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

FINEFOODS
Nutraceuticals
Pharmaceuticals

31/12/2024 Consolidated Financial Statements

13 March 2025 Board of Directors

Table of contents

CORPORATE POSITIONS

Board of Directors

Chairman and CEO

Marco Francesco Eigenmann

Managing Director

Pietro Oriani

Directors

Ada Imperadore

Adriano Pala Ciurlo

Deborah Maria Venturini

Elena Sacco

Giovanni Eigenmann

Marco Costaguta

Paolo Ferrario

Susanna Pedretti

Board of Statutory Auditors

Chairman

Croci Guido

Statutory Auditors

Massimo Petrelli

Ottavia Alfano

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

Elena Sacco

Susanna Pedretti

Supervisory Body

Cristiana Renna

Paolo Villa

Susanna Pedretti

Remuneration Committee

Ada Imperadore

Susanna Pedretti

Related Party Committee

Ada Imperadore

Elena Sacco

Susanna Pedretti

Environmental, Social and Governance (ESG) Committee

Ada Imperadore

Deborah Maria Venturini

Pietro Oriani

Report on Operations

Report on Operations: Summary

Directors' Report on Operations

Introduction

The 31 December 2024 Consolidated Financial Statements have 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 and effective at the end of the financial year. All of the above standards and interpretations are hereafter referred to as "IAS/IFRS".

The scope of consolidation as of 31 December 2024 includes the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. (hereafter "Fine Foods") and its wholly owned subsidiary, Euro Cosmetic S.p.A.

Information on the Group companies

Fine Foods & Pharmaceuticals N.T.M. S.p.A., registered and domiciled in Bergamo, is a joint-stock company, with its registered office in Via Berlino 39, Verdellino - Zingonia (BG). The Company, listed on the STAR segment of the MTA of Borsa Italiana, is an Italian independent Contract Development & Manufacturing Organisation (CDMO). The Group develops and manufactures contract products for the nutraceutical, pharmaceutical, 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 €244 million revenue in 2024, Fine Foods is a growing and future-oriented company.

Fine Foods develops and manufactures drugs, food supplements and other nutraceutical products and medical devices for pharmaceutical and nutraceutical companies. These products are in the form of powders, soluble, effervescent and chewable granules, filmed and effervescent tablets and hard gelatine capsules, and in various types of packaging: sachets, sticks, pillboxes, jars, blisters, tubes and strips. Operating in the pharmaceutical and nutraceutical sectors allows Fine Foods to benefit from commercial synergies, knowledge and technologies developed in each market segment.




The **pharmaceutical** production is carried out at the Company's 26,100 sqm Brembate plant. In the 2016-2020 period, €19 million worth of investments were made to expand this plant, increasing

the total walkable covered area to 14,200 sqm. During the 2023 financial year, work began on further expanding the site, which included constructing a new building of around 10,000 sqm for the production of solid oral pharmaceutical forms. The Brembate pharmaceutical plant has the authorisation to produce pharmaceuticals and European GMP certification, both issued by the Italian Medicines Agency (AIFA, Agenzia Italiana del Farmaco), and occupational and environmental safety approval.

The following images show the current Brembate plant.

The following image shows the plant under construction, adjacent to the current pharmaceutical workshop (updated October 2024).

The production of **nutraceutical** products is carried out at the Company's 45,600 sqm plant in Zingonia, Verdellino. In the 2016-2019 period, €19.7 million worth of investments were made to expand this plant. This expansion was completed in 2019. The Zingonia - Verdellino plant produces nutraceutical products under HACCP (Hazard Analysis and Critical Control Points) regulations and GMP (Good Manufacturing Practices) applicable to food supplements. The Company has obtained authorisation from the Ministry of Health and is constantly monitored by the Local Health Authority (ATS). It holds appropriate certifications for environmental, food and worker safety and to produce medical devices. It successfully passed an inspection by the US Food Drug Administration in 2017. The Zingonia - Verdellino plant has a total covered surface area of 28,800 sqm, including a recent expansion of 12,900 sqm of covered surface area resulting in an 80 per cent increase on the pre-existing surface area.

The images below show the Zingonia plant from above.

Fine Foods N.T.M. & Pharmaceuticals S.p.A. has a series of certifications.

- UNI EN ISO 9001: standard defining quality management system requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties.
- UNI EN ISO 14001: standard defining environmental protection management system requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties through the following processes: reception and storage of raw materials and packaging materials, grinding, mixing, granulation, screening, compressing, dedusting, filming, capsuling; packaging in bags, blisters, bottles, jars and tubes; storage and shipment of finished products.
- ISO 45001: standard defining Occupational Health and Safety Management System requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties through the following processes: reception and storage of raw materials and packaging materials, grinding, mixing, granulation, screening, compressing, dedusting, filming, capsuling; packaging in bags, blisters, bottles, jars and tubes; storage and shipment of finished products.
- SMETA (Sedex Member Ethical Trade Audit): an audit and reporting methodology created by Sedex (one of the world's leading business ethics organisations providing an online platform used by over 60,000 members in more than 180 countries to help companies operate responsibly and sustainably, protect their workers and ensure an ethical supply chain) using a best practice model in ethic business audit techniques. The aim is to provide a central and standardised verification protocol for organisations interested in demonstrating a commitment to social issues and ethical and environmental standards in their supply chain. The Company uses a SMETA audit as a tool to enhance the practices adopted in its ethical and responsible business. SMETA bases its assessment criteria on the ETI (Ethical Trade Initiative) code, integrating it with applicable national and local laws and comprises four modules: health and safety, labour standards, environment and business ethics.

Verdellino-Zingonia plant:

- UNI EN ISO 13485: standard defining the regulatory requirements of a quality management system to produce medical devices. Scope: contract designing and manufacturing of invasive medical devices concerning body orifices for gastrointestinal and oral use.
- FSSC 22000: is a certification scheme based on the ISO 22000 standard, which defines a food safety management system, integrated with the ISO/TS 22002-1 technical standard and FSSC 22000 additional requirements. Scope: contract manufacturing (dry mixing, fluid-bed granulation, compressing, film coating, encapsulation, mixing of water-based liquids), and packaging. This applies to food supplements and foods for special diets in the form of powders, granules, tablets, capsules, and liquids, packaged in plastic and polylaminate materials.

Fine Foods N.T.M. & Pharmaceuticals S.p.A. adopts an Organisation, Management and Control System under Legislative Decree 231/2001 "regulating the administrative responsibility of legal persons, companies and associations, including those without legal status." This decree introduced the concept of administrative liability for legal entities arising from the commission of a criminal offence in the Italian regulatory system. Supervising the operation and compliance with the rules and principles in this system is entrusted to a Supervisory Body with independent initiative and control powers. In 2021 it became necessary to update the system following the new tax offences referred to in Article 25 quinquiesdecies and smuggling referred to in Article 25 sexiesdecies in Legislative Decree no. 231/2001. This updating included risk control for the offences referred to in the previous articles and a risk assessment review.

On 14 November 2024, Fine Foods Board of Directors approved the revision of the Organisation, Management and Control System (OMC) to meet the new regulatory additions in the list of predicate offences of Legislative Decree 231/2001, to strengthen the Company's compliance system.

Under Legislative Decree no. 24/2023, in July 2023, Fine Foods committed to respecting and guaranteeing the anonymity of those who report violations or offences identified within the company by managing the above reports using an external channel: The Teseo Whistleblowing ERM Platform.

The subsidiary Euro CosmETIC S.p.A. is a Contract Development & Manufacturing Organisation (CDMO) specialising in the research, development, production, and commercialisation of cosmetic products.

Since October 2021, Euro Cosmetic has been part of Fine Foods & Pharmaceuticals N.T.M. S.p.A., driving growth and innovation while ensuring increased production capacity, enhanced cross-functional expertise, and a broader range of solutions.

The facility's surface area, along with its mixing plants, packaging lines, and laboratories, has expanded, reaching its current configuration: a modern plant spanning approximately 20,000 sqm. The Customer portfolio consists of prestigious cosmetics and pharmaceutical companies, operating in the GD (large-scale retail), GDO (organised large-scale retail) and Discount sectors and specialised channels such as national and international pharmacies and single- and multi-brand perfumeries. Euro Cosmetic develops and manufactures contract cosmetic products, including:

- ORAL HYGIENE: paste and gel toothpastes, with microencapsulated, mono- and bi-phasic active ingredients, alcoholic and non-alcoholic mouthwashes, and breath-freshening products.
- SKIN CARE: w/o, o/w emulsions, microemulsions, and gels.
- DEODORANTS: solid sticks, roll-ons, sprays, with or without antiperspirant, with or without alcohol, with "on-demand" active ingredients.
- BODY CLEANSING: bath foams, shower gels, intimate cleansers, liquid soaps.
- HAIR CARE shampoos, conditioners, modelling waxes, gels.
- PERFUMERY perfumed body waters, eau de parfum, after-shave.

The Quality Management System within Euro Cosmetic certifies:

- compliance with GMPc requirements (UNI EN ISO 22716);
- compliance with UNI EN ISO 9001 requirements;
- compliance with IFS – HCP requirements;
- compliance with COSMOS Natural & Organic requirements;
- compliance with ECO BIO COSMESI requirements;
- RSPO SCCS (Roundtable on Sustainable Palm Oil – Supply Chain Certification Standard).

Euro Cosmetic's facility is registered under MoCRA for the production of cosmetics for the US market and is authorised to manufacture medical and surgical aids.

