

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 30 September 2023

14 November 2023 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 Medioli

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 Medioli

Giorgio Ferraris

Consolidated income statement

(amounts in € units)	Nine Months 30 September 2023	Nine Months 30 September 2022
Revenues and income		
Revenues from contracts with customers	185,686,107	152,816,103
Other revenues and income	1,387,036	326,276
Total revenues	187,073,143	153,142,380
Operating costs		
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	115,605,924	92,707,301
Personnel costs	32,378,532	28,249,926
Costs for services	19,503,402	19,121,884
Other operating costs	1,259,173	944,914
Amortisation, depreciation, and impairment losses	16,158,322	11,133,814
Total operating costs	184,905,353	152,157,839
Operating result	2,167,790	984,540
Changes in fair value of financial assets and liabilities	1,703,519	(7,885,713)
Loss on financial receivables	-	(3,266,960)
Financial income	130,262	29,962
Financial charges	(3,489,591)	(1,428,624)
Income before taxes	511,980	(11,566,794)
Income taxes	2,272,317	322,460
Profit/(loss) for the financial year	(1,760,337)	(11,889,254)

Consolidated comprehensive income statement

(amounts in € units)	Nine Months 30 September 2023	Nine Months 30 September 2022
Profit / (loss) for the financial year (A)	(1,760,337)	(11,889,254)
Components that will not be subsequently reclassified to profit/(loss) for the financial year		
Revaluation of net employee benefit liabilities/assets	(28,741)	324,505
Tax effect	6,898	(40,099)
Other comprehensive income (B) components	(21,843)	284,406
Comprehensive profit/(loss) (A+B)	(1,782,180)	(11,604,848)

Consolidated statement of financial position

(amounts in € units)	30 September 2023	31 December 2022
Assets		
Non-current assets		
Property, plant and machinery	105,860,709	104,162,050
Goodwill	11,507,954	15,907,954
Other intangible fixed assets	1,702,836	1,780,551
Rights of use	3,544,680	5,163,111
Other non-current assets	354,120	820,871
Deferred tax assets	7,207,162	7,312,662
Total non-current assets	130,177,461	135,147,200
Current assets		
Inventories	47,280,841	40,422,499
Trade receivables	41,915,900	39,347,321
Tax receivables	242,498	2,268,044
Other current assets	7,930,244	5,890,398
Current financial assets	3,832,943	66,512,584
Cash and other liquid assets	41,274,454	10,232,262
Total current assets	142,476,881	164,673,109
Total assets	272,654,342	299,820,309
Shareholders' equity		
Share Capital	22,770,445	22,770,445
Other reserves	114,285,845	126,461,456
Employee benefit reserve	184,343	206,186
FTA reserve	(6,669,789)	(6,669,789)
Profits carried forward	22,610	22,610
Profit/(loss) for the financial year	(1,760,337)	(9,501,145)
Total Shareholders' Equity	128,833,117	133,289,763
Non-current liabilities		
Bonds		-
Non-current bank borrowings	63,265,879	77,573,797
Employee benefits	2,217,111	2,419,013
Provision for risks and charges	3,705	41,105
Provision for deferred taxes	252,741	240,553
Non-current lease payables	1,084,363	2,222,216
Total non-current liabilities	63,265,879	82,496,684
Current liabilities		
Bonds	3,332,679	3,323,051
Current bank borrowings	30,614,960	36,590,346
Trade payables	30,724,361	33,450,468
Taxes payable	778,798	-
Current lease payables	420,214	651,576
Other current liabilities	11,126,415	10,018,421
Total current liabilities	76,997,427	84,033,862
Total Shareholders' equity and Liabilities	272,654,342	299,820,309

