,453	9,240	62	137
Other services	-	7	97	94
	10,453	9,247	159	231

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AS OF AND FOR THE NINE- AND THREE- MONTHS ENDED SEPTEMBER 30, 2024**

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FAGE INTERNATIONAL S.A.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

	Notes	Nine months ended September 30,	
		2024	2023
Sales		564,279	477,300
Cost of sales		(298,766)	(253,312)
Gross profit		265,513	223,988
Selling, general and administrative expenses	5	(129,034)	(105,887)
Other income		431	987
Other expenses		(18,570)	(6,329)
OPERATING PROFIT FOR THE PERIOD		118,340	112,759
Financial expenses	6	(4,454)	(12,371)
Financial income	6	1,615	4,332
Foreign exchange gains/(losses), net		867	(656)
PROFIT FOR THE PERIOD BEFORE INCOME TAXES		116,368	104,064
Income tax benefit/(expense)	7	(24,951)	(23,304)
NET PROFIT		91,417	80,760
Attributable to:		91,417	80,760
Equity holders of the parent		91,417	80,760
Earnings per share			
Basic and diluted		91.42	80.76
Weighted average number of shares, basic and diluted		1,000,000	1,000,000

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2024**
(All amounts in thousands of U.S. dollars, except share and per share data)

(UNAUDITED)

	Notes	Three months ended September 30,	
		2024	2023
Sales		206,352	167,676
Cost of sales		(110,311)	(87,423)
Gross profit		96,041	80,253
Selling, general and administrative expenses	5	(44,089)	(33,558)
Other income		176	786
Other expenses		(12,688)	(2,680)
OPERATING PROFIT FOR THE PERIOD		39,440	44,801
Financial expenses	6	(1,172)	(3,686)
Financial income	6	719	1,540
Foreign exchange gains/(losses), net		2,565	(1,688)
PROFIT FOR THE PERIOD BEFORE INCOME TAXES		41,552	40,967
Income tax (expense)/benefit	7	(7,398)	(9,046)
NET PROFIT		34,154	31,921
Attributable to:		34,154	31,921
Equity holders of the parent		34,154	31,921
Earnings per share			
Basic and diluted		34.15	31.92
Weighted average number of shares, basic and diluted		1,000,000	1,000,000

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS
FOR THE NINE- AND THREE- MONTHS ENDED SEPTEMBER 30, 2024**

(All amounts in thousands of U.S. dollars)

(UNAUDITED)

Notes	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Net profit for the period	91,417	80,760	34,154	31,921
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange gains/(losses) on translation of foreign operations	468	(422)	1,676	(1,536)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	468	(422)	1,676	(1,536)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gains/(losses) on defined benefit plans	(67)	46	68	165
Income tax	15	(10)	(15)	(36)
	(52)	36	53	129
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	(52)	36	53	129
Other comprehensive income/(loss) for the period, net of tax	416	(386)	1,729	(1,407)
Total comprehensive income/(loss) for the period, net of tax	91,833	80,374	35,883	30,514
Attributable to:	91,833	80,374	35,883	30,514
Equity holders of the parent	91,833	80,374	35,883	30,514

The accompanying notes are an integral part of these financial statements

FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2024

(All amounts in thousands of U.S. dollars)

	Notes	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		300,439	309,533
Right-of-use leased assets	8	2,118	2,706
Intangible assets		1,351	1,003
Goodwill	9	2,716	2,632
Investments in equity instruments	10	99	97
Other non-current assets	11	278	279
Deferred income taxes		51,291	60,776
Total non-current assets		358,292	377,026
Current Assets:			
Inventories	12	46,039	44,574
Trade and other receivables	13	87,295	60,509
Due from related companies	14	-	18
Restricted cash	15	727	2,643
Cash and cash equivalents	15	56,102	17,821
Total current assets		190,163	125,565
TOTAL ASSETS		548,455	502,591
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Parent Company			
Share capital		1,000	1,000
Share premium		4,547	4,547
Other reserves		459	459
Land revaluation surplus		34,201	34,201
Reversal of fixed assets statutory revaluation surplus		(44,410)	(44,410)
Legal, tax free and special reserves		52,016	52,016
Retained earnings		347,206	283,789
Other components of equity		(27,943)	(28,358)
Total Equity		367,076	303,244
Non-Current Liabilities			
Interest-bearing loans and borrowings	16	44,919	104,291
Provision for staff retirement indemnities		2,406	2,225
Deferred income taxes		14,886	18,122
Non-current liabilities from finance leases	8	1,387	2,011
Total non-current liabilities		63,598	126,649
Current Liabilities:			
Trade accounts payable	17	41,013	25,730
Due to related companies	14	354	100
Short-term borrowings	18	-	-
Income taxes payable		5,260	5,026
Accrued and other current liabilities	19	70,284	41,007
Current liabilities from leases	8	870	835
Total current liabilities		117,781	72,698
Total liabilities		181,379	199,347
TOTAL EQUITY AND LIABILITIES		548,455	502,591