The following image shows some of the Group's products (Nutra, Pharma and Cosmetics Business Units):

Fine Foods Group does not have trademarks or hold any product patent rights. These remain the customer's property. However, the Group has relationships with more than 130 highly loyal customers, including major Italian and multinational pharmaceutical, nutraceutical and cosmetics companies including Alfasigma, Angelini, Aurobindo, Bolton, Chiesi, Colgate, Coop, DOC, Dompè, Dr Max, EG-Stada, Equilibra, GFL, Giuliani, Gynov, Herbalife, IBSA, Krka, Menarini, Mirato, Orifarm Generics, Paglieri, PepsiCo, Perrigo, Pharmanutra, PXG Pharma, Recordati, Sandoz, Sanofi, Sheko, Teva, UGA, Uriach, Vemedia, Viatris, Zentiva.

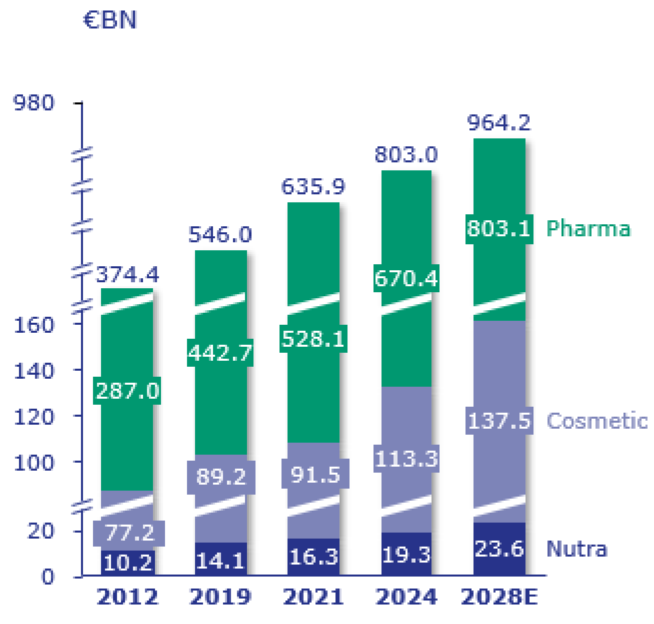
Market development

Fine Foods is one of the players in the European nutraceutical market and is focused on contract manufacturing of food supplements. The nutraceutical market is the Group's primary target sector, accounting for 58.3% of revenue from contracts with customers as of 31 December 2024. Within this market, the Group focuses on the Dietary Supplements segment in Europe. The segment's expected value is estimated to grow from €19.3 billion in 2024 to €23.6 billion in 2028, with a CAGR '24-'28 of 5.2%. As of 31 December 2024, revenue from customer contracts generated by the Group's Nutraceutical Business Unit was €142,206,355, down from €152,432,303 as of 31 December 2023.

The Pharmaceutical market is the Group's second-largest market, where 31.1% of revenue from customer contracts was recorded in 2024. As of 31 December 2024, the Company's Pharma Business Unit recorded revenue of €75,765,229, up from €67,932,316 at the end of the same period last year (+11.5% compared to the previous year).
Forecasts for European pharmaceutical production show growth from €670.4 billion in 2024 to €803.1 billion in 2028, reflecting a CAGR '24-'28 of 4.6% over the period. The pharmaceutical market was stable with customers loyal to their suppliers. Expected growth can be seen in the development of CDMOs that produce medicines for pharmaceutical companies (i.e. Fine Foods). The expected demand for pharmaceutical products is steadily growing due to the increase in the average age of the world's population and the rise in health standards adopted, especially in developed countries.

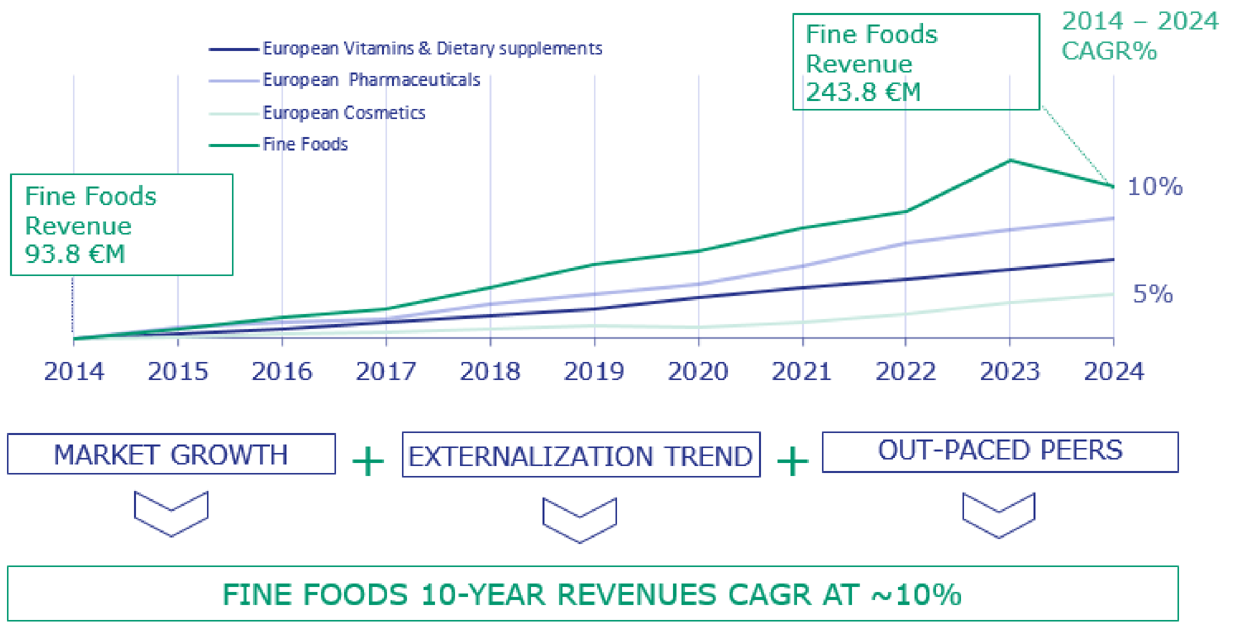
The Group's third-largest market is where Euro Cosmetic operates and recorded 10.6% of revenue from contracts with customers in 2024 for € 25,781,247.
These figures aggregate the values of the following categories: "Cosmetics" refers to the aggregation of Euromonitor's "Bath and Shower", "Deodorants", "Hair Care" and "Skin Care" categories. "Biocides" refers to the aggregation of the Euromonitor's "Oral Care", "Dermatologicals", "Surface Care" and "Adult Mouth Care" categories.

The diagram below shows the European trend and forecast for this market, in terms of value. The European cosmetics and biocides market is expected to accelerate its growth in the coming years. A CAGR '24-'28 of 5.2% was recorded for the relevant period.



Sources: Euromonitor International, Industrial, Pharmaceuticals, 2024 Edition Production MSP, EUR Fixed Ex Rates, Current Prices. Consumer Health, 2025 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices. Cosmetics as per aggregation of Euromonitor's Bath and Shower, Deodorants, Hair Care, Skin Care, Fragrances and Sun Care; Biocides as per aggregation of Euromonitor's Oral Care, Dermatologicals, Adult Mouth Care, 2024 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices.

The above analysis showed that Fine Foods is outperforming the market and its competitors. The reference markets showed high and steady growth and resilience during recessions. Despite this, Fine Foods has significantly outperformed its reference end markets over the past decade, with sales in 2024 at 2.6 times the level achieved in 2014.



Sources: Euromonitor International, Industrial, Pharmaceuticals, 2024 Edition Production MSP, EUR Fixed Ex Rates, Current Prices. Consumer Health, 2025 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices. Cosmetics as per aggregation of Euromonitor's Bath and Shower, Deodorants, Hair Care, Skin Care, Fragrances and Sun Care; Biocides as per aggregation of Euromonitor's Oral Care, Dermatologicals, Adult Mouth Care, 2024 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices. Methodology: the three variables' time series are divided by their respective 2013 value (the basis) and multiplied by a factor of 100; the considered variables are Fine Foods revenues, European Nutraceuticals – Vitamins & Dietary Supplements segment size, European Pharmaceuticals production size and European Cosmetics size

Significant events

On 25 July 2024, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Directors appointed Pietro Oriani as Company General Manager, granting him ordinary management powers, effective as of 2 August 2024. During the same Board meeting, Giorgio Ferraris announced his resignation from his roles as Director and Chief Executive Officer due to personal reasons. The resignation took effect on 13 September 2024. On the same date, following a resolution approved by the Board of Statutory Auditors, the Board of Directors unanimously appointed by co-optation Pietro Oriani as the company's new Director and Managing Director.

On 02/08/2024, the Parent Company signed a preliminary contract for the purchase of approximately 21,000 sqm located in the municipality of Zingonia-Verdellino (BG), via Madrid 1, bordering the current Fine Foods nutraceutical plant. The total value of the investment is anticipated to be approximately € 4 million, of which € 3,270,000 has already been paid as an advance.

General economic performance

Throughout 2024, the global economy continued to face challenges driven by macroeconomic factors, including restrictive monetary policies, persistently high inflation in many regions, and geopolitical uncertainties such as the war in Ukraine and Israeli-Palestinian conflict.

Against this backdrop of persistent uncertainty, global economic growth in 2024 stood at 3.2%, down from 3.3% in 2023, according to the International Monetary Fund (IMF).

Major advanced economies experienced a slowdown: the US grew by 2.8%, while growth in the Euro area was limited to 0.8%. High inflation and elevated interest rates continued to restrain investment and domestic demand in these regions.

