



The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. today approved the Group's Interim Financial Report as of 30 September 2023.

Consolidated revenue +21.5% and EBITDA +51.2% in the first nine months of 2023

The Food (+29.2%) and Pharma (+26.9%) BUs drive the Group's growth.

Fine Foods' margins show a recovery compared to the first nine months of 2022.

Highlights

- Consolidated **Revenue** in 9M 2023 was **€ 185.7 million**, up 21.5% from € 152.8 million in the same period of 2022.
- **EBITDA** for the period was **€ 18.3 million** and **showed an increase of 51.2%** compared to € 12.1 million in the same period of 2022. Adjusted EBITDA for the period corresponds to EBITDA. In 9M 2022, adjusted EBITDA was € 12.6 million.
- **EBITDA Margin** in 9M **2023 was approximately 10%**, up from 7.9% in the same period of 2022. Adjusted EBITDA margin corresponds to EBITDA margin. In 9M 2022, the Adjusted EBITDA Margin was 8.2%.
- **Operating result (EBIT)** as of 30 September 2023 was **€ 2.2 million** compared to € 1 million in 2022. Adjusted EBIT for the period was € 6.6 million compared to € 1.4 million in the same period of 2022.
- **The Result for the Period was € -1.8 million** (€ -11.9 million as of 30 September 2022). **The Adjusted Result for the Period**, net of the impairment carried out on goodwill, **was positive € 2.6 million** (€ -11.6 million as of 30 September 2022).
- The Group's **Net Financial Position** as of 30 September 2023 was € 53.6 million, compared to € 43.6 million as of 31 December 2022.

Verdellino (Bergamo, Italy), 14 November 2023 - The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. - an Italian independent Contract Development & Manufacturing Organisation (CDMO) that develops and manufactures contract products for the pharmaceutical, nutraceutical, and cosmetics industries, listed on Euronext STAR Milan (ticker: FF), approved the Interim Financial Report as of 30 September 2023.

The first nine months of 2023 showed **Consolidated Revenues of € 185.7 million, with an increase of 21.5%** compared to € 152.8 million in the same period of 2022.

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 **€ 50.80 million** in 9M 2023. This represented an **increase of 26.9%** compared to the same period in the previous year. The contribution of the **Cosmetic Business Unit** in 9M 2023 was € 23.4 million, down from € 26.5 million in the same period of 2022. This was generated by the disposal of non-strategic business lines and the ongoing restructuring of operations.

"The third quarter of 2023 saw the consolidation of a remarkable organic revenue growth that marked the first part of the year.

Although the 2023 results are compared to 2022, a year strongly impacted by the energy and supply chain crisis, we are proud of the strong margin recovery, which is the result of an increasingly solid and reliable organisation.

In the second half of 2023 we saw the first positive signs in the Cosmetic BU, despite the significant operations, customer and product portfolio ongoing reorganisation.

The Group's orders provide an optimistic outlook for the year-end, which we believe can be extended into the first months of 2024." - Fine Foods & Pharmaceuticals N.T.M. S.p.A. CEO Giorgio Ferraris.

The Group's 9M 2023 **EBITDA** was **€ 18.3 million** compared to € 12.1 million in the same period of the previous year, **showing an increase of 51.2%**. Adjusted EBITDA for the period corresponds to EBITDA. In 9M 2022, Adjusted EBITDA was € 12.6 million.

The Group's **EBITDA Margin** for the period, which coincided with the Adjusted EBITDA Margin, **was approximately 10%, up from 7.9% in 2022. This 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 9M 2022 adjusted EBITDA Margin was 8.2%.

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. However, 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%.

The **Operating result (EBIT)**, which like EBITDA benefited from the improved margin of the main cost items in the first nine months, **was € 2.2 million, up** from € 1 million in the same period of 2022. Adjusted EBIT for the period was € 6.6 million compared to € 1.4 million in the same period of 2022.

EBIT for 9M 2023 was affected by the above energy impact, net of which it would have been € 3.6 million and Adjusted EBIT € 8 million.

The **Income Before Taxes** as of 30 September 2023 was € 0.5 million compared to € -11.6 million as of 30 September 2022. This result was almost entirely attributable to the impairment of Pharmatek's goodwill which was merged by incorporation into Euro Cosmetic 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 **Result for the Period of € -1.8 million** (€ -11.9 million as of 30 September 2022). The adjusted Result for the Period, net of the goodwill impairment, was € 2.6 million (€ -11.6 million as of 30 September 2022).

The result for both periods was also impacted by changes in the Fair Value of financial assets. As mentioned during the approval of 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.

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 (€ 22.9 million at the end of FY 2022). This decrease was mainly due to the Pharmatek's goodwill impairment of € 4.4 million.

Working capital as of 30 September 2023 was € 54.5 million (€ 44.2 million at the end of the previous financial year). The **Commercial Net Working Capital of € 58.5 million** (€ 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.

Shareholders' Equity as of 30 September 2023 **was € 128.8 million**, down from 31 December 2022 (€ 133.3 million).

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 but with an improvement of approximately € 4.2 million compared to the figure as of 30 June 2023 (€ 57.8 million). 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) 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.

SIGNIFICANT EVENTS OCCURRING AFTER 30 September 2023

No specific events needed to be reported, except for what is mentioned in the Leakage Receivable paragraph of the Interim Financial Report as of 30 September 2023. 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 Groups 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.

It should be noted that under Article 154-ter, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, the Interim Financial Report as of 30 September 2023, approved by the Board of Directors on today's date, will be made available today to shareholders and the public at the registered office, on the Company's website at www.finefoods.it, Investor Relations/Financial Reports section, and the authorised storage system 1info - www.1info.it.

Under Art. 154-bis, paragraph 2 of the Consolidated Law on Financial Intermediation, the Manager responsible for preparing the corporate financial reports, Pietro Bassani, declared that the accounting information contained in this press release corresponds to the document results, accounting books and records.

This press release is available on the Fine Foods website www.finefoods.it, in the Investor Relations/Press Releases section.

Fine Foods & Pharmaceuticals N.T.M. S.p.A., listed on Borsa Italiana's Euronext STAR Milan (Ticker: FF) is an Italian independent CDMO (Contract Development and Manufacturing Organisation) It develops and manufactures contract products for the pharmaceutical, nutraceutical and cosmetics industries. Founded in 1984, Fine Foods proved to be a reliable and capable strategic partner for customers in the reference sectors. The company's organisation can provide successful design process and solid, long-term partnerships. The continuous search for excellence is part of the company's business model and includes research and development, innovation, process reliability, product quality, ESG, and sustainable management of the Group's supply chain. Fine Foods is a benefit corporation which relies on certifications and ratings under international standards. These guarantee its sustainability commitment across the business. With € 207 million revenue in 2022 and more than 10 per cent CAGR over the last decade, Fine Foods is a growing and future-oriented company.



For further information:

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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	31/12/2022
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