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(All amounts in thousands of U.S. dollars)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings/ (losses)	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2023 (Audited)	1,000	4,547	34,201	(44,410)	52,016	459	283,789	(521)	(27,837)	303,244
Profit for the period	-	-	-	-	-	-	91,417	-	-	91,417
Other comprehensive loss	-	-	-	-	-	-	-	(52)	468	416
Total comprehensive income/(loss)	-	-	-	-	-	-	91,417	(52)	468	91,833
Dividends distribution	-	-	-	-	-	-	(28,000)	-	-	(28,000)
Balance, September 30, 2024 (Unaudited)	1,000	4,547	34,201	(44,410)	52,016	459	347,206	(573)	(27,369)	367,076

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(All amounts in thousands of U.S. dollars)

	Share capital	Share premium	Land revaluation surplus	Reversal of fixed assets statutory revaluation surplus	Legal, tax free and special reserves	Other reserves	Retained earnings/ (losses)	Actuarial gains/ (losses)	Foreign exchange gains/ (losses)	Total equity
Balance December 31, 2022 (Audited)	1,000	4,547	34,201	(44,410)	52,016	459	264,131	(275)	(29,542)	282,127
Profit for the period	-	-	-	-	-	-	80,760	-	-	80,760
Other comprehensive loss	-	-	-	-	-	-	-	36	(422)	(386)
Total comprehensive income/(loss)	-	-	-	-	-	-	80,760	36	(422)	80,374
Dividends distribution	-	-	-	-	-	-	(40,000)	-	-	(40,000)
Balance, September 30, 2023 (Unaudited)	1,000	4,547	34,201	(44,410)	52,016	459	304,891	(239)	(29,964)	322,501

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(All amounts in thousands of U.S. dollars)

(UNAUDITED)

	Notes	September 30,	
		2024	2023
Operating Activities:			
Profit before income taxes		116,368	104,064
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	4	21,671	22,155
Amortization of right-of-use leased assets	4, 8	610	617
Provision for staff retirement indemnities	3	398	554
Provision for doubtful account receivable	5, 13	68	4
Financial income	6	(1,615)	(4,332)
Financial expenses	6	4,406	12,311
Finance leasing interest expense	6	48	60
Loss/(gain) on disposal of property, plant and equipment		2,145	3,532
Operating profit before working capital changes		144,099	138,965
(Increase)/Decrease in:			
Inventories	12	(1,465)	4,142
Trade and other receivables	13	(26,854)	(13,961)
Due from related companies	14	18	236
Restricted cash	15	1,916	-
Increase/(Decrease) in:			
Trade accounts payable	17	15,283	(1,282)
Due to related companies	14	254	442
Accrued and other current liabilities	19	31,183	5,259
Working capital changes		20,335	(5,164)
Income taxes paid		(18,396)	(11,813)
Payment of staff indemnities		(317)	(621)
(Increase)/decrease in other non-current assets	11	1	13
Net Cash from/(used in) Operating Activities		145,723	121,380
Investing Activities:			
Capital expenditure for property, plant and equipment		(14,513)	(7,687)
Additions to intangible assets		(216)	(119)
Proceeds from disposal of property, plant and equipment		676	277
Investments		-	65,000
Interest and other related income received	6	1,615	3,617
Net Cash from/(used in) Investing Activities		(12,438)	61,088
Financing Activities:			
Repurchase of bonds	16	(60,000)	(107,493)
Payment of leased liabilities	8	(671)	(670)
Interest paid		(5,693)	(15,574)
Dividends and share premium paid to equity holders of the parent		(28,000)	(40,000)
Net Cash from/(used in) Financing Activities		(94,364)	(163,737)
Net increase/(decrease) in cash and cash equivalents		38,921	18,731
Effect of exchange rates changes on cash		(640)	34
Cash and cash equivalents at beginning of period	15	17,821	73,737
Cash and cash equivalents at September 30	15	56,102	92,502

The accompanying notes are an integral part of these financial statements.