Consolidated cash flow statement

	30 September 2023	30 September 2022
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	(1,760,337)	(11,889,254)
Adjustments to reconcile profit after tax with net cash flows:		
Depreciation and impairment of property, plant and machinery	10,340,729	9,756,099
Amortisation and impairment of intangible fixed assets	636,454	643,726
Amortisation of rights of use	781,138	733,989
Other write-downs of fixed assets	4,400,000	-
Impairment of financial receivables	-	3,266,960
Financial income	(130,262)	(29,962)
Financial charges	3,480,553	1,385,843
Changes in fair value of financial assets and liabilities	(1,703,519)	7,885,713
Financial charges on financial liabilities for leases	9,038	42,781
Income taxes	2,148,001	(32,753)
Gains on the disposal of property, plant and machinery	(99,036)	(36,492)
Current assets write-downs	81,232	681,515
Net change in severance indemnity and pension funds	(282,368)	(154,123)
Net change in provisions for risks and charges	(37,400)	150,000
Net change in deferred tax assets and liabilities	124,315	362,992
Interest paid	(3,310,467)	-
Income taxes paid	-	-
Changes in net working capital:		
(Increase)/decrease in inventories	(6,739,349)	(8,075,510)
(Increase)/decrease in trade receivables	(2,768,803)	(9,696,571)
(Increase)/decrease in other non-financial assets and liabilities	128,370	4,563,141
Disposal of assets held for sale	-	-
Increase/(decrease) in trade payables	(2,726,107)	(1,802,758)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,572,183	(3,621,712)
Investments:		
Investments in tangible fixed assets	(12,465,732)	(11,092,500)
Disposal of tangible fixed assets	521,062	156,181
Investments in intangible fixed assets	(558,740)	(541,538)
Net (investments)/disposals in financial assets	52,383,160	416,796
NET CASH FLOWS FROM INVESTMENTS	39,879,750	(11,061,062)
Financing:		
New financing	27,110,914	72,650,407
Funding repayment	(35,314,267)	(55,637,508)
Principal payments - lease liabilities	(531,922)	(711,991)
Dividends paid to the parent company's shareholders	(2,452,708)	(3,866,869)
Sale/(purchase) of treasury shares	(221,758)	(811,452)
CASH FLOWS FROM FINANCING	(11,409,741)	11,622,588
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,042,192	(3,060,186)
Cash and short-term deposits as of 1 January	10,232,262	17,118,957
Cash and short-term deposits as of 30 September	41,274,454	14,058,769

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 2023	22,770,445	5,000,000	(13,680,454)	29,741,389	86,743,750	14,240,490	4,416,281	(6,669,789)	206,186	22,610	(9,501,145)	133,289,763
Profit/(loss) for the financial year											(1,760,337)	(1,760,337)
Other income statement components											(21,843)	(21,843)
Comprehensive profit/(loss)											(21,843)	- (1,760,337) (1,782,180)
Dividends						(2,452,708)						(2,452,708)
IRS derivatives provision												-
Purchase of treasury shares			(221,759)									(221,759)
2022 profit allocation						(9,501,145)					9,501,145	-
Balance as of 30 September 2023	22,770,445	5,000,000	(13,902,213)	29,741,389	86,743,750	2,286,638	4,416,281	(6,669,789)	184,343	22,610	(1,760,337)	128,833,116

Explanatory Notes

Accounting Standards and consolidation

The Fine Foods Group's Interim Financial Report as of 30 September 2023 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 2022 Financial Statements to which reference is made.

The scope of consolidation as of 30 September 2023 includes the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A., and the subsidiary Euro Cosmetic S.p.A.. On 27 December 2022, the merger deed of Pharmatek PMC S.r.l. into Euro Cosmetic S.p.A. was signed. The merger produced its legal, accounting, and tax effects as of 1 January 2023.

The tables shown in this document have been constructed as follows:

- Income statement and balance sheet figures as of 30 September 2023 refer to the consolidation of the Fine Foods Group, which includes the Parent Company Fine Foods and the subsidiary Euro Cosmetic S.p.A..
- The comparative balance sheet as of 31 December 2022 relates to the consolidation of the Fine Foods Group, which includes the parent company Fine Foods and the subsidiaries Pharmatek and Euro Cosmetic.
- The comparative Income Statement as of 30 September 2022 includes the values of the Parent Company Fine Foods and the subsidiaries Pharmatek and Euro Cosmetic.

The Interim Financial Report as of 30 September 2023 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.