Among emerging economies, China recorded GDP growth of 4.8% in 2024, supported by domestic economic stimulus policies, despite structural challenges in the real estate sector and an ongoing transition towards a more internal consumption-driven economy. However, geopolitical uncertainty and public debt management remain key concerns for the country. India, by contrast, maintained growth rates above 6%, bolstering the broader emerging economies.

Management Performance

Economic indicators for the year *(In thousands of Euro)*	**31/12/2024**	**31/12/2023**
Revenue	243,753	251,812
EBITDA	30,420	22,269
Operating profit (EBIT)	14,644	1,066
Profit (Loss) for the financial year	8,156	(3,522)

The above table provides a preliminary overview of the Group's financial performance in 2024: despite the slight decline in revenue of around 3% compared to 2023, EBITDA recorded significant growth of 37%, reaching €30 million as of 31 December 2024. The EBITDA margin increased from 8.8% as of 31 December 2023 to 12.5% as of the end of FY 2024.

As of 31 December 2023, EBIT was affected by a €4.4 million goodwill write-down from the former Pharmatek CGU. Following the impairment test, EBIT was €14.6 million as of 31 December 2024.

The 2024 financial year closed with a net profit of €8.2 million, compared to a net loss of €3.5 million as of 31 December 2023. Despite the overall loss, the 2023 net result was positively impacted by the Parent Company's asset securities management (positive fair value change of €1.7 million), which was concluded in 2024, without any significant impact on the Income Statement.

Fine Foods economic performance

The 2024 revenue of the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. were €218 million, compared to €220.4 million in the previous year, with a slight decrease of -1.1%.

The Pharma Business Unit continued its growth, with a turnover to €75.8 million and an 11.5% increase compared to 2023. This helped offset a -6.7% decline in the Nutra Business Unit, which reported revenue of €142.2 million in 2024 down from €152.4 million in the previous year. This decrease was attributed to the temporary realignment of customer stock levels, a process that continued throughout 2024.

The Parent Company's EBITDA increased by more than 28% compared to 2023 and was €30.9 million (€24 million as of 31/12/2023). The improvement in profit margins was largely driven by a reduction in the cost impact of raw materials and packaging materials on sales. This was the result of the revision of the sales pricing policy implemented in the second half of 2023 and a decrease in raw material and packaging procurement costs.

The Nutra Business Unit achieved an EBITDA of €22.3 million in 2024, marking a 35.2% increase compared to 2023. The Pharma Business Unit closed the year with an EBITDA of €8.6 million, reflecting a 13.5% rise from 2023.

The Parent Company's Ebitda Margin as of 31 December 2024 was 14.2%, up sharply from 10.9% in 2023. The Parent Company closed with a net profit of €12 million as of 31 December 2024.

Cosmetics Business Unit Performance

The Cosmetics Business Unit recorded revenues of €25.8 million in 2024, down from €31.5 million at the end of the previous year. This decrease was due to the postponement of new business development initiatives and a revision of the customer portfolio, following the Business Unit reorganisation. The Company's EBITDA showed a negative balance of €0.5 million (-€1.8 million as of 31 December 2023): this result shows an improving trend in the second half of 2024.

Business outlook

Throughout 2024, the global economy continued to face challenges driven by macroeconomic factors, including restrictive monetary policies, persistently high inflation in many regions, and geopolitical uncertainties such as the war in Ukraine and Israeli-Palestinian conflict.

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Major advanced economies experienced a slowdown: the US grew by 2.8%, while growth in the Euro area was limited to 0.8%. High inflation and elevated interest rates continued to restrain investment and domestic demand in these regions.

Among emerging economies, China recorded GDP growth of 4.8% in 2024, supported by domestic economic stimulus policies, despite structural challenges in the real estate sector and an ongoing transition towards a more internal consumption-driven economy. However, geopolitical uncertainty and public debt management remain key concerns for the country. India, by contrast, maintained growth rates above 6%, bolstering the broader emerging economies.

The IMF projects global growth in 2025 and 2026 to remain consistent with 2024, at 3.3%, below the historical average of 3.7% (2000-2019). The US economy is expected to grow by 2.7% in 2025 and 2.1% in 2026, supported by domestic demand and favourable financial conditions. In contrast, the Euro area is forecast to expand by just 1.0% in 2025 and 1.4% in 2026, constrained by political uncertainty and a slowdown in manufacturing. Emerging economies are anticipated to continue their expansion, with China projected to grow at 4.6% and India at approximately 6.5%.

Global inflation is on a downward trajectory, with a forecast of 4.2% for 2025, bringing it closer to the targets set by major central banks, although disparities between advanced and emerging economies persist. While global financial conditions remain relatively accommodative, the strengthening of the US dollar, driven by persistently high interest rates, could impact emerging economies and global trade balances.

The key risks to the global economy include the potential resurgence of geopolitical tensions, the possible escalation of protectionist measures, and fluctuations in financial markets, which could negatively affect growth dynamics in the coming months.

The market segments in which the Group operates are expected to grow in the coming years, in Europe and globally. The trend of major industry players outsourcing nutraceutical, pharmaceutical, and cosmetics production to subcontractors was confirmed. Fine Foods & Pharmaceuticals N.T.M. S.p.A. aims to strengthen its competitive position by expanding its market share across its three core business units—Nutra, Pharma, and Cosmetics—enhancing their synergies. The Group is attentive to potential growth opportunities through acquisitions.

The Nutra BU will maintain its focus on quality, innovation, and the development of advanced services to support its customers. The planned production capacity expansion, initiated in 2024 with the purchase of land, was confirmed, with initial investments scheduled for 2025 to extend the production facility.

In 2025, the Pharma BU will continue to focus on managing the anticipated strong growth from significant multi-year agreements signed with key international customers. The production plant expansion, which started at the end of 2023, is progressing as planned and will be completed in 2025, with revenues expected to start in 2026.

Following a phase of integration, reorganisation, and optimisation—supported by targeted investments and the appointment of experienced industry professionals—the Cosmetics BU is beginning to show positive signs. A gradual improvement in revenue and profit margins is anticipated in 2025, contributing positively to the Group's overall performance.

While, due to the nature of the business, top line growth may not be consistently visible on a quarterly basis, a strong order backlog for the current year and existing multi-year agreements support the expectation of maintaining historical revenue and margins growth trends. This is underpinned by an increasingly strong and reliable organisational structure.

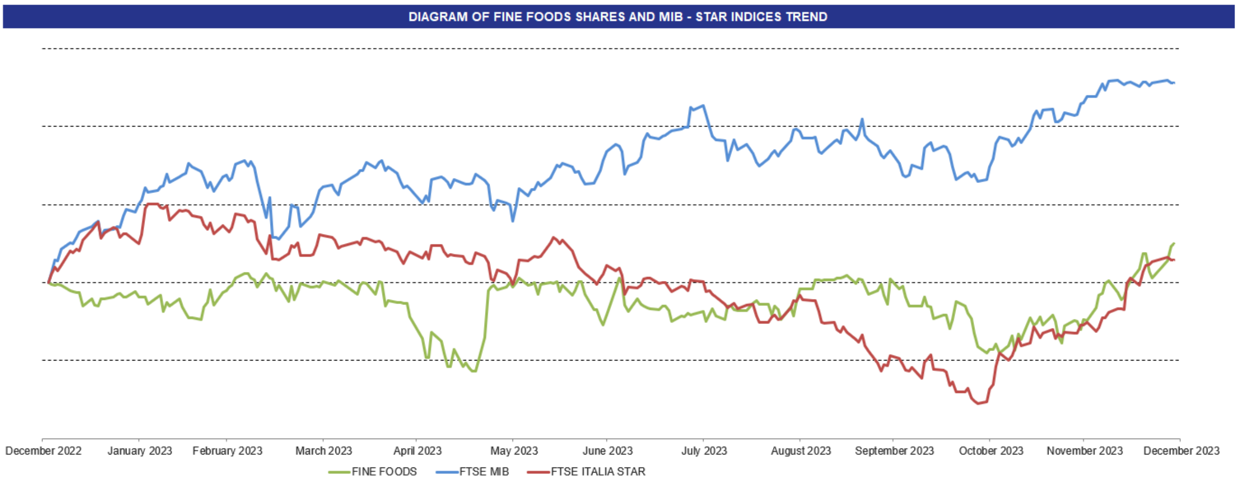
The Group will continue its commitment to sustainability, reinforcing its position as a trusted partner by offering solutions that align with rising market expectations.

Fine Foods & Pharmaceuticals N.T.M. S.p.A. Share trend

As of 30 December 2024, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. share was listed at €7.50 per share, with a decrease of 14.5 percentage points than the listing as of 29 December 2023 (€8.77 per share).

Market capitalisation as of 30 December 2024 was €191.7 million.

The diagram below shows the Fine Foods share performance compared with the leading stock market indices as of 30 December 2024:



The table below shows the main share and stock market data as of 31 December 2024.