FAGE INTERNATIONAL S.A.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Amounts in all tables and notes are presented in thousands of U.S. dollars, unless otherwise stated)

1. CORPORATE INFORMATION:

FAGE International S.A. (“FAGE International”) is a corporation organized under the laws of the Grand Duchy of Luxembourg on September 25, 2012. Its registered office is located at 145, Rue du Kiem, L-8030 Strassen, Grand Duchy of Luxembourg. FAGE International has a share capital of \$1,000 and is registered with the Luxembourg Register of Commerce and Companies under number B 171651.

References to the “Group” include, unless the context requires otherwise, FAGE International and its wholly owned subsidiaries consolidated therewith:

- FAGE USA Dairy Industry, Inc., United States
- FAGE Greece Dairy Industry Single Member S.A., Greece
- FAGE U.K. Limited, United Kingdom

The FAGE Group operates principally in the United States, the Hellenic Republic, also known as Greece, Luxembourg and, directly or through its subsidiaries, elsewhere in Europe and the rest of the world.

2. BASIS OF PRESENTATION:

- (a) **Basis of Preparation of Financial Statements:** The accompanying interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) (“IFRS”).

They have been prepared under the historical cost convention except for the measurement of investments in equity instruments initially designated at fair value through other comprehensive income, derivative financial instruments and land, which have been measured at fair value. These interim condensed consolidated financial statements have been prepared by management in accordance with International Accounting Standard (“IAS”) 34 (Interim Financial Reporting). The interim condensed consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as of and for the year ended December 31, 2023. The interim condensed consolidated financial statements are presented in thousands of U.S. dollars, except when otherwise indicated.

The preparation of financial statements, in accordance with IFRS, requires the use of critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies which have been adopted. The areas involving a higher degree of judgment or complexity, and areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.6 to the consolidated financial statements included in the 2023 Annual Report.

- (b) **Significant Accounting Policies:** The interim condensed consolidated financial statements have been prepared using accounting policies consistent with those adopted for the preparation of the Group’s annual consolidated financial statements as of and for the year ended December 31, 2023 and which are comprehensively presented in the notes to the annual financial statements.
- (c) **Basis of consolidation:** The consolidated financial statements comprise the financial statements of FAGE International and its subsidiaries as at September 30, 2024.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interest (“NCI”) even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary,
- Derecognizes the carrying amount of any non-controlling interest,
- Derecognizes the cumulative translation differences, recorded in equity,
- Recognizes the fair value of the consideration received,
- Recognizes the fair value of any investment retained,
- Recognizes any surplus or deficit in profit or loss, and
- Reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

- (d) **Climate change:** The Group is currently working to define its sustainability targets. Based on the information currently available, climate change is expected to have a minimal impact on the Group’s operations. Although the financial impact of these risks has not yet been quantified, they are not expected to have a material impact on the carrying amounts of assets and liabilities. The Group does not currently foresee material financial impacts to the value of property, plant, and equipment, trademarks, goodwill or any of its other assets as a result of climate change. Management will continue to assess the impact of climate change.

- (e) **Changes in Accounting Policies and Disclosures**

(Amounts in all tables and notes are presented in thousands of U.S. dollars, unless otherwise stated)

New and Amended Standards and Interpretations

Several amendments and interpretations apply for the first time in 2024 but do not have an impact on the consolidated financial statements of the Group except for the below change in accounting policy in IAS 19. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Classification of Liabilities as Current or Non-Current – Amendments to IAS 1

These amendments are effective for annual periods beginning on or after January 1, 2024 and have been endorsed by the EU. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period, that classification is unaffected by the likelihood that an entity will exercise its deferral right and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification. The amendments do not have an impact on the Group's consolidated financial position or results of operations.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments do not have an impact on the Group's consolidated financial position or results of operations.

Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not applicable to the Group's consolidated financial position or results of operations.

(f) Standards issued but not yet effective and not early adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

• **The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – Amendments to IAS 21**

In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21). The amendments to IAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. Management is of the opinion that the amendments are not applicable to the Group's consolidated financial position or results of operations.

**Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
(EFRAG endorsement date is June 27, 2024)**

In May 2023, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). The amendments to IFRS 9 and IFRS 7 clarify that a financial liability is derecognized on the "settlement date", i.e., when the related obligation is discharged, cancelled, or expires or the liability otherwise qualifies for derecognition. The amendments also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before the settlement date if certain conditions are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture (not applicable).