Thousands of Euro	30 September 2023	31 December 2022
A. Liquid assets	41,274	10,232
B. Cash or cash equivalents	-	-
C. Other current financial assets	3,833	66,513
D. Liquidity (A) + (B) + (C)	45,107	76,745
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	18,843	10,821
F. Current portion of non-current financial debt	15,525	29,744
G. Current financial debt (E + F)	34,368	40,565
- guaranteed		-
- secured by collateral	5,646	5,908
- not guaranteed	28,721	34,657
H. Net current financial debt (G - D)	(10,740)	(36,180)

I. Non-current financial debt (excluding current portion and debt instruments)	64,350	79,796
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	64,350	79,796
- <i>guaranteed</i>		
- <i>secured by collateral</i>	8,442	9,654
- <i>not guaranteed</i>	55,908	70,142
M. Total Financial Debt (H + L)	53,611	43,616

As of 30 September 2023, current financial assets were € 3,832,943 (compared to € 66,512,584 as of 31 December 2022). This is detailed below:

(Amounts in Euro units)	30 September 2023	31 December 2022
Other securities	154,702	62,834,343
Directors' Severance Pay (TFM) receivables	211,265	211,265
Leakage receivable	3,466,976	3,466,976
Total current financial assets	3,832,943	66,512,584

In January 2019, the Parent Company appointed a leading Credit Institution to perform a discretionary and individualised management service on an investment portfolio that includes financial instruments and liquidity. As required by the international accounting standard IFRS 9 - Financial Instruments - these instruments were recorded at Fair value at the reference date.

- As of 31 December 2022, the portfolio Fair Value was € 62,834,000.
- As of 30 September 2023, the positive change in Fair Value was € 1.7 million.
- As of 30 September 2023, Fine Foods has withdrawn € 64 million from the portfolio. To date, there is only one security in the portfolio of € 98,000. The company intends to close its position.

Leakage receivable

As disclosed in the Financial Statements for the year ended 31 December 2021, Fine Foods notified Euro Cosmetic's former shareholders (MD and Findea) of its Leakage Reimbursement Request on 29 December 2021, under the "Locked Box" Agreement, for € 6,733,938.

Fine Foods' notice was acknowledged and contested by the Sellers and, under the Contract, the matter was referred to an arbitrator (the "Expert"), appointed at the Company's request on 16 March 2022 by the Arbitration Board of the Milan Chamber of Arbitration.

In October 2022, Fine Foods received the Expert's Report on Fine Foods' Leakage Reimbursement Request against the former reference Euro Cosmetic's shareholders. Based on this Report, Fine Foods was granted a reimbursement of € 3,466,976 for purchase price adjustment - out of € 6,733,938 million originally requested. The Company has recorded € 3,266,960 write-down of receivables in financial charges. The Expert did not deem this portion of the receivable admissible, even if, in their opinion, a Contract literal interpretation suggests that the Leakage reimbursement request should have been entirely granted to the acquiring party.

Subsequently, Fine Foods requested the Sellers to pay the amount defined by the Expert. Since the Sellers failed to do so, and the conditions were met, the Company applied for and obtained a Court of Milan Order for the payment of its claim. The Petition and Payment Order were served on the Sellers on 17 February 2023. The Sellers opposed, contesting the debt by the 29 March 2023 deadline. A trial was opened and after an in-depth discussion during the hearing of 7 November 2023, the judge adjourned the case to 5 March 2024 to attempt a conciliation between the parties. The judge further ordered a personal appearance, before deciding on the provisional enforceability of the Injunction Order.

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	30 September 2023	31 December 2022
Inventories	47,280,841	40,422,499
Trade receivables	41,915,900	39,347,321
Other current assets	8,172,742	8,158,442
Trade payables	(30,724,361)	(33,450,468)
Other current liabilities	(11,905,213)	(10,018,421)
Provisions for risks and charges / deferred taxes	(256,446)	(281,658)
Total working capital (A)	54,483,463	44,177,716
 Fixed assets	 30 September 2023	 31 December 2022
Tangible fixed assets	105,860,709	104,162,050
Intangible assets and rights of use	16,755,470	22,851,617
Other receivables and non-current assets	7,561,282	8,133,533
Employee severance indemnities and other provisions	(2,217,111)	(2,419,013)
Total fixed assets (B)	127,960,351	132,728,186
 Net Invested Capital (A) + (B)	 182,443,814	 176,905,903
 Sources	 30 September 2023	 31 December 2022
Shareholders' equity	128,833,117	133,289,763
Net financial debt	53,610,697	43,616,140
Total Sources	182,443,814	176,905,903

Net invested capital as of 30 September 2023 was € 182.4 million (€ 177 million as of 31 December 2022) and was covered by:

- Shareholders' equity of € 128.8 million (€ 133.3 million as of 31 December 2022);
- The Group's Net Financial Position as of 30 September 2023 was € 53.6 million, with a negative change of € 10 million compared to the NFP of € 43.6 million as of 31 December 2022. The change was mainly due to the increase in Commercial Net Working Capital (12.2 million), change in net CAPEX made in the period (of about € 11.8 million), and the dividends distributed in H1 2023 (€ 2.5 million) following the resolution to approve the Financial Statements for the year ending 31 December 2022, which were partially offset by the positive effect of the result net of depreciation and amortisation (€ 14.4 million) and other minor changes of approximately € 2 million. The NFP improved by about € 4.2 million compared to the figure as of 30 June 2023 (€ 57.8 million).

The amount deriving from the disposal of the securities portfolio held by the Parent Company was reclassified from "Other current financial assets" to "Cash and cash equivalents" as of the reporting date.

Working capital as of 30 September 2023 was € 54.5 million compared to € 44.2 million at the end of the previous financial year. The Commercial Net Working Capital of € 58.5 million (compared to € 46.3 million as of 31 December 2022), changed as follows: increase in trade receivables (€ 2.6 million), inventories (€ 6.9 million) and a decrease in trade payables (€ 2.7 million). These changes are mainly attributable to the increase in revenue as of 30 September 2023.

Tangible Fixed Assets increased by approximately € 1.7 million in 9M 2023, due to net investments of € 11.9 million and depreciation for the period of € 10.3 million.

Intangible fixed assets and rights of use were € 16.8 million as of 30 September 2023 (€ 22.8 million at the end of FY 2022). This decrease was mainly due to the Pharmatek's goodwill impairment of € 4.4 million.

Reclassified Income Statement

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

Item	30 September 2023	%	30 September 2022	%	Absolute change	% Changes
Revenues from contracts with customers	185,686,107	100.0%	152,816,103	100%	32,870,004	21.5%
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	(115,605,924)	(62.3%)	(92,707,301)	(60.7%)	(22,898,623)	24.7%
VALUE ADDED	70,080,183	37.7%	60,108,802	39.3%	9,971,381	16.6%
Other revenues and income	1,387,036	0.7%	326,276	0.2%	1,060,759	325.1%
Costs for services	(19,503,402)	(10.5%)	(19,121,884)	(12.5%)	(381,518)	2.0%
Personnel costs	(32,378,532)	(17.4%)	(28,249,926)	(18.5%)	(4,128,607)	14.6%
Other operating costs	(1,259,173)	(0.7%)	(944,914)	(0.6%)	(314,259)	33.3%
EBITDA	18,326,111	9.9%	12,118,355	7.9%	6,207,756	51.2%
ADJUSTED EBITDA	18,326,111	9.9%	12,554,824	8.2%	5,771,287	46.0%
Amortisation, depreciation, and impairment losses	(16,158,322)	(8.7%)	(11,133,814)	(7.3%)	(5,024,508)	45.1%
EBIT	2,167,790	1.2%	984,541	0.6%	1,183,249	120.2%
ADJUSTED EBIT	6,567,790	3.5%	1,421,010	0.9%	5,146,779	362.2%
Financial income	130,262	0.1%	29,962	0%	100,300	334.8%
Financial charges	(3,489,591)	(1.9%)	(1,428,624)	(0.9%)	(2,060,967)	144.3%
Loss on financial receivables	-	0%	(3,266,960)	(2.1%)	3,266,960	(100.0%)
Changes in fair value of financial assets and liabilities	1,703,519	0.9%	(7,885,713)	(5.2%)	9,589,232	(121.6%)
INCOME BEFORE TAXES	511,980	0.3%	(11,566,794)	(7.6%)	12,078,774	N/A
ADJUSTED INCOME BEFORE TAXES	4,911,980	2.6%	(11,130,324)	(7.3%)	16,042,304	N/A
Income taxes	(2,272,317)	(1.2%)	(322,460)	(0.2%)	(1,949,857)	604.7%
Profit (loss) for the financial year	(1,760,337)	(0.9%)	(11,889,254)	(7.8%)	10,128,917	85.2%
ADJUSTED income/(loss)	2,639,663	1.4%	(11,574,559)	(7.6%)	14,214,222	N/A

The table below shows value-added reconciliations, EBITDA, EBIT, Income before taxes and the profit (loss) for the period and the Adjusted related values.

Value-added was determined using the following income statement classification:

	30 September 2023	30 September 2022
Revenues from contracts with customers	185,686,107	152,816,103
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	(115,605,924)	(92,707,301)
Value Added	70,080,183	60,108,802

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

	30 September 2023	30 September 2022
Profit/(loss) for the financial year (1)	(1,760,337)	(11,889,254)
Income taxes	(2,272,317)	(322,460)
Income before taxes (2)	511,980	(11,566,794)
Changes in fair value of financial assets and liabilities	(1,703,519)	7,885,713
Loss on financial receivables	-	3,266,960
Financial charges	3,489,591	1,428,624
Financial income	(130,262)	(29,962)
EBIT (3)	2,167,790	984,541
Amortisation	16,158,322	11,133,814
EBITDA (4)	18,326,111	12,118,355

Extraordinary and non-recurring items that have been adjusted during the period ended 30 September 2023 and 30 September 2022 are shown in the table below. For further details, please refer to what is reported below.

	30 September 2023	30 September 2022
Non-recurring income and charges attributable to Pharmatek	-	436,470
Total non-recurring income and charges (5)	-	436,470

As a result of these non-recurring costs, Adjusted EBITDA, Adjusted EBIT and Adjusted income before taxes and Adjusted profit (loss) are shown in the table below.

	30 September 2023	30 September 2022
ADJ EBITDA (4) + (5)	18,326,111	12,554,824
Pharmatek's goodwill impairment (6)	4,400,000	-
ADJ EBIT (3) + (5)	6,567,790	1,421,010
Income before taxes	511,980	(11,566,794)
Non-recurring income and charges (5)	-	436,470
Pharmatek's goodwill impairment (6)	4,400,000	-
ADJ Income before taxes	4,911,980	(11,130,324)

Income taxes	(2,272,317)	(322,460)
tax effect on non-recurring income and charges (5) * 27.9% + (6) * 24%	-	(121,775)
ADJ income/(loss)	2,639,663	(11,574,559)

Before commenting on the Group's economic performance, please note that in the Interim Financial Report as of 30 September 2022, consolidation included the Parent Company Fine Foods, the subsidiaries Pharmatek and Euro Cosmetic, while the consolidation as of 30 September 2023 included Fine Foods and Euro Cosmetic, following the merger by incorporation of the subsidiary Pharmatek into Euro Cosmetic.

Revenues from sales and services increased from € 152.8 million as of 30 September 2022 to € 185.7 million as of 30 September 2023, with an increase of 21.5%, despite the international economic and geopolitical situation. This growth was mainly attributable to the Parent Company Fine Foods, which recorded a 28.4% turnover increase.

(Amounts in Euro units)	30 September 2023	30 September 2022
Business Unit – Food	111,534,092	86,351,332
Business Unit – Pharma	50,767,298	40,005,225
Business Unit – Cosmetics	23,384,717	26,459,546
Total Revenues from contracts with customers	185,686,107	152,816,103

Food Business Unit revenues in the first nine months of 2023 were € 111.5 million compared to € 86.4 million in the previous period with an increase of 29.2%.

The Pharma Business Unit reconfirmed its turnover increase, reaching € 50.8 million in 9M 2023. This represented a growth of 26.9% compared to the same period of the previous year.

The contribution of the Cosmetic Business Unit in 9M 2023 was € 23.4 million compared to € 26.5 million as of 30 September 2022. This decrease was also generated by the disposal of some non-strategic business lines (E-CIG and part of medical-surgical aids) and the ongoing restructuring of operations.

Raw material costs on sales revenues, of approximately 62.3%, increased compared to what was shown in the Interim Financial Report as of 30 September 2022 (60.7%).

Personnel costs amounted to € 32.4 million, with an increase of € 4.1 million compared to the same period in FY 2022.

As of 30 September 2023, EBITDA was € 18.3 million (9.9% of Ebitda Margin), up from € 12.1 million in the previous financial year (7.9% of Ebitda Margin). This margin increase can be attributed to the positive performance of the Food and Pharma BUs, which drive the Group's business, with a margin totalling 11.4%. The margin improvement derived from the reduction in the impact of personnel and energy costs on revenues, and better absorption of fixed costs on revenues. The energy percentage cost is still higher than the historical cost. This impact is estimated at almost 1.7% on revenue, equal to about € 1.5 million, which would have brought EBITDA to € 19.8 million, with a margin of 10.7%.

EBIT like EBITDA benefited from the improved margin of the main cost items rising from € 1 million as of 30 September 2022 to € 2.2 million as of 30 September 2023, with an increase of € 1.2 million. EBIT for 9M 2023 was affected by the above energy impact, net of which it would have been € 3.6 million.

(Amounts in Euro units)	30 September 2023	30 September 2022
Change in fair value of other securities	1,703,519	(7,885,713)
Total changes in Fair Value of financial assets and liabilities	1,703,519	(7,885,713)

The "Changes in fair value of other securities" item showed a change in the fair value of securities held with a major credit institution. As mentioned in the Directors' Report as of 30 June 2023, the securities portfolio was almost entirely disposed of (one security of about € 98,000 remained). The income recorded in the income statement was final.

Income before taxes in 9M 2023 was € 0.5 million compared to € -11.6 million in the same period of the previous year. This result was mainly impacted by the Pharmatek's goodwill impairment, and the increase in financial expenses. The combined effect of these

negative changes and allocation of current taxes by the Parent Company Fine Foods of € 2.3 million led to a Loss for the Period of € 1.8 million (€ -11.9 million as of 30 September 2022).

In 9M 2023 there were no non-recurring expenses with an impact on EBITDA.

Non-recurring expenses attributable to Pharmatek were incurred as of 30 September 2022. These included the hailstorm in May and the termination of a company manager for € 0.5 million.

In 2023, the Pharmatek's goodwill impairment of € 4.4 million should be noted as non-recurring on EBIT. Adjusted EBIT was € 6.6 million compared to € 1.4 million as of 30 September 2022. Adjusted EBIT, net of the energy impact, would have been € 8 million.

The adjusted net result as of 30 September 2023, net of the goodwill impairment, was € 2.6 million compared to the loss for the period of € 11.6 million as of 30 September 2022.

These adjustments were made for the related tax effect (27.9% tax rate) for calculating Adjusted Profit (Loss) for FY 2022.

Events following the end of the period

No specific events needed to be reported, except for what is mentioned in the Leakage Receivable paragraph. After an in-depth discussion during the hearing of 7 November 2023, the judge adjourned the case to 5 March 2024 to attempt a conciliation between the parties. The judge further ordered a personal appearance, before deciding on the provisional enforceability of the Injunction Order.

Business outlook

The most recent predictions are for a slowdown in global economic growth, impacted by high inflation, restrictive financing conditions and the geopolitical scenarios that are affecting Europe and the Middle East. The energy cost, although lower than in the previous period, remains significantly higher than historical trends.

Despite the complex international situation, the Group will develop the business along three main lines - Food, Pharma, and Cosmetics - by strengthening corporate functions' activities. Fine Foods will seize any opportunities for growth through external lines.

The increase in turnover recorded in the first nine months of the year confirmed the effectiveness of the commercial actions taken for the Food BU and allowed us to forecast a largely positive outlook.

The Pharma BU is expected to significantly grow due to the key multi-year agreements signed with important international customers that will require a production plant expansion.

The integration and optimisation of processes will continue for the Cosmetic BU. Investments for the Trenzano site production capacity expansion are nearing completion. Efficiency is expected to improve when fully operational and customer demand response ability is expected to increase. The Cremosano plant was permanently closed and production transferred to Trenzano.

Confirming what was highlighted in the half-year report, margins in the third quarter improved compared to the previous quarter. Considering the results achieved in the period after 30 September 2023, management is reasonably confident of the margin improvement trend, especially for the Food and Pharma BUs, despite the penalisation resulting from the Cosmetic BU due to reorganisation.

The Group believes in a fair and sustainable future, creating long-term value for the benefit of its stakeholders and contributing to the development and well-being of the communities in which it operates. Fine Foods has been a benefit corporation since April 2021. ESG issues for Fine Foods are a structured set of activities and the Group intends to continue its sustainability programme in the future.

Verdellino-Zingonia, 14 November 2023

For the Board of Directors

Chairman

Marco Francesco Eigenmann

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 Financial Intermediation), 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, 14 November 2023

Chief Executive Officer

Giorgio Ferraris

The Manager

**preparing the corporate
accounts**

Pietro Bassani