

FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A.

Registered office: VIA BERLINO 39 VERDELLINO (BG)
Registered in the BERGAMO Companies Register
Tax code and company reference number: 09320600969
Registered in the BERGAMO REA no. 454184
Subscribed share capital € 22,770,445.02 Fully paid up
VAT number: 09320600969



Interim Financial Report as of 31 March 2024

15 May 2024 Board of Directors

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CORPORATE POSITIONS

Board of Directors

Chairman and CEO

Marco Francesco Eigenmann

CEO

Giorgio Ferraris

Directors

Ada Imperadore

Adriano Pala Ciurlo

Chiara Mediolì

Marco Costaguta

Susanna Pedretti

Board of Statutory Auditors

Chairperson

Laura Soifer

Statutory Auditors

Luca Manzoni

Mario Tagliaferri

Auditing Company

EY S.p.A.

Manager responsible for preparing the Company's Financial Reports

Pietro Bassani

Appointed by the Board of Directors on 21 April 2021 under Article 27-bis of the Articles of Association.

Committees

Control and Risk Committee

Ada Imperadore

Susanna Pedretti

Supervisory Body

Cristiana Renna

Paolo Villa

Susanna Pedretti

Remuneration Committee

Ada Imperadore

Susanna Pedretti

Related Party Committee

Ada Imperadore

Susanna Pedretti

Environmental, Social and Governance (ESG) Committee

Ada Imperadore

Chiara Mediolì

Giorgio Ferraris

Consolidated income statement

<i>(amounts in € units)</i>	3 months 31 March 2024	3 months 31 March 2023
Revenues and income		
Revenues from contracts with customers	65,564,696	65,560,388
Other revenue and income	264,086	228,337
Total revenues	65,828,782	65,788,725
Operating costs		
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	38,426,273	39,416,667
Personnel costs	11,634,821	11,161,688
Costs for services	6,337,369	6,781,231
Other operating costs	565,724	480,458
Amortisation, depreciation, and impairment losses	3,796,105	3,748,501
Total operating costs	60,760,292	61,588,546
Operating result	5,068,490	4,200,180
Changes in fair value of financial assets and liabilities	(19,496)	1,101,887
Financial income	8,336	20,086
Financial charges	(1,083,042)	(1,054,022)
Income before taxes	3,974,288	4,268,131
Income taxes	1,156,496	1,361,792
Profit/(loss) for the financial year	2,817,791	2,906,338

Consolidated comprehensive income statement

<i>(amounts in € units)</i>	3 months 31 March 2024	3 months 31 March 2023
Profit/(loss) for the financial year (A)	2,817,791	2,906,338
Components that will not be subsequently reclassified to profit/(loss) for the financial year		
Revaluation of net employee benefit liabilities/assets	-	-
Tax effect	-	-
Other comprehensive income (B) components	-	-
Comprehensive profit/(loss) (A+B)	2,817,791	2,906,338

Consolidated statement of financial position

	As of 31 March	As of 31 December
<i>(amounts in € units)</i>	2024	2023
Assets		
Non-current assets		
Property, plant and machinery	108,684,299	106,919,123
Goodwill	11,507,954	11,507,954
Other intangible fixed assets	1,676,951	1,634,888
Rights of use	3,088,138	3,165,607
Other non-current assets	626,614	688,139
Deferred tax assets	5,496,079	6,234,232
Total non-current assets	131,080,036	130,149,943
Current assets		
Inventories	40,004,751	42,459,682
Trade receivables	43,903,752	38,057,766
Tax receivables	17,967	320,689
Other current assets	8,634,167	7,740,856
Current financial assets	3,466,976	3,832,865
Cash and other liquid assets	13,888,641	19,000,047
Total current assets	109,916,253	111,411,905
Total assets	240,996,289	241,561,848
Shareholders' equity		
Share Capital	22,770,445	22,770,445
Other reserves	114,048,701	114,167,028
Employee benefit reserve	181,073	181,073
FTA reserve	(6,669,789)	(6,669,789)
Profits/(losses) carried forward	(3,499,489)	22,610
Profit/(loss) for the financial year	2,817,791	(3,522,098)
Total Shareholders' Equity	129,648,732	126,949,268
Non-current liabilities		
Non-current bank borrowings	41,324,409	9,734,877
Employee benefits	2,208,636	2,201,653
Provision for risks and charges	2,105	2,105
Provision for deferred taxes	273,475	263,381
Non-current lease payables	957,221	1,032,604
Total non-current liabilities	44,765,846	13,234,620
Current liabilities		
Current bank borrowings	18,309,960	55,269,592
Trade payables	33,200,566	32,369,462
Taxes payable	1,010,761	575,488
Current lease payables	332,581	354,377
Other current liabilities	13,727,843	12,809,041
Total current liabilities	66,581,711	101,377,960
Total Shareholders' equity and Liabilities	240,996,289	241,561,848

Consolidated cash flow statement

	3 months 31 March 2024	3 months 31 March 2023
PROFIT FROM OPERATING ACTIVITIES AFTER TAX	2,817,791	2,906,338
Adjustments to reconcile profit after tax with net cash flows:		
Depreciation and impairment of property, plant and machinery	3,483,403	3,357,350
Amortisation and impairment of intangible fixed assets	196,420	196,564
Amortisation of rights of use	116,283	194,588
Financial income	107,537	(20,086)
Financial charges	954,028	1,036,765
Changes in fair value of financial assets and liabilities	19,496	(1,101,887)
Financial charges on financial liabilities for leases	13,141	17,257
Income taxes	408,250	1,322,783
Gains on the disposal of property, plant and machinery	(23,926)	15,709
Current assets write-downs	304,524	238,825
Net change in severance indemnity and pension funds	6,982	(122,835)
Net change in deferred tax assets and liabilities	748,246	39,010
Interest paid	(1,074,706)	(1,021,690)
Changes in net working capital:		
(Increase)/decrease in inventories	2,398,005	(8,951,249)
(Increase)/decrease in trade receivables	(6,093,584)	(12,438,848)
(Increase)/decrease in other non-financial assets and liabilities	416,762	1,637,920
Increase/(decrease) in trade payables	831,104	8,552,478
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,629,756	(4,141,009)
Investments:		
Investments in tangible fixed assets	(5,304,285)	(4,586,163)
Disposal of tangible fixed assets	79,632	5,369
Investments in intangible fixed assets	(238,482)	(256,346)
Net (investments)/disposals in financial assets	195,783	(1,859,409)
NET CASH FLOWS FROM INVESTMENTS	5,267,351	(6,696,550)
Financing:		
New financing	162,734	15,348,796
Funding repayment	(5,382,224)	(12,499,411)
Principal payments - lease liabilities	(135,992)	(163,056)
Sale/(purchase) of treasury shares	(118,327)	(87,963)
CASH FLOWS FROM FINANCING	(5,473,809)	2,598,366
NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,111,405)	(8,239,193)
Cash and short-term deposits as of 1 January	19,000,047	10,232,262
Cash and short-term deposits as of 31 March	13,888,641	1,993,070

Consolidated Shareholders' equity changes

	Share Capital	Legal reserve	Negative reserve for treasury shares in the portfolio	Merger surplus reserve	Share premium reserve	Extraordinary reserve	Other reserves	FTA reserve	Employee benefit reserve	Profits/losses carried forward	Profit/loss for the financial year	Total Shareholders' equity
Balance as of 1 January 2024	22,770,445	5,000,000	(14,021,029)	29,741,389	86,743,750	2,286,638	4,416,281	(6,669,789)	181,073	22,610	(3,522,098)	126,949,268
Profit/(loss) for the financial year											2,817,791	2,817,791
Other income statement components												
Comprehensive profit/(loss)	-	-	-	-	-	-	-	-	-	-	2,817,791	2,817,791
Dividends												-
IRS derivatives provision												-
Purchase of treasury shares			(118,327)									(118,327)
2023 profit allocation										(3,522,098)	3,522,098	-
Balance as of 31 March 2024	22,770,445	5,000,000	(14,139,356)	29,741,389	86,743,750	2,286,638	4,416,281	(6,669,789)	181,073	(3,499,488)	2,817,791	129,648,733

Explanatory Notes

Accounting Standards and consolidation area

The Fine Foods Group's Interim Financial Report as of 31 March 2024 has been prepared under the Stock Exchange Regulations, which set the publication of the Interim Financial Reports as a requirement for maintaining a listing on the MTA - STAR segment.

The Interim Financial Report has been prepared under the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), recognised in the European Union under (EC) Regulation no. 1606/2002 applicable at the end of the period. The accounting standards and assessment criteria adopted to prepare the Interim Financial Report are consistent with those used in the 31 December 2023 Financial Statements to which reference is made.

The scope of consolidation as of 31 March 2024 includes the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. and the subsidiary Euro Cosmetic S.p.A..

The Interim Financial Report as of 31 March 2024 is not subject to auditing by the auditing company.

Net Financial Position

The diagram below shows the net financial debt under Consob recommendation of 21 April 2021 and ESMA32-382-1138 guidelines.

<i>Thousands of Euro</i>	31 March 2024	31 December 2023
A. Liquid assets	13,889	19,000
B. Cash or cash equivalents	-	-
C. Other current financial assets	3,467	3,833
D. Liquidity (A) + (B) + (C)	17,356	22,833
E. Current financial receivables	-	-
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	7,263	7,561
F. Current portion of non-current financial debt	11,380	48,063
G. Current financial debt (E + F)	18,643	55,624
- <i>guaranteed</i>	-	-
- <i>secured by collateral</i>	2,067	2,169
- <i>not guaranteed</i>	16,576	53,454
H. Net current financial debt (G - D)	1,287	32,791
I. Non-current financial debt (excluding current portion and debt instruments)	42,282	10,767
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	42,282	10,767
- <i>guaranteed</i>	-	-

- secured by collateral	7,469	7,484
- not guaranteed	34,812	3,284
M. Total Financial Debt (H + L)	43,569	43,559

As of 31 March 2024, current financial assets were € 3,466,976 (compared to € 3,832,865 as of 31 December 2023). This is detailed below:

(Amounts in Euro units)	31 March 2024	31 December 2023
Other securities	-	154,624
Directors' Severance Pay (TFM) receivables	-	211,265
Leakage receivable	3,466,976	3,466,976
Total current financial assets	3,466,976	3,832,865

In January 2019, the Company appointed a leading Credit Institution to perform a discretionary and individualised management service on an investment portfolio that includes financial instruments and liquidity. In February 2024, the company definitively closed the position.

There are no updates for the Leakage Receivable compared to the Financial Statements as of 31 December 2023.

Reclassified Balance Sheet

For a better understanding of the Company's balance sheet and financial position, a reclassified Balance Sheet is provided below.

Working capital	31 March 2024	31 December 2023
Inventories	40,004,751	42,459,682
Trade receivables	43,903,752	38,057,766
Other current assets	8,652,133	8,061,546
Trade payables	(33,200,566)	(32,369,462)
Other current liabilities	(14,738,604)	(13,384,529)
Provisions for risks and charges / deferred taxes	(275,579)	(265,486)
Total working capital (A)	44,345,887	42,559,517
Fixed assets	31 March 2024	31 December 2023
Tangible fixed assets	108,684,299	106,919,123
Intangible assets and rights of use	16,273,042	16,308,450
Other receivables and non-current assets	6,122,694	6,922,371
Severance Indemnity	(2,208,636)	(2,201,653)
Total fixed assets (B)	128,871,400	127,948,289
Net Invested Capital (A) + (B)	173,217,287	170,507,806
Sources	31 March 2024	31 December 2023
Shareholders' equity	129,648,732	126,949,268

Net financial debt	43,568,555	43,558,538
Total Sources	173,217,287	170,507,806

Net invested capital as of 31 March 2024 was € 173.2 million (€ 170.5 million as of 31 December 2023) and was covered by:

- Shareholders' equity of € 129.6 million (€ 126.9 million as of 31 December 2023);
- Group's Net Financial Position: as of 31 March 2024, it was € 43.6 million, on a par with the NFP of € 43.6 million as of 31 December 2023. The NFP as of 31 March 2024 was stable compared to the previous year-end, mainly due to a positive cash flow from operating activities of about € 5.6 million, net CAPEX made in the period of about € 5.5 million and the purchase of treasury shares for about € 0.1 million.

Working capital as of 31 March 2024 was € 44.3 million compared to € 42.6 million at the end of the previous financial year. The Commercial Net Working Capital of € 50.7 million (compared to € 48.1 million as of 31 December 2023), changed as follows: increase in trade receivables (€ 5.8 million), and trade payables (€ 0.8 million), and a decrease in inventories (€ 2.5 million). Other current receivables and payables decreased by about € 0.8 million.

Tangible Fixed Assets increased by approximately € 1.8 million in Q1 2024, due to net investments of about € 5.3 million and depreciation for the period of € 3.5 million. Intangible fixed assets and rights of use were €16.3 million as of 31 March 2024, in line with the previous year-end. Other non-current receivables and payables decreased by approximately € 0.8 million.

Reclassified Income Statement

To better understand the Company's operating results, a reclassification of the Income Statement is provided below.

Item	31 March 2024	%	31 March 2023	%	Absolute change	% Changes
Revenues from contracts with customers	65,564,696	100%	65,560,388	100%	4,308	0%
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	(38,426,273)	(58.6%)	(39,416,667)	(60.1%)	990,394	(2.5%)
VALUE ADDED	27,138,423	41.4%	26,143,721	39.9%	994,702	3.8%
Other revenue and income	264,086	0.4%	228,337	0.3%	35,749	15.7%
Costs for services	(6,337,369)	(9.7%)	(6,781,231)	(10.3%)	443,862	(6.5%)
Personnel costs	(11,634,821)	(17.7%)	(11,161,688)	(17.0%)	(473,133)	4.2%
Other operating costs	(565,724)	(0.9%)	(480,458)	(0.7%)	(85,266)	17.7%
EBITDA	8,864,595	13.5%	7,948,681	12.1%	915,914	11.5%
Amortisation, depreciation, and impairment losses	(3,796,105)	(5.8%)	(3,748,501)	(5.7%)	(47,604)	1.3%
EBIT	5,068,490	7.7%	4,200,180	6.4%	868,310	20.7%
Financial income	8,336	0%	20,086	0%	(11,751)	(58.5%)
Financial charges	(1,083,042)	(1.7%)	(1,054,022)	(1.6%)	(29,020)	2.8%
Changes in fair value of financial assets and liabilities	(19,496)	(0.0%)	1,101,887	1.7%	(1,121,384)	(101.8%)
INCOME BEFORE TAXES	3,974,288	6.1%	4,268,131	6.5%	(293,843)	(6.9%)
Income taxes	(1,156,496)	(1.8%)	(1,361,792)	(2.1%)	205,296	(15.1%)
Profit (loss) for the financial year	2,817,791	4.3%	2,906,338	4.4%	(88,547)	(3.0%)

The table below shows value-added reconciliations, EBITDA, EBIT, Income before taxes and the profit (loss) for the period. Value-added was determined using the following income statement classification:

	31 March 2024	31 March 2023
Revenues from contracts with customers	65,564,696	65,560,388
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	(38,426,273)	(39,416,667)
Value Added	27,138,423	26,143,721

The diagram below shows the definition of the subtotals for the other income statement items.

	31 March 2024	31 March 2023
Profit (loss) for the financial year	2,817,791	2,906,338
Income taxes	(1,156,496)	(1,361,792)
Income before taxes	3,974,288	4,268,131
Changes in fair value of financial assets and liabilities	19,496	(1,101,887)
Financial charges	1,083,042	1,054,022
Financial income	(8,336)	(20,086)
EBIT	5,068,490	4,200,180
Amortisation, depreciation, and impairment losses	3,796,105	3,748,501
EBITDA	8,864,595	7,948,681

Revenue in Q1 2024 was stable compared to the extraordinary revenue recorded in Q1 2023, and this stability comes after two quarters of unprecedented high revenue.

<i>(Amounts in Euro units)</i>	31 March 2024	31 March 2023
Business Unit - Nutraceuticals	39,844,880	40,692,371
Business Unit - Pharmaceuticals	17,630,830	16,805,902
Business Unit – Cosmetic	8,088,986	8,062,115
Total Revenues from contracts with customers	65,564,696	65,560,388

The Nutraceuticals Business Unit revenue in Q1 2024 was € 39.8 million compared to € 40.7 million in the previous period with a slight decrease of 2.1%.