FAGE INTERNATIONAL S.A.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Amounts in all tables and notes are presented in thousands of U.S. dollars, unless otherwise stated)

IFRS 18 – Presentation and Disclosure in Financial Statements
Effective for annual periods beginning on or after January 1, 2027 (not yet endorsed by EU)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces changes in the presentation of the statement of profit or loss, the statement of financial position, the statement of cash flows and the notes thereto. The new standard includes, for the first time, rules around how the management-defined performance measures are computed. Given the importance of such changes, the Company will be analyzing and assessing any potential impact on its financial statements before the standard will become applicable. The Group does not intend to adopt the standard before its effective date.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures
Effective for annual periods beginning on or after January 1, 2027 (not yet endorsed by EU)

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after January 1, 2027. The Group has no subsidiaries falling within the scope of this standard and hence does not anticipate for it to be relevant for any of its affiliates.

FAGE INTERNATIONAL S.A.
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Amounts in all tables and notes are presented in thousands of U.S. dollars, unless otherwise stated)

3. PAYROLL COST:

Payroll cost in the accompanying interim condensed consolidated financial statements is analyzed as follows:

	September 30,	
	2024	2023
Wages and salaries	39,411	35,303
Social security costs	4,296	3,906
Provision for staff retirement indemnities	398	554
Other staff costs	5,201	4,456
Total payroll	49,306	44,219
Less: amounts charged to cost of production	(25,065)	(22,540)
amounts capitalized to tangible and intangible assets	(491)	(836)
Payroll expensed (Note 5)	23,750	20,843

The Group's total number of employees as of September 30, 2024 and 2023, was approximately 821 and 774, respectively.

Amounts paid to directors and executive officers included in payroll are described in Note 5.

4. DEPRECIATION AND AMORTIZATION:

Depreciation and amortization in the accompanying interim condensed consolidated financial statements is analyzed as follows:

	September 30,	
	2024	2023
Depreciation of property, plant and equipment	21,522	21,997
Amortization of right-of-use leased assets (Note 8)	610	617
Amortization of intangible assets	148	158
Total depreciation and amortization	22,280	22,772
Less: amounts charged to cost of production	(18,356)	(18,976)
Depreciation and amortization expensed (Note 5)	3,924	3,796

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES:

Selling, general and administrative expenses in the accompanying consolidated financial statements are analyzed as follows:

	September 30,	
	2024	2023
Shipping and handling costs	39,329	34,480
Advertising costs	45,574	33,799
Third party fees	6,793	5,061
Payroll (Note 3)	23,750	20,843
Depreciation and amortization (Note 4)	3,924	3,796
Repairs and maintenance	1,348	861
Travel and entertainment	616	521
Allowance for doubtful accounts (Note 13)	68	4
Other	7,632	6,522
Total	129,034	105,887

Compensation paid to directors and executive officers for the nine months ended September 30, 2024 and 2023, included in payroll and third party fees, amounted to \$8,490 and \$7,449, respectively. Of these amounts, \$5,858 and \$4,870 have been paid to the members of the Filippou family for the nine months ended September 30, 2024 and 2023, respectively.

6. FINANCIAL INCOME AND EXPENSES:

Financial income/(expenses) in the accompanying consolidated financial statements is analyzed as follows:

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	September 30,	
	2024	2023
Financial expenses on loans and borrowings (Note 16)	(4,182)	(12,143)
Interest on short-term borrowings (Note 18)	(100)	(100)
Amortization of fees for revolving credit facility (Note 18)	(39)	(36)
Finance leasing interest expense (Note 8)	(48)	(60)
Other	(85)	(32)
Total financial expenses	(4,454)	(12,371)
Interest earned on cash at banks and on time deposits (Note 15)	1,615	4,332
Total financial income	1,615	4,332
Total financial income/(expense), net	(2,839)	(8,039)

7. INCOME TAXES:

In accordance with Luxembourg tax regulations, the corporate tax rate applied by companies for fiscal years 2024 and 2023 is 24.94%.