Share and stock market data	as of 31 December 2024
First listing price (02/01/2024)	8.74
Maximum listing price	9.42
Minimum listing price	7.38
Last listing price (30/12/2024)	7.50
No. of listed outstanding shares	22,060,125
No. of unlisted outstanding shares	3,500,000
Total capitalisation	€191.7 million

Balance sheet and 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	**31/12/2024**	**31/12/2023**
A. Liquid assets	19,210	19,000
B. Cash or cash equivalents	-	-
C. Other current financial assets	-	3,833
D. Liquidity (A) + (B) + (C)	**19,210**	**22,833**
E. Current financial receivables	**-**	**-**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	7,660	7,561
F. Current portion of non-current financial debt	11,033	48,063
G. Current financial debt (E + F)	**18,693**	**55,624**
- guaranteed		-
- secured by collateral	1,921	2,169
- not guaranteed	16,772	53,454
H. Net current financial debt (G - D)	**(518)**	**32,791**
I. Non-current financial debt (excluding current portion and debt instruments)	35,835	10,767
J. Debt instruments	-	-
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	**35,835**	**10,767**
- guaranteed	-	-
- secured by collateral	5,495	7,484
- not guaranteed	30,341	3,284
M. Total Financial Debt (H + L)	**35,318**	**43,559**

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

Working capital	**31/12/2024**	**31/12/2023**
Inventories	31,908,612	42,459,682
Trade receivables	37,536,476	38,057,766
Other current assets	7,776,302	8,035,726
Trade payables	(36,555,144)	(32,369,462)
Other current liabilities	(15,420,659)	(13,358,709)
Provisions for risks and charges / deferred taxes	(1,884,042)	(265,486)
Total working capital (A)	**23,361,545**	**42,559,517**
Fixed assets	**31/12/2024**	**31/12/2023**
Tangible fixed assets	126,139,938	106,919,123
Intangible assets and rights of use	15,970,398	16,308,450
Other receivables and non-current assets	4,049,200	6,922,371
Severance Indemnity	(2,143,626)	(2,201,653)

Total fixed assets (B)	**144,015,911**	**127,948,289**
Net Invested Capital (A) + (B)	167,377,456	170,507,806
Sources	**31/12/2024**	**31/12/2023**
Shareholders' equity	132,059,779	126,949,268
Net financial debt	35,317,677	43,558,538
Total Sources	**167,377,456**	**170,507,806**

Net invested capital as of 31 December 2024 was €167.4 million (€170.5 million as of 31 December 2023) and was covered by:

- Shareholders' equity of €132.1 million (€126.9 million as of 31 December 2023);
- Net Financial Position of €35.3 million as of 31 December 2024, reflecting an improvement of approximately €8.2 million compared to the previous year (€43.6 million). Operations generated a positive cash flow of €50.8 million before capital expenditure. This was mainly offset by net investments (€34.7 million) made in the period, financial charges and tax payments (€6.5 million), and dividend distribution (€2.9 million).

Working capital as of 31 December 2024 was € 23.4 million compared to € 42.6 million at the end of the previous financial year. Commercial Net Working Capital as of 31 December 2024 was €32.9 million compared to €48.1 million as of 31 December 2023. This reduction was mainly driven by a decrease in inventories, which fell from €42.4 million to €31.9 million (-€10.6 million) and an increase in trade payables, rising from €32.7 million to €36.6 million as of 31 December 2024 (+€4.1 million). Other current liabilities increased mainly due to higher accruals of deferred income.

Tangible Fixed Assets increased by approximately €19.2 million in 2024, due to net investments of €33.6 million and amortisation, depreciation, and impairment losses for the period of about €14.4 million. In 2024, extraordinary investments of €25.8 million were made to expand the pharmaceutical and nutraceutical plants.

Intangible Fixed Assets and rights of use were €16 million as of 31 December 2024, remaining largely unchanged with the previous year-end. (€16.3 million at the end of the previous year). Other non-current assets declined, mainly due to the use of deferred tax assets associated with past tax losses (IRES) by the Parent Company.

Financial indicators

Indicator	31/12/2024	31/12/2023	Calculation Method
Capital structure margin	(10,050,557)	3,721,696	Shareholders' equity - Property, plant and machinery - Other intangible assets - Rights of use
Asset ratio	0.9	1.0	Shareholders' equity/(Property, plant and machinery - Other intangible assets - Rights of use)
Liquidity margin	(6,145,412)	(32,425,736)	Total current assets - Inventories - Total current liabilities
Current ratio	0.9	0.7	(Total current assets - Inventories)/Total current liabilities
Net Working Capital/Turnover	13.5%	19.1%	(Trade receivables + Inventories - Trade payables) / Turnover
Cash Conversion Ratio	48.5%	38.9%	Operating cash flow / Adjusted EBITDA
Leverage	1.1	1.7	Net Financial Position / Adjusted EBITDA
DSO	56	55	(Trade receivables/Sales revenue)*365
DPO	95	75	(Trade payables/Raw material purchase cost)*365
DIO	83	98	(Inventories/Raw material purchase cost)*365

Financial situation

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

Income Statement

Item	31/12/2024	%	31/12/2023	%	Absolute change	% Changes
Revenue from contracts with customers	243,752,830	100.0%	251,811,791	100.0%	(8,058,962)	(3.2%)
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	(141,136,684)	(57.9%)	(158,188,424)	(62.8%)	17,051,739	(10.8%)
INDUSTRIAL ADDED VALUE	**102,616,146**	**42.1%**	**93,623,368**	**37.2%**	**8,992,778**	**9.6%**
Other revenue and income	1,317,440	0.5%	1,095,196	0.4%	222,244	20.3%
Costs for services	(23,770,730)	(9.8%)	(25,888,270)	(10.3%)	2,117,540	(8.2%)
Personnel costs	(47,623,798)	(19.5%)	(44,431,271)	(17.6%)	(3,192,527)	7.2%
Other operating costs	(2,118,683)	(0.9%)	(2,129,576)	(0.8%)	10,893	(0.5%)
EBITDA	**30,420,374**	**12.5%**	**22,269,447**	**8.8%**	**8,150,927**	**36.6%**
ADJUSTED EBITDA	**33,182,689**	**13.6%**	**25,833,182**	**10.3%**	**7,349,507**	**28.4%**
Amortisation, depreciation, and impairment losses	(15,776,371)	(6.5%)	(21,203,442)	(8.4%)	5,427,071	(25.6%)
EBIT	**14,644,003**	**6.0%**	**1,066,005**	**0.4%**	**13,577,998**	**1273.7%**
ADJUSTED EBIT	**17,406,318**	**7.1%**	**9,705,213**	**3.9%**	**7,701,105**	**79.4%**
Financial income	699,711	0.3%	339,524	0.1%	360,187	106.1%
Financial charges	(3,498,895)	(1.4%)	(4,964,248)	(2.0%)	1,465,354	(29.5%)
Changes in fair value of financial assets and liabilities	(12,881)	(0.0%)	1,703,519	0.7%	(1,716,400)	N/A
INCOME BEFORE TAXES	**11,831,939**	**4.9%**	**(1,855,199)**	**(0.7%)**	**13,687,138**	**N/A**
ADJUSTED INCOME BEFORE TAXES	**14,594,254**	**6.0%**	**6,784,008**	**2.7%**	**7,810,245**	**115.1%**
Income taxes	(3,676,060)	(1.5%)	(1,666,899)	(0.7%)	(2,009,161)	120.5%
Profit (loss) for the financial year	**8,155,879**	**3.3%**	**(3,522,098)**	**(1.4%)**	**11,677,977**	**N/A**
ADJUSTED income/(loss)	**10,192,838**	**4.2%**	**4,928,652**	**2.0%**	**5,264,186**	**106.8%**

The table below shows the reconciliation of Industrial Added Value, EBITDA, EBIT, Income before taxes, and Profit (Loss) for the period, and the Adjusted related values.

Industrial Added Value was determined using the following income statement classification:

	31/12/2024	***31/12/2023***
Revenue from contracts with customers	243,752,830	251,811,791
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	(141,136,684)	(158,188,424)

Industrial Added Value	**102,616,146**	**93,623,368**

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

	31/12/2024	***31/12/2023***
Profit/(loss) for the financial year (1)	**8,155,879**	**(3,522,098)**
Income taxes	(3,676,060)	(1,666,899)
Income before taxes (2)	**11,831,939**	**(1,855,199)**
Changes in fair value of financial assets and liabilities	12,881	(1,703,519)
Financial charges	3,498,895	4,964,248
Financial income	(699,711)	(339,524)
EBIT (3)	**14,644,003**	**1,066,005**
Amortisation	15,776,371	21,203,442
EBITDA (4)	**30,420,374**	**22,269,447**

Extraordinary and non-recurring items impacting EBITDA, that have been adjusted during 2023 and 2024, are shown in the table below. For further details, please refer to what is reported below.

	31/12/2024	***31/12/2023***
Non-recurring income and charges attributable to Fine Foods	2,762,315	-
Non-recurring income and charges attributable to Euro Cosmetic	-	3,563,735
Total non-recurring income and charges (5)	***2,762,315***	***3,563,735***

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.

	31/12/2024	***31/12/2023***
ADJ EBITDA (4) + (5)	***33,182,689***	***25,833,182***
Demolition of Brembate Building (6)	-	675,472
Goodwill impairment (7)	-	4,400,000
ADJ EBIT (3) + (5) + (6) + (7)	***17,406,318***	***9,705,213***
Income before taxes	***11,831,939***	***(1,855,199)***
Non-recurring income and charges (5)	2,762,315	3,563,735
Demolition of Brembate Building (6)	-	675,472
Goodwill impairment (7)	-	4,400,000
ADJ Income before taxes	***14,594,254***	***6,784,008***
Income taxes	(3,676,060)	(1,666,899)
tax effect on non-recurring income and charges (5 to 8)	(725,356)	(188,457)
ADJ income/(loss)	***10,192,838***	***4,928,652***

Revenue from sales and services decreased from €251.8 million as of 31 December 2023 to €243.8 million as of 31 December 2024, with a slight decrease of 3.2%. Q4 2024 recorded the Group’s highest quarterly revenue.

Raw material costs on sales revenues, of approximately 57.9%, increased compared to the end of the previous year (62.8%).

Cost of Services decreased by €2.1 million from €25.9 million as of 31 December 2023 to €23.8 million at year-end 2024. This change was influenced by a reduction in costs, including utilities (-€1.3 million), external processing (-€0.6 million), remuneration of Directors and Statutory Auditors (-€0.7 million mainly due to lower bonuses accrued). These savings were partially offset by a non-competition agreement signed with the former CEO, Ferraris, of €0.7 million.

Personnel costs were €47.6 million, reflecting an increase of €3.2 million compared to the same period in FY 2023. This rise was primarily driven by an estimated provision for salary adjustments (€1.5 million), and costs associated with the termination of employment for certain Parent Company executives (€0.5 million).

The Group's Adjusted EBITDA in 2024 was €33.2 million (13.6% of EBITDA Margin), up from €25.8 million in the previous financial year (10.3% of EBITDA Margin). The year just ended benefited from the revised sales price policy implemented in H2 2023 and a decrease in the procurement costs of raw and packaging materials. This adjustment reduced the proportion of raw and packaging material costs on Sales Revenue. In addition, the continuous improvement programmes initiated by Fine Foods to enhance operational efficiency yielded positive results.

Adjusted EBIT reached €17.4 million as of 31 December 2024, compared to €9.7 million recorded on 31 December 2023. Adjusted Income Before Taxes as of 31 December 2024 was €14.6 million compared to €6.8 million in the previous year. The Group closed 2024 with an Adjusted profit of €10.2 million, a significant increase from €4.9 million in 2023.

Non-recurring expenses were incurred in 2024, impacting EBITDA and relating to the Parent Company, Fine Foods. Particularly:

- ✓ Severance and redundancy incentives for certain executives were approximately €473,000.
- ✓ A non-competition agreement was signed with Ferraris for approximately €700,000.
- ✓ A risk provision of €1.6 million was allocated for salary adjustments.

In 2023, the subsidiary Euro Cosmetic had non-recurring expenses that affected EBITDA, amounting to €3.6 million, as a result of the reorganisation following the merger. These include:

- ✓ a one-off cost of € 1,634,000 of which € 1,430,000 due to inventory disposals and € 204,000 to obsolescence provisions;
- ✓ an extraordinary cost of € 765,000 due to former Pharmatek personnel who were not transferred to the Trenzano plant, and substitute and transfer indemnities paid after the merger.
- ✓ other one-off operating costs including: € 409,000 incurred to materially dispose of inventories, € 224,000 incurred for extra external processing following the reorganisation, € 115,000 as penalties and indemnities to customers of the former Pharmatek, € 129,000 as a loss on disposal of assets following the sale of an important piece of machinery of the former Pharmatek, € 108,000 as contingency liabilities of the former Pharmatek and € 178,000 for the non-recognition of grants for over-depreciation of the former Pharmatek.

EBIT 2023 saw a non-recurring cost for the demolition of a Parent Company building in Brembate carried out in October 2023, which generated an impact on the Income Statement of € 675,000, and the Cosmetics Business Unit's goodwill impairment (recorded as of 30 June 2023) for € 4.4 million.

Regarding the tax effects of these adjustments: the 2023 adjustments are fully non-deductible, except for the cost associated with the demolition of the building, which has been subject to IRAP+IRES figurative taxes. The adjustments for 2024 are considered deductible only for IRES purposes, except for the costs allocated to the risk provision, on which IRAP+IRES figurative taxes have been applied.

Alternative Performance Indicators

To facilitate an understanding of Fine Foods' financial and economic performance, the directors have identified in the previous paragraphs several Alternative Performance Indicators ("APIs"). These indicators are the tools that assist the directors in identifying operating trends and making investments, resource allocations and other operating decisions.

For a correct interpretation of these APIs, the following should be noted:

- these indicators are constructed exclusively from historical data and are not indicative of the company's future performance;

- APIs are not required by the International Financial Reporting Standards (IFRS) and, although derived from the Company's Financial Statements, are not subject to audit;
- the APIs must not be considered as a replacement for the indicators provided for by the International Financial Reporting Standards (IFRS);
- these APIs should be read alongside the financial information derived from the Company's Financial Statements;
- the definitions of the indicators used, since they do not derive from the reference accounting standards, may not be consistent with those adopted by other groups/companies or comparable to them;
- the APIs used have been developed with continuity and uniformity of definition and representation for periods when financial information is included in these consolidated interim Financial Statements.

The APIs below were selected and presented in the Report on Operations because the Group believes that:

- the Net financial debt allows a better assessment of the overall debt level, the equity strength and the debt repayment capacity;
- Fixed assets and Net investments in tangible and intangible fixed assets, calculated as the sum of increases (net of decreases) in tangible fixed assets (including the right to use leased assets) and intangible fixed assets - Net working capital and Net invested capital allow a better assessment of the ability to meet short-term commercial commitments through current commercial assets and the consistency between the investments and financing sources structure over time;
- EBITDA is the operating result before depreciation, amortisation and provisions. The defined EBITDA is a measure used by management to monitor and evaluate the Company's operating performance. EBITDA is not an IFRS accounting measure and is an alternative measure for evaluating the Company's operating performance. Since the reference accounting principles do not regulate the EBITDA composition, the criteria for its definition applied by the Company may not be consistent with those adopted by other companies or comparable to them.
- The ADJUSTED EBITDA is the operating result before Amortisation, depreciation and provisions minus operating revenue and costs that, although inherent to the business, are non-recurring and significantly impact results. The defined ADJUSTED EBITDA is a measure used by Company management to monitor and evaluate the Company's operating performance. ADJUSTED EBITDA is not an IFRS accounting measure and is an alternative measure for evaluating the Company's operating performance. Since the reference accounting principles do not regulate the ADJUSTED EBITDA composition, the criteria for its definition applied by the Company may not be consistent with those adopted by other groups/companies or comparable to them.
- The ADJUSTED EBIT is the Company operating result minus operating revenue and costs that, although inherent to the business, are non-recurring and significantly impact results. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.
- The *ADJUSTED INCOME BEFORE TAX* is the Company income before taxes minus operating revenue and costs that, although inherent to the business, are non-recurring and significantly impact results and the fair value change of warrants. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.
- The ADJUSTED NET INCOME is the Company net result minus operating revenue and costs that, although inherent to the business, are non-recurring and significantly impact results and the fair value change of warrants, after deduction of the relevant tax. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.

These indicators are commonly used by analysts and investors in the sector to which the Company belongs to evaluate the Company's performance.

Main risks and uncertainties for the Group

The following paragraph illustrates the main risks to which the Group is exposed and the director's mitigating actions.

Liquidity risk

The Group monitors the liquidity shortage risk using a liquidity planning tool. The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines and bank loans, mortgages and bonds. The Group's policy is to keep loan numbers due in the next 12 months around 60%. As of 31 December 2024, 34.3% of the Group's debt is due in less than one year (2023: 83.8%), calculated based on the book value of debts in the Consolidated Financial Statements. If the Parent Company Fine Foods had not temporarily reclassified the medium/long-term debt to Intesa of the original € 70 million, for € 36.4 million, in current bank borrowings in 2023, the share of debt due in less than one year would have been 29.9%.

The table below summarises the Group's due date profile of financial liabilities based on undiscounted contractually agreed payments.

31 December 2024	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	34,987,777	-	33,378,530	1,609,247
Current bank borrowings	18,367,370	18,367,370	-	-
Non-current lease payables	847,512	-	831,668	15,844
Current lease payables	325,230	325,230	-	-
Total financial liabilities	**54,527,890**	**18,692,600**	**34,210,198**	**1,625,091**

31 December 2023	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	9,734,877	-	7,800,401	1,934,476
Current bank borrowings	55,269,592	55,269,592	-	-
Non-current lease payables	1,032,604	-	1,032,604	-
Current lease payables	354,377	354,377	-	-
Total financial liabilities	**66,391,450**	**55,623,969**	**8,833,005**	**1,934,476**

To support the significant ongoing investments, which were primarily covered by the cash generated from business operations in 2024, the Parent Company is considering securing a new bank loan to finance the remaining investments.

Interest rate risk

Interest rate risk is a function of interest rate trends and the company's related positions, identifiable in bond investments and debt transactions. The risk is the increase in borrowing costs associated with rising interest rates.

This risk may be indicated differently depending on the valuation parameter.

• Cash Flow Risk: this is related to the possibility of realising losses connected to a reduction in expected receipts or an increase in expected costs. It is linked to items with payment profiles indexed to market rates. As these rates change, the company's position will change (variable rate financing)

• Fair Value Risk: this is linked to the possibility of losses related to an unexpected change in the value of an asset or liability following a sudden change in rates.

Credit risk

This is the risk that a customer or a financial instrument counterparty causes a financial loss by failing to fulfil an obligation; for the Group, the risk is mainly related to the failure to collect trade receivables. Fine Foods' main counterparties are major companies active in the nutraceutical and pharmaceutical sectors. The Group carefully evaluates its customers' credit standing, considering that, due to its business's nature, the relationships with its customers are long-term.

Price risk

The price risk is mitigated using a solid cost accounting procedure that can identify the production cost. In this way, remunerative and competitive prices are established and adopted with the customer.

Risk of changes in cash flows

The risk of changes in cash flows is not considered significant in view of the Group's balance sheet. It is considered that the risks to which the business activity is exposed are not higher than those physiologically connected to the overall business risk.

Tax risks

The Group companies are subject to the taxation system under applicable Italian tax laws. Unfavourable changes to this legislation, and any Italian tax authorities or Law orientation related to the application, interpretation of tax regulations to determine the tax burden (Corporate Income Tax "IRES", Regional Tax on Production Activities "IRAP") and the Value Added Tax "VAT", could have significant negative effects on the companies economic and financial situation.

The Group is exposed to the risk that the financial administration or law may adopt different interpretations or positions concerning tax and fiscal legislation from those adopted by Fine Foods Group in carrying out its business. Tax and fiscal legislation, and its interpretation, are complex elements due to the continuous legislation evolution and interpretation from administrative and jurisdictional bodies.

The Group will periodically undergo inspections to verify such regulations' correct application and the correct payment of taxes. Disputes with Italian or foreign tax authorities could involve the companies in lengthy proceedings, resulting in the payment of penalties or sanctions, with possible significant adverse effects on its business, economic and financial situation.

Due to the complexity and continuous changes in tax and fiscal regulations and their interpretation, it is impossible to exclude that the financial administration or law may make interpretations, or take positions, that contrast with those adopted by the Group. This might result in negative consequences on its economic and financial situation.

Risks related to the information system's reliability

The Group is exposed to the risk of accidental events or malicious actions to IT systems (hardware, software, databases, etc.) that impact their reliability, with potential negative effects on the Group's economic, capital and financial situation.

The Group implements security procedures and policies to ensure proper IT systems management. It has perimeter and internal security equipment. Infrastructures are equipped with high reliability techniques for critical systems and are checked annually. The IT department periodically conducts simulated external attacks to assess the robustness of the security system. The Group has a disaster recovery plan to ensure the reliability of its IT systems. The Group's IT systems comply with the General Data Protection Regulation.

The IT systems department is subject to internal audits, by Quality Assurance, and external audits, by certification bodies and customers.

Risks related to the concentration of revenue on major customers

The Group has a significant concentration of revenue on its main customers, amounting to approximately 63.3% on the top five customers as of 31 December 2024. The loss of one or more of these relationships would have a significant impact on Group revenue. As a rule, contracts with the Group's main customers do not have minimum guaranteed quantities. If these relationships continue, there is no certainty that the amount of revenue generated by the Group in subsequent years will be similar to or greater than those recorded in previous years. The possible occurrence of such circumstances could have significant adverse effects on the Group's business and economic, capital and financial situation.

The Group mitigates this risk by building stable and long-lasting relationships with its customers and customer loyalty, through commercial activities for acquiring new customers and M&A for identifying and acquiring target companies.

Risks related to production authorisations

The Group faces the risk of non-approval, by governmental or health authorities and institutions, of the individual production stages that characterise its activities, if it is found not to comply with the regulatory requirements applicable to plants and the production of pharmaceuticals and nutraceutical products, with potentially adverse effects on its economic and financial position.

During the many audits conducted by customers and authorities, the Group has never received any reports of critical non-compliance.

GMP compliance is ensured by applying strict quality procedures and periodic systemic internal audits.

In addition, the Group has a procedure for promptly handling any observations or deviations identified by the authorities.

Risks relating to environmental, occupational health and safety regulations

The Group is exposed to the risk of accidental contamination of the environment in which its employees work, and possible injuries in the workplace. Any violations of environmental regulations, and the adoption of prevention and protection systems in the field of safety that are not appropriate to the Group's needs, could lead to the application of administrative sanctions, including significant monetary sanctions or an injunction, including suspensions or interruptions of production, with potentially adverse effects on the Group's economic, capital and financial position.

To address these risks, the Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

Risks related to climate change: physical risks

Climate change can produce systemic effects that negatively affect financial activities.

Physical risks of climate change can be classified as "acute" if caused by extreme events such as droughts, floods, and storms, or "chronic" if caused by progressive changes like rising temperatures, sea-level rise, water stress, and resource depletion.

The Group faces potential operational disruptions due to extreme weather events that could damage critical infrastructure, plants, machinery, and facilities. These events may lead to increased repair and maintenance costs, and production delays or shutdowns, impacting business continuity, reputation, and profitability.

Extreme weather conditions, such as heavy rainfall and floods, could compromise the quality of water used in production processes, which will raise purification costs.

The Group is aware of potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures and is assessing how to address these challenges through transition plans or business resilience analyses. The Group has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Group implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

Climate change risks: transition risks

These risks are tied to the challenges and costs associated with moving to a more sustainable and less carbon-dependent economic model. This situation is driven by the implementation of climate protection Directives and Regulations, advancements in technology, and shifts in market confidence and consumer preferences.

The absence of investments to reduce climate impact by lowering energy consumption may have a negative effect on the Group's Income Statement due to increases in operating costs and exposure to energy price fluctuations and possible regulatory measures e.g. introducing carbon taxes.

Water scarcity for industrial purposes, particularly following extended periods of drought, can negatively affect production efficiency. Similarly, extreme weather events can disrupt the supply chain, causing partial or complete interruptions in the supply chain.

The Group is aware of potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures and is updating its risk assessment. The Group has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Group implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

Energy cost risk

Energy costs remain high compared to historical prices, with high volatility. The supply of energy available for the European market and domestic energy stocks are the reasons why the estimated negative impacts on the Group's economic, financial and capital position, and the likelihood of their occurrence, may be gradually reduced.

The Group assembled a team coordinated by an energy manager to monitor the energy market trend to minimise the impact of energy costs and implement appropriate measures to increase production sites' energy efficiency. Fine Foods installed two co-generators for self-generation of electricity from gas combustion, which eliminated its exposure to the risk of electricity component fluctuations and optimised the efficient use of the heat developed through co-generation. There are photovoltaic systems at three plants with a total power of 850 kW covering part of the energy requirements (approx. 1% of the total energy demand). To manage the fluctuation of energy costs, part of them will be rebilled during 2025.

Legal and reputational risks related to the mismanagement of Substances of Very High Concern

Exceeding pollution limits or mishandling hazardous chemicals that have long-term effects on human health or the environment (as listed in the REACH list and Annex VI of the CLP Regulation) can result in fines and operational restrictions and severely damage Fine Foods' reputation. The use of substances that hinder the recycling of safe, high-quality secondary materials or most harmful substances (as listed by ECHA) can expose the company to additional legal and reputational risks. This risk may arise from either direct impacts of business activities or regulatory requirements.

The Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

Operational risk from a shortage of virgin raw materials

The Company faces operational risks related to the scarcity of virgin raw materials, such as palm oil, coffee, and various natural extracts. These shortages can increase operational costs for Fine Foods due to competition for supply. As these commodities are subject to stricter regulations, their limited availability and rising costs may negatively impact the continuity of production and profitability.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Group maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market.

Economic and reputational risks due to accidents and injuries

Accidents involving employees could lead to operational disruptions and reputational damage, potentially slowing down company operations. If such incidents affect employee health and safety, the Company could face legal claims, compensation costs, and sanctions for non-compliance with regulations and organisation systems (OMC 231). An unsafe working environment could reduce the Company's appeal to potential investors and diminish employee motivation, leading to higher turnover rates.

To address these risks, the Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

Risks related to human capital management

The growing demand in the labour market for certain technical and specialised profiles makes them highly attractive, which exposes the Company to the risk of losing highly qualified personnel, who are in short supply. Failure to implement the necessary policies to successfully manage human capital can have a negative impact on the Company's economic, capital and financial position.

To address these risks, it is necessary to adopt new, more inclusive business models and policies to enhance and promote talent. The Company implemented human capital management policies and procedures designed to support employees throughout their lifecycle within the Company. This includes recruitment, onboarding, continuous training programmes, internal career development paths, work-life balance initiatives, workplace health promotion (WHP) measures, and the activation of various internal communication channels.

Risks related to salary adjustments claims

Fine Foods develops and manufactures contract products including food supplements, nutraceuticals, and pharmaceuticals, employing more than 650 staff under the National Collective Labour Agreement for the Food Industry. Workers in the production departments are required to clock in at turnstiles before proceeding to the changing rooms, where they change into company-issued attire such as trousers, tunics, caps, shoes, and, if necessary, beard covers. Once dressed, workers clock in again at the start of their shift and proceed to their workstations, with the same process being followed at the end of their work shift. Since the end of 2024, the Company has received claims, mainly from former employees, for salary adjustments relating to the time taken to change into and out of company-provided clothing in the changing rooms. Some of them request additional payment for salary differences for the time spent travelling between the external turnstiles and the changing room, and vice versa. The Company is defending itself in ongoing legal proceedings and is considering negotiating an agreed regulation with the trade unions. This would regulate the process of dressing for employees and offer a resolution for past claims. The Company allocated a special provision for the above risk as of 31 December 2024.

Risks related to supplier relationships: shortages of raw and packaging materials.

Considering the complex geopolitical situation and climatic risks that may jeopardise some harvests, the Group risks increased costs in 2025 for the purchase of raw and packaging materials necessary to carry out its business, and delays in production due to the more difficult availability of raw and packaging materials, with potential adverse effects on the Group's business, economic, capital and financial position. The Group’s business is characterised, in certain cases, by a limited substitutability of suppliers, particularly in the pharmaceutical sector.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Group maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market. Additionally, mitigating actions are included in the Business Continuity Plan.

Reputational risk due to suppliers' non-compliance with equal opportunity and diversity laws

If suppliers fail to comply with principles of diversity and equal opportunity—particularly in relation to wages, career advancement, and other employment practices—the Company could suffer a potential loss of consumer confidence and a decrease in sales.

The Group implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Group adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

Reputational and legal risk for violating workers' human rights along the value chain

The Group faces reputational risk from potential human rights violations by suppliers within its value chains. If suppliers fail to protect the health and safety of their workers and fundamental human and labour rights, they could face increased legal claims and sanctions for regulatory non-compliance. Such incidents may disrupt supplier and Fine Foods operations, potentially forcing the Group to terminate relationships with non-compliant suppliers, with consequent operations slowdowns.

The Group implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

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Financial and reputational risk for violating employee safety conditions along the value chain

Violating safety conditions for workers along the value chain is a significant risk for the Group. If suppliers or subcontractors fail to implement appropriate safety measures, it can result in work accidents, operational disruptions, and legal sanctions for these entities. These events can lead to delays in delivery and increased procurement and project management costs for the Group. They may harm the Company's reputation and reduce stakeholder confidence, ultimately causing financial losses.

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Legal and reputational risks related to damage to user health and safety due to unsafe products

The Group faces significant risks related to user health and safety due to unsafe products. Distributing products that fail to meet safety standards could cause physical harm or damage to user health, exposing the Group to potential lawsuits, product recalls, and regulatory penalties. Such incidents can lead to substantial costs for compensation and legal fees, and operational disruptions. Negative public and stakeholder perceptions may severely harm the Company's reputation, diminishing customer and investor confidence, and negatively impacting the Group's revenues and market position.

The Group has a reliable quality system and several certifications which guarantee compliance with good manufacturing practices.

All finished products and raw materials undergo thorough analysis to ensure they meet release specifications.

Key non-financial indicators

We provide the following company business non-financial indicators for a better understanding of the Company situation, operating trend and result:

- The Group maintains consolidated and continuous relationships with **more than 130 customers**;
- The Group can count on **144** production **lines** located in the various plants;
- The Group produces approximately **2,090** Stock-Keeping Units (SKUs);
- The Group employs approximately **779** people.

Environmental information

The environmental objectives and policies, including the measures adopted and the improvements made to the business activity that had the greatest impact on the environment, can be summarised as follows:

In June 2024, the Parent Company underwent an audit for certification renewal under the UNI EN ISO 14001:2015 standard, which certifies the presence of a management system to prevent waste management, air and water environmental issues. The next maintenance visit is planned for June 2025.

A management system illustrates how to intervene if harmful events occur.

During the year, there were no events that caused damage to the environment for which the Group companies were found guilty, nor were sanctions or penalties imposed for environmental crimes or damages.

To protect the environment, Group companies give all the types of waste that are generated by the Zingonia - Verdellino, Brembate and Trenzano sites to authorised third parties, which follow the provisions of current legislation.

Work Risk Assessment Document

Under Legislative Decree no. 81 of 09/04/2008 and Legislative Decree no. 106/09 and subsequent amendments, which contain reference standards for workplace health and safety, the Parent Company has drawn up the Risk Assessment Document (DVR - Documento di Valutazione dei Rischi) filed at its registered office and revised on 06 December 2023, version no. 19. The twentieth version of the document is ready and will be issued at the next Periodic Meeting.

The Risk Assessment Document for the subsidiary Euro Cosmetic (Trenzano site) is filed at the company's registered office and was revised in February 2024 in its fourth version.

In June 2024, the Parent Company underwent the annual audit for the ISO 45001:2018 certification renewal, the international standard for an occupational health and safety management system (as of 21 May 2014, Fine Foods was certified under OHSAS 18001, the reference standard before ISO 45001).

During H1 2024, Fine Foods reported no accidents that led to absences exceeding 40 days at initial prognosis or involved serious injuries to registered employees, for which company liability was established.

During 2024, four occupational disease claims were filed, three of which were made by a former employee, who has not been with the Company for three years.

The four complaints were not recognised by INAIL and, as a result, the Parent Company was not found liable.

During 2024, there were no serious accidents at work that resulted in serious injuries to Euro Cosmetic's personnel enrolled in the employee register for which company liability was established. No occupational disease claims were filed.

During 2024, Fine Foods' Supervisory Body did not find any anomalies concerning implementing the current Organisation, Management and Control System under Legislative Decree no. 231/2001. They based their findings on the evidence of the assigned activities performance and deemed the control system correct and generally supplemented by a constant procedure updating process. This applied even during the Covid emergency.

Personnel Management Information

To better understand the Group situation and management performance, some information relating to personnel management is provided.

Attention was paid to personnel's professional growth. 2024, 5322 training courses and seminars were held, for all levels, making 29,434 hours of training. These aimed at increasing technical skills and maintaining an adequate level of quality, safety, hygiene and environment skills.

Plant	Number of courses	Total hours
ZINGONIA	1,412	11,998
BREMBATE	3,910	15,626
Euro Cosmetic (Trenzano)	80	1,810
TOTAL	**5,322**	**29,434**

During the year there were no serious accidents at work that resulted in serious injuries to personnel enrolled in the employee register for which corporate responsibility was ascertained or charges relating to occupational illnesses on employees or former employees.

During the year, the Company promptly implemented all the protections legally prescribed. It reserved an unconditional commitment to worker safety issues, whether or not the staff were employed, and the population surrounding its sites. The Company based its strategy on:

- dissemination of a safety culture within the organisation;
- specific dedicated operating procedures and adequate management systems;
- prevention and protection from exposure to contagious and non-contagious risks;
- the minimisation of risk exposure in each production activity;
- surveillance and monitoring of prevention and protection activities.

This process involved the following phases:

- identifying exposure to possible hazards related to the methods, products, and operations carried out;
- risk assessment of the event severity and frequency;

- identifying prevention actions, where possible, and mitigating residual risk;
- investigation and analysis of incidents to learn lessons and increase prevention capacity;
- developing risk minimisation plans based on technological investments, implementing safety management systems, and staff training and education.

Essential intangible resources

The Group defines essential intangible resources as non-physical assets that are fundamental to its business model and serve as value creation drivers:

a) Intellectual capital, encompassing implicit knowledge, systems, procedures, and protocols within the organisation, and value generated through innovations and processes;

b) Human capital, relating to employees' skills, capabilities, and experience;

c) Social and relational capital, primarily referring to relationships with customers, suppliers, and stakeholders.

For details on assets recognised in the financial statements, please refer to the relevant notes in the Consolidated and Separate Financial Statements.

Research and development

Fine Foods is active in the development and contract manufacturing of oral and solid forms for the nutraceutical, pharmaceutical and cosmetics industries.

Research and development come from a structured cooperation with customers aimed at providing them with new formulations for their products, ensuring their effectiveness, quality and innovation.

The costs incurred for product research and development are not capitalised but are included in operating costs and charged to the income statement.

Relationships with subsidiary, associated, parent companies and companies controlled by the parent companies

During 2024, the Parent Company distributed a dividend of € 0.12 per share to the holding company Eigenfin S.r.l. as per the shareholders' resolution approving the 2023 Financial Statements.

Related Party Relationships

On 30 March 2022, the Parent Company's Board of Directors updated the Procedure for related party transactions, under Article 2391-bis of the Italian Civil Code and Article 4 of the "Regulations for transactions with related parties" issued by Consob with Resolution no. 17221 of 12 March 2010. Considering the new Fine Foods Group corporate structure after the acquisition of the Euro Cosmetic S.p.A. shareholding, it was appropriate to draft an amendment to the definition of "Transactions of Negligible Amount" and further formal amendments were made for a better understanding of the Procedure. This procedure is available on the Company's website (https://www.finefoods.it/).

During 2024, transactions between the Company and related parties identified under the provisions of international accounting standard IAS 24 included the remuneration of Directors, established under applicable regulations, based on assessments of mutual interest and economic benefit.

Treasury shares buyback programme

On 29 May 2024, the Parent Company's Board of Directors resolved to launch the treasury share buyback programme to implement and comply with the authorisation to buyback and dispose of treasury shares approved by the 29 May 2024 Shareholders' Meeting.

The Programme will last 18 months after the 29 May 2024 authorising resolution date, unless there is an early interruption which will be legally reported to the Market. The arrangement in one or more issues of treasury shares is without time limits.

The table below summarises the situation regarding treasury shares as of 31/12/2024:

	Number	Fees Euro
Initial balance	1,064,682	14,021,029
Purchased shares	12,987	118,327
Shares allocated free of charge		
Shares sold		
Shares cancelled due to excess capital		
Shares cancelled to cover losses		
Final balance	1,077,669	14,139,356

As of 13 March 2025, Fine Foods & Pharmaceuticals N.T.M. S.p.A. holds 1,077,669 treasury shares equal to 4.2162% of the share capital, at a weighted average price of € 11.7423. There were no changes from 1 January 2025 to 13 March 2025.

Under at. 2357-ter of the Civil Code, the purchase of treasury shares involved booking a "Negative reserve for treasury shares in portfolio" under liabilities in the consolidated interim Financial Statements. The number of treasury shares held by the company having recourse to the risk capital market does not exceed one-fifth of the share capital, as required by Article 2357 of the Civil Code.

Parent Company shares

During the year, the Company did not hold Parent Company shares or quotas.

Use of financial instruments significant to the assessment of the financial position and net result for the year

The risk of changes in cash flows is not considered significant in view of the Company's balance sheet. It is considered that the risks to which the business activity is exposed are not higher than those physiologically connected to the overall business risk.

For liquidity risk monitoring purposes, the Group oversees the liquidity shortage using a planning tool. The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines and bank loans, mortgages and bonds. The Group's policy is to keep loan numbers due in the next 12 months around 60%.

Events following the end of the financial year

On 28 February 2025, the Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A., held on a single call, confirmed the appointment of Pietro Oriani as a member of the Company's Board of Directors. Oriani was previously appointed by co-optation under Article 2386 of the Italian Civil Code and will serve until the approval of the Financial Statements as of 31 December 2026.

Following the Shareholders' Meeting, the Board of Directors, having verified that Oriani meets the necessary requirements for the role of Director, unanimously resolved to appoint him as Fine Foods Managing Director, granting him the relevant powers and authority. Oriani assumed the roles of Chief Executive Officer, Investor Relations Officer, and member of the ESG Committee.

Personal data protection - Privacy

Under EU Regulation 2016/679, General Data Protection Regulation ("GDPR"), the Company has implemented a corporate organisation system for the protection of personal data to comply with the EU regulatory framework, which strengthens Privacy and the individuals' data protection rights.

Consolidated Sustainability Report

under Directive 2013/34/EU of the European Parliament and Council, as amended by Directive (EU) 2022/2464 of the European Parliament and Council

General disclosures
ESRS 2

1.1 Drafting criteria

<u>*General criteria for drafting sustainability statements*</u>

This Sustainability Report has been prepared under the Corporate Sustainability Reporting Directive (CSRD), transposed into Italian law by Legislative Decree 125 of 6 September 2024 and the European Sustainability Reporting Standards (ESRS). It includes Fine Foods Group companies that are part of the Consolidated Financial Statements. The reporting scope, in line with the Financial Statements, includes the Parent Company Fine Foods & Pharmaceuticals N.T.M S.p.A. and the subsidiary Euro Cosmetic S.p.A..

The Sustainability Report derives from the analysis conducted under the double materiality principle, enabling the identification of relevant impacts, risks, and opportunities (IROs) for the Group. This assessment considers the Fine Foods Group's direct activities, its value chain and business relationships, ensuring an integrated and comprehensive approach.

The extent of coverage concerning the Group's value chain is detailed within the various sections of this document. The analysis of impacts, risks, and opportunities included a comprehensive review of Fine Foods' primary business activities, identifying the following key areas:

- Nutraceuticals and Cosmetics
- Pharmaceuticals

In this report, no information regarding intellectual property, knowledge, or innovation results has been omitted. Additionally, no details about forthcoming developments or ongoing negotiations have been withheld, under Articles 19 bis (3) and 29 bis (3) of Directive 2013/34/EU.

<u>*Disclosures in relation to specific circumstances*</u>

The information presented in this report covers the period from 1 January 2024 to 31 December 2024. The following timeframes have been adopted, under section 6.4 of ESRS 1 *Definition of short-, medium- and long-term for reporting purposes*.

- *Short-term*: the one-year reporting period of the Annual Financial Report;
- *Medium-term*: up to five years following the short-term reporting period.
- *Long-term*: beyond five years from the end of the short-term reporting period.

Where information is subject to estimation, the underlying assumptions and the process leading to its determination, including inherent uncertainties, are disclosed throughout this document. Any quantitative or monetary data based on estimates is explicitly identified in this or the relevant chapters[2].

The following value chain metrics presented in this document are based on estimates and may involve a degree of uncertainty:

- Calculation of the categories identified as relevant for Scope 3, as shown in the table below.

SCOPE 3 CATEGORY	DESCRIPTION OF THE ESTIMATE

[2] All forward-looking statements are based on reasonable assumptions made by Fine Foods' management. However, such statements are subject to inherent uncertainties.

3.1	Emissions related to purchased goods and services, calculated by multiplying the kilograms of raw materials and packaging acquired by the corresponding emission factors sourced from the Ecoinvent 3.10 database. The modelling of product categories followed one of the logics below: For products constituting more than 50 per cent of the total mass of the category, the category was considered to consist entirely of that product; Where a category does not have a product constituting more than 50 per cent of the mass, the category was modelled as if constituted proportionally by the mass of the first three products.
3.2	Emissions associated with capital goods, particularly the new plant under construction in 2024, reporting the impact in the year of purchase and using spend-based logic. Impacts were quantified by multiplying the budget spent on it by factors from the DEFRA document "UK full dataset 1990 to 2021 including conversion factors by SIC code for SCOPE 3."
3.3	Emissions associated with fuels and energy not reported in scope 1 and 2. Following a market-based approach, the emission factor related to the upstream phase of electricity production was adjusted by incorporating the specific emission factors associated with different renewable energy sources, as certified in the guarantee of origin certificates. As the guarantee of origin certificates for the reference year were unavailable at the time of calculation, the 2024 quantity was modelled based on the 2023 distribution of renewable energy sources. Accordingly, 1,596.4 MWh were modelled as generated by cogeneration plants and 1,689.4 MWh by hydroelectric power, using emission factors taken from the Ecoinvent 3.10 database.
3.4	Emissions related to logistics calculated by measuring the distance between the capital of the country of production and the destination for foreign suppliers, or by assuming an average distance of 250 km for Italian suppliers. Transport was modelled using: road transport via 16-32 t EURO 5 trucks; a combination of road transport and cargo shipping. Emissions were determined as the result of the associated kg/km and the emission factors taken from the Ecoinvent 3.10 database for road and sea transport.
3.5	Emissions linked to the end-of-life stage of waste generated by the organisation calculated as the result between the quantities of waste produced (in kg or m^3) and sent for treatment or disposal (categorised by EWC code) and the corresponding emission factor taken from the Ecoinvent 3.10 database.
3.6	Not relevant
3.7	Not relevant
3.8	Not relevant
3.9	Total considered emissions related to outgoing logistics were calculated by multiplying the kg/km associated with the organisation's activities by emission factors from the Ecoinvent 3.10 database for road and sea transport. The total kg/km was determined by referencing the primary customer (as a representative sample) and the corresponding destinations. A weighted average was used to derive an estimated transport distance of 928.52 km by land (modelled as a 16–32 ton, Euro 5 truck) and 1,206.47 km by sea (modelled as a cargo ship). The total weight of goods transported for the primary customer is 10,820,268 kg.
3.10	Not relevant
3.11	Not relevant
3.12	Not relevant
3.13	Not relevant
3.14	Not relevant
3.15	Not relevant

The following metrics have been estimated and are subject to a certain degree of uncertainty:

- Hours of operation of the Group's facilities, which influence the calculation of air pollutant emissions;
- Calculation of the categories identified as relevant for Scope 3 (see BP-2 10.a);
- Calculation of the average supplier delay time for the subsidiary Euro Cosmetic.

The estimated operating hours of the Group's plants were determined by considering the number of hours the plants operated daily and total operating days throughout the year. It was assumed that the plants functioned continuously during working hours and on scheduled operating days.

In addition to the disclosures required by the ESRS standards and Directive 2022/2464, this Report provides information on the evaluation of environmentally sustainable economic activities under EU Regulation 2020/852. For further details, please refer to the "Disclosure under Article 8 of Regulation 2020/852" chapter in this document. Additionally, the Group's calculation of its Inventory of Direct (Scope 1) and Indirect (Scope 2) GHG Emissions was certified under UNI EN ISO 14064.1:2019, which establishes international best practices for managing, reporting, and verifying GHG emissions. For further details, please refer to the "Gross Scopes 1, 2, 3, and Total GHG emissions" chapter in this document.

1.2 Governance

The role of the administrative, management and supervisory bodies

Fine Foods' Corporate Governance complies with Borsa Italiana's Corporate Governance Code. The Principles and Recommendations set out in that Code define good governance to guide the Group towards sustainable success.

Fine Foods has adopted a traditional governance model and consists of the following corporate bodies:

• Shareholders' Meeting

• Board of Directors

• Board of Statutory Auditors

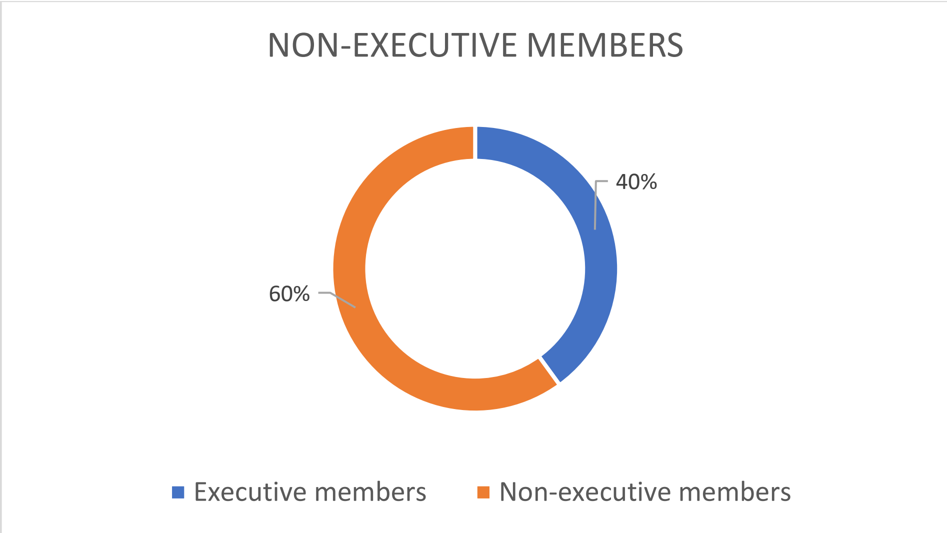
Board of Directors

The Board of Directors' main role is to guide the Group towards sustainable success, deciding on its strategic direction and monitoring its implementation. The Board of Directors promotes the best dialogue with the shareholders and other Group-relevant stakeholders. The Board of Directors comprises executive and non-executive directors and a quota of independent directors who have the professionalism and skills appropriate to the entrusted tasks. Fine Foods applies diversity criteria for its Board of Directors, which must ensure its members adequate expertise and professionalism.