The Pharmaceuticals Business Unit turnover increased to € 17.6 million as of 31 March 2024, up 4.9% compared to the same period of the previous year, which closed at € 16.8 million.

The contribution of the Cosmetic Business Unit in Q1 2024 was € 8.1 million, an increase of 0.3% compared to the same quarter of the previous year.

Raw material costs on sales revenues, of approximately 58.6%, decreased compared to what was shown in the Interim Financial Report as of 31 March 2023 (60.1%).

Personnel costs amounted to € 11.6 million, with an increase of € 0.5 million compared to the same period in FY 2023.

As of 31 March 2024, EBITDA was € 8.9 million, up sharply from € 7.9 million in the previous financial year (+11.5%).

EBITDA Margin increased from 12.1% in Q1 23 to 13.5% in Q1 24. The margin improvement derived from the reduction in the impact of raw and packaging materials and energy costs.

EBIT like EBITDA benefited from the improved margin of the main cost items rising from € 4.2 million as of 31 March 2023 to € 5.1 million as of 31 March 2024, with an increase of € 0.9 million (+20,7%).

<i>(Amounts in Euro units)</i>	31 March 2024	31 March 2023
Change in fair value of other securities	(19,496)	1,101,887
Total changes in Fair Value on financial assets and liabilities	(19,496)	1,101,887

The "Changes in fair value of other securities" item in 2023 reflected the change in fair value of securities held at a major bank. This asset management was closed in February 2024, recording a slightly negative final effect on the Income Statement.

Income before taxes in Q1 2024 was € 4 million compared to € 4.3 million in the same period of the previous year. This figure was negatively impacted by the absence of the positive effects generated by the asset management mentioned above.

Q1 2024 closed with a profit for the period of € 2.8 million compared to the previous year's result of € 2.9 million.

Events following the end of the period

No significant events occurred after the end of the period.

Business outlook

Despite the current international economic and geopolitical situation, and temporary shifts in some customers' inventory management, the target markets continue to expand. The Group is set on growing its market share and will persist in developing its business across three key sectors: Nutraceuticals, Pharmaceuticals, and Cosmetics by strengthening their operations. Fine Foods will seize any opportunities for growth through external lines.

The Nutra BU commercial strategies implemented, which focus on product quality, innovation, and enhancing customer support services, were confirmed. The Company is preparing a production capacity increase by expanding the current plant, which will bring favourable results on the top line in the 2024-2028 five-year period. Initial investments are expected to start in the second half of the year.

In 2024, the Pharma BU will continue its preparatory activities for the strong growth expected buoyed by significant multi-year agreements signed with key international customers. Work for the production plant expansion started at the end of 2023, and will be completed in 2025. The new site will start generating revenue from 2026.

The Cosmetic BU's organisation, integration, process optimisation and investments made due to increased efficiency and enhanced capacity to fulfil customer demands are showing positive signs. We expect a shift in trends leading to an increase in the top line and profit margins, contributing positively to the Group's results.

The management is confident that the Group's revenue growth and margin improvement historical trends will continue in the upcoming quarters. Along with its financial objectives, the Group intends to continue its sustainability programme in this and future financial years, and serve as a benchmark for customers by assessing products that align with the evolving market demands, which include sustainability.

Verdellino-Zingonia, 15 March 2024

For the Board of Directors
Chairman

Marco Francesco Eigenman

Declaration of the Manager in charge under Article 154-bis of Legislative Decree no. 58/98

Under paragraph 2 of Article 154-bis of Legislative Decree no. 58/1998 (Consolidated Law on Finance - TUF), the Manager in charge of preparing the company's financial reports, Pietro Bassani, certifies that the accounting information contained in the Interim Financial Report as of 30 September 2022 of Fine Foods & Pharmaceuticals N.T.M. S.p.A. reflects the accounting documents, books and records.

Verdellino-Zingonia, 15 March 2024

Chief Executive Officer
Giorgio Ferraris

The Manager
preparing the corporate
accounts
Pietro Bassani