Income tax expense reflected in the accompanying consolidated statements of profit or loss is analyzed as follows:

	September 30,	
	2024	2023
Income taxes:		
Current income tax expense	18,630	15,928
Deferred income tax (benefit)/expense	6,321	7,376
Total income tax expense/(benefit)	24,951	23,304

8. FINANCE LEASES AND LIABILITIES:

The impact of IFRS 16 adoption for the nine months ended September 30, 2024 and 2023, is as follows:

	September 30,	
	2024	2023
Assets		
Right-of-use leased assets January 1	2,706	3,080
New right-of-use leased asset	13	423
Amortization of right-of-use leased assets (Note 4)	(610)	(617)
Write-downs	-	(21)
Foreign currency remeasurement	9	(12)
Right-of-use leased assets September 30	2,118	2,853
Liabilities		
Total liabilities from finance leases January 1	2,846	3,202
New liabilities from finance lease	28	442
Liabilities from finance lease – rental expenses	(671)	(670)
Interest expenses from finance leases (Note 6)	48	60
Write-downs	-	(21)
Foreign currency remeasurement	6	(10)
Total liabilities from finance leases September 30	2,257	3,003
Analyzed to:		
Non-current liabilities from finance leases	1,387	2,184
Current liabilities from finance leases	870	819
Total liabilities from finance leases September 30	2,257	3,003

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	September 30,	
	2024	2023
Impact on Profit or Loss Statement		
Interest expenses from leases	(48)	(60)
Amortization of right-of-use leased assets	(610)	(617)
Liabilities from leases – rental expenses	671	670
Gross Impact on Profit or Loss Statement September	13	(7)
Deferred tax	(3)	2
Net Impact on Profit or Loss Statement September	10	(5)

9. CONSOLIDATED SUBSIDIARIES AND GOODWILL:

CONSOLIDATED SUBSIDIARIES

The consolidated financial statements as of September 30, 2024, include the financial statements of FAGE International and its subsidiaries listed below:

	Equity interest	Country of	
	September 30,	incorporation	
	2024		
FAGE USA Dairy Industry, Inc.	100.0%	USA	U.S. operating subsidiary with its primary activity being the operation of the Group's U.S. production facility and the distribution of its products in the U.S.
FAGE Greece Dairy Industry Single Member S.A.	100.0%	Greece	Greek operating subsidiary with its primary activity being the operation of the Group's Greek production facilities and distribution of its products in Greece.
FAGE U.K. Limited	100.0%	United Kingdom	Distribution network covering the United Kingdom.

GOODWILL

The carrying value of goodwill reflected in the accompanying consolidated statements of financial position is analyzed as follows:

	September 30,	December 31,
	2024	2023
Foods Hellas S.A. (FAGE Greece Dairy Industry Single Member S.A.)	1,451	1,432
FAGE U.K. Limited	1,265	1,200
Total	2,716	2,632

Goodwill is tested annually for impairment in December of each year or more frequently when circumstances indicate that the carrying value maybe impaired. The Group has identified two cash generating units, the European and the U.S.

The annual impairment test for goodwill was based on the value in use approach as described in Note 2.6(d) of the 2023 Annual Report, which was used to determine the recoverable amount of the cash generating units of the Group to which goodwill is allocated. Cash flow projections are based on financial forecasts approved by management covering a five-year period. The pre-tax discount rate applied to cash flow projections was 11.28% and cash flows beyond the five-year period were extrapolated using a 0.0% growth rate which is the expected average growth rate for the specific industry.

Management did not identify any impairment at the Group level as a result of this test.

Sensitivity to changes in assumptions

With regard to the assessment of value in use of the cash generating units of the Group, management believes that a reasonable change in any of the above key assumptions would not cause the current value of these cash generating units to materially exceed their recoverable amounts.

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10. INVESTMENTS IN EQUITY INSTRUMENTS:

Investments in equity instruments are analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Shares—unlisted:		
Packing Hellas Development S.A.	99	97
Total investments in equity instruments	99	97

Investments in equity instruments are initially designated at fair value through other comprehensive income and consist of investments in ordinary and preferred shares and, therefore, have no fixed maturity date or coupon rate.

The aforementioned investments are carried at their fair value with the difference in the fair values reflected in other comprehensive income/(loss) (no recycling) unless a significant or prolonged decline exists in which case they are recycled through the consolidated statement of profit or loss.

11. OTHER NON-CURRENT ASSETS:

Other non-current assets are analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Utility deposits	158	158
Other	120	121
	278	279

12. INVENTORIES:

Inventories are analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Merchandise	345	241
Finished and semi-finished products	17,078	16,897
Raw materials and supplies	28,616	27,436
	46,039	44,574

13. TRADE AND OTHER RECEIVABLES:

Trade and other receivables are analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Trade:		
—In U.S. dollars	44,023	31,213
—In foreign currencies	41,383	29,029
	85,406	60,242
—Less: allowance for doubtful accounts	(1,556)	(1,452)
	83,850	58,790
Other:		
—Value added tax	1,299	1,292
—Prepaid expenses	1,943	1,495
—Advances to suppliers	1,727	162
—Various debtors	145	417
	5,114	3,366
—Less: allowance for doubtful accounts	(1,669)	(1,647)
	3,445	1,719
	87,295	60,509

The change in the allowance for doubtful accounts between December 31, 2023 and September 30, 2024 was as follows:

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	<u>Trade</u>	<u>Other</u>	<u>Total</u>
Balance at December 31, 2023	1,452	1,647	3,099
Provision (Note 5)	68	-	68
Utilization	(2)	-	(2)
Foreign currency remeasurement	38	22	60
Balance at September 30, 2024	1,556	1,669	3,225

Due to the prolonged and complex legal procedures in Greece, it is not unusual for the collection process to take three to five years before a case is finalized.

14. RELATED PARTIES:

The Group purchases goods and services from and makes sales of goods to certain related companies in the ordinary course of business. Such related companies consist of affiliates or companies which have common ownership and/or management with the Group.

Account balances with related companies are as follows:

	<u>September 30,</u>	<u>December 31,</u>
	<u>2024</u>	<u>2023</u>
Due from:		
- EMFI S.A.	-	18
	-	18
Due to:		
- Mornos S.A.	334	78
- Vis S.A.	20	22
	354	100

Transactions with related companies for the nine months ended September 30, 2024 and 2023, are analyzed as follows:

	<u>Purchases from</u>		<u>Sales to</u>	
	<u>related parties</u>		<u>related parties</u>	
	<u>Nine months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Inventories, materials and supplies				
- Mornos S.A.	9,799	8,686	9	9
- Vis S.A.	655	554	2	4
- EMFI S.A.	-	-	50	120
- Dimitrios Nikolou Single Member P.C.	-	-	-	4
	10,453	9,240	62	137
Other services				
- Iota Alpha Phi S.à r.l.	-	-	22	21
- Kappa Alpha Phi S.à r.l.	-	-	22	21
- Iota Phi S.à r.l.	-	-	26	26
- Kappa Phi S.à r.l.	-	-	26	26
- Dimitrios Nikolou Single Member P.C.	-	7	-	-
	-	7	97	94
Total	10,453	9,247	159	231

Purchases of inventories, materials and supplies from related parties represent approximately 4.2% and 4.6% of the Group's total purchases for the nine months ended September 30, 2024 and 2023, respectively.

Other services from related parties represent approximately 0.0% and 0.0% of the Group's total costs for the nine months ended September 30, 2024 and 2023, respectively.

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15. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are analyzed as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cash in hand	28	20
Cash at banks	56,074	17,801
	<u>56,102</u>	<u>17,821</u>

Cash at banks earn interest at floating rates based on monthly bank deposit rates. Interest earned on cash at banks and time deposits is accounted for on an accrual basis and amounted to \$1,615 and \$4,332 for the nine months ended September 30, 2024 and 2023, respectively, and is included in financial income in the accompanying consolidated statements of profit or loss (Note 6).

Cash and cash equivalents for the Group at September 30, 2024 consisted of \$10,063 denominated in foreign currencies and \$46,039 in U.S. dollars (\$8,901 and \$8,920, respectively, at December 31, 2023).

The restricted cash at September 30, 2024 amounted to \$727 (and \$2,643 as at December 31, 2023) and is related to ongoing legal proceedings.

16. INTEREST BEARING LOANS AND BORROWINGS:

Interest bearing loans and borrowings are analyzed as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Senior Notes due 2026	420,000	420,000
Less: Bond repurchases	(375,017)	(315,017)
Total long-term debt	44,983	104,983
Less: Unamortized issuance costs	(64)	(692)
	<u>44,919</u>	<u>104,291</u>

On August 3, 2016, the Group completed the issuance of debt securities (the Senior Notes) at an aggregate face amount of \$420 million with maturity date on August 15, 2026. The Senior Notes bear interest at a rate of 5.625% per annum, payable semi-annually in arrears on each February 15 and August 15 commencing on February 15, 2017. The Senior Notes are redeemable, in whole or in part, at the option of the Group, at any time on or after August 15, 2021. During 2021 and 2020, the Group consummated open market repurchases, redemptions and cancellations of its Senior Notes totaling \$123,975 and \$7,660, respectively, reducing the amount of the Senior Notes at each of December 31, 2022 and 2021, to an aggregate face amount of \$288,365. During 2023, the Group consummated open market repurchases, redemptions and cancellations of its Senior Notes totaling \$183,382, reducing the amount of the Senior Notes at December 31, 2023 to an aggregate face amount of \$104,983. During 2024, the Group consummated open market repurchases, redemptions and cancellations of its Senior Notes totaling \$60,000, reducing the amount of the Senior Notes at September 30, 2024 to an aggregate face amount of \$44,983. The indebtedness evidenced by the Senior Notes constitutes a general unsecured senior obligation of FAGE International and ranks *pari passu* in right of payment with all other senior indebtedness and ranks senior in right of payment to all subordinated indebtedness of FAGE International.

The Senior Notes Indenture contains certain covenants that, among other things, limit the type and amount of additional indebtedness that may be incurred by FAGE International and its subsidiaries and impose certain limitations on investments, loans and advances, sales or transfers of assets, liens, dividends and other payments, the ability of FAGE International and its subsidiaries to enter into sale-leaseback transactions, certain transactions with affiliates and certain mergers. The Group was in compliance with the terms of the Senior Notes Indenture as of September 30, 2024.

Finance expenses on the Group's interest-bearing loans and borrowings for the nine months ended September 30, 2024 and 2023, amounted to \$4,182 and \$12,143, respectively, and are included in financial expenses in the accompanying consolidated statements of profit or loss (Note 6).

The annual principal payments required to be made on all loans subsequent to September 30, 2024 and December 31, 2023 are as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
2 – 5 years	44,983	104,983
Over 5 years	-	-
	<u>44,983</u>	<u>104,983</u>

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17. TRADE ACCOUNTS PAYABLE:

Trade accounts payable are analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Suppliers in U.S. dollars	24,287	17,028
Suppliers in other currencies	16,726	8,702
	<u>41,013</u>	<u>25,730</u>

18. SHORT-TERM BORROWINGS:

Short-term borrowings are draw-downs under a line of credit maintained by the Group. The use of these facilities is presented below:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Credit lines available	35,000	35,000
Unused credit lines	(35,000)	(35,000)
Short-term borrowings	<u><u>-</u></u>	<u><u>-</u></u>

As of September 30, 2024 and December 31, 2023, the Group had no short-term borrowings.

Interest on short-term borrowings for the nine months ended September 30, 2024 and 2023, totaled \$100 and \$100, respectively, for the Group and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 6).

Amortization of fees for the revolving credit facility of FAGE USA Dairy Industry, Inc. for the nine months ended September 30, 2024 and 2023, amounted to \$39 and \$36, respectively, and is included in interest expense in the accompanying consolidated statements of profit or loss (Note 6).

The available credit line for the FAGE Group as of September 30, 2024 amounted to \$35,000 all of which was provided by Citibank, N.A. in the United States and secured by accounts receivable and certain inventory of FAGE USA Dairy Industry, Inc.

19. ACCRUED AND OTHER CURRENT LIABILITIES:

The amount reflected in the accompanying consolidated statements of financial position is analyzed as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Taxes withheld:		
Payroll	2,359	504
Third parties	121	328
Other	458	279
	<u>2,938</u>	<u>1,111</u>
Advances from customers	81	162
Accrued interest	319	2,225
Social security funds payable	661	1,007
Accrued and other liabilities	66,285	36,502
	<u>67,265</u>	<u>39,734</u>
	<u>70,284</u>	<u>41,007</u>

Accrued and other liabilities include provisions for ongoing legal proceedings of \$32,662 and \$19,576 as at September 30, 2024 and December 31, 2023, respectively.

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20. SEGMENT INFORMATION:

The Group produces dairy products and operates primarily in the United States, Greece and other European countries. Due to the nature of the products and the manner in which they are marketed to customers, the business is operated and managed as one business segment distinguished between the European operations and the U.S. operations. Accordingly, no operating results by individual or group of products are produced and neither are the Group's assets and liabilities analyzed by various product groups. Intra-segment balances and transactions have been eliminated on consolidation.

Segment information for the nine months ended September 30, 2024 and 2023, is analyzed as follows:

	Nine months ended September 30, 2024		
	European operations	U.S. operations	Consolidated
Revenues			
Net sales to external customers	212,009	352,270	564,279
Profit before income taxes	41,426	74,942	116,368
Income tax expense	8,889	16,062	24,951
Segment result net profit	32,536	58,881	91,417
Income tax expense	8,889	16,062	24,951
Depreciation and amortization	4,851	17,430	22,281
Financial expenses/(income), net	3,444	(605)	2,839
Other segment information:			
Capital expenditures:			
Tangible and intangible fixed assets	5,238	9,491	14,729

	Nine months ended September 30, 2023		
	European operations	U.S. operations	Consolidated
Revenues			
Net sales to external customers	184,912	292,388	477,300
Profit before income taxes	47,399	56,665	104,064
Income tax expense	(11,229)	(12,075)	(23,304)
Segment result net profit	36,170	44,590	80,760
Income tax expense	(11,229)	(12,075)	(23,304)
Depreciation and amortization	4,841	17,931	22,772
Financial expenses/(income), net	7,730	309	8,039
Other segment information:			
Capital expenditures:			
Tangible and intangible fixed assets	3,811	3,995	7,806

The following table presents segment assets and liabilities of the Group as at September 30, 2024 and December 31, 2023.

September 30, 2024	European operations	U.S. operations	Consolidated
Segment assets	235,077	313,378	548,455
Segment liabilities	117,102	64,277	181,379
December 31, 2023	European operations	U.S. operations	Consolidated
Segment assets	216,193	286,398	502,591
Segment liabilities	152,447	46,900	199,347

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21. CONTINGENCIES AND COMMITMENTS:

(a) Litigation and claims:

- (i) From time to time, lawsuits have been filed against FAGE Greece by dairy farmers who supplied the company during the period from 2001 to 2007, claiming damages and loss of income due to alleged violations of the rules of Greek anti-trust law relating to FAGE Greece's case with the Hellenic Competition Commission, which was irrevocably closed in 2013. The Group believes it has recognized adequate and sufficient provisions for any probable costs for these lawsuits.
- (ii) The Group is involved in various other legal proceedings incidental to the conduct of its business and its organizational structure. Management does not believe that the outcome of any of these other legal proceedings will have a material adverse effect on the Group's financial condition or results of operations. The Group maintains product liability insurance that it believes is adequate at the present time in light of the Group's prior experience.

(b) Commitments:

(i) Letters of Guarantee:

At each of September 30, 2024 and December 31, 2023, the Group had outstanding bank letters of guarantee in favor of various parties amounting to \$18. Such guarantees have been provided for the good execution of agreements.

(ii) Investment in the United States:

To remain current in the U.S. market, the Group is engaged in modifications to the Johnstown facility. The Group has signed agreements with various suppliers and contractors related to these modifications. Future minimum amounts payable under these agreements as at September 30, 2024 amounted to \$10,013, all of which is due within the next twenty-four months. Of the total future amounts payable, \$7,819 is denominated in Euro.

(iii) Investment in the Netherlands:

The Group has decided to construct a new manufacturing facility in the Netherlands to meet increasing European demand. The Group has signed agreements with various suppliers and contractors related to this construction. Future minimum amounts payable under these agreements as at September 30, 2024 amounted to \$1,937, all of which are denominated in Euro. Most of these amounts are due between one and five years.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES:

(a) Credit Risk:

The Group's maximum exposure to credit risk, due to the failure of counterparties to perform their obligations as at each of September 30, 2024 and December 31, 2023, in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the accompanying consolidated statement of financial position. Concentrations of credit risks are limited with respect to receivables due to the large number of customers comprising the Group's customer base. The Group generally does not require collateral or other security to support customer receivables. There was no customer that accounted for more than 5.5% of the Group's revenue or receivables for the nine months ended September 30, 2024.

(b) Financial Instruments:

Set forth below is a comparison by category of carrying amounts and fair values as of September 30, 2024 and December 31, 2023, of all of the financial instruments that are carried in the consolidated financial statements:

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	Carrying amount		Fair value	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
<i>Non-financial assets</i>				
Land	39,413	38,910	39,413	38,910
<i>Financial assets</i>				
Cash and cash equivalents	56,102	17,821	56,102	17,821
Investments in equity instruments	99	97	99	97
Trade and other receivables	87,295	60,509	87,295	60,509
Due from related companies	-	18	-	18
<i>Financial liabilities</i>				
Interest-bearing loans and borrowings	44,919	104,291	44,646	102,238
Trade accounts payable	41,013	25,730	41,013	25,730
Due to related companies	354	100	354	100
Accrued and other liabilities	70,284	41,007	70,284	41,007

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuing technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Fair value		Fair value hierarchy
	September 30, 2024	December 31, 2023	
<i>Financial assets:</i>			
Investments in equity instruments	99	97	Level 2
<i>Financial liabilities:</i>			
Fixed-rate borrowings	44,646	102,238	Level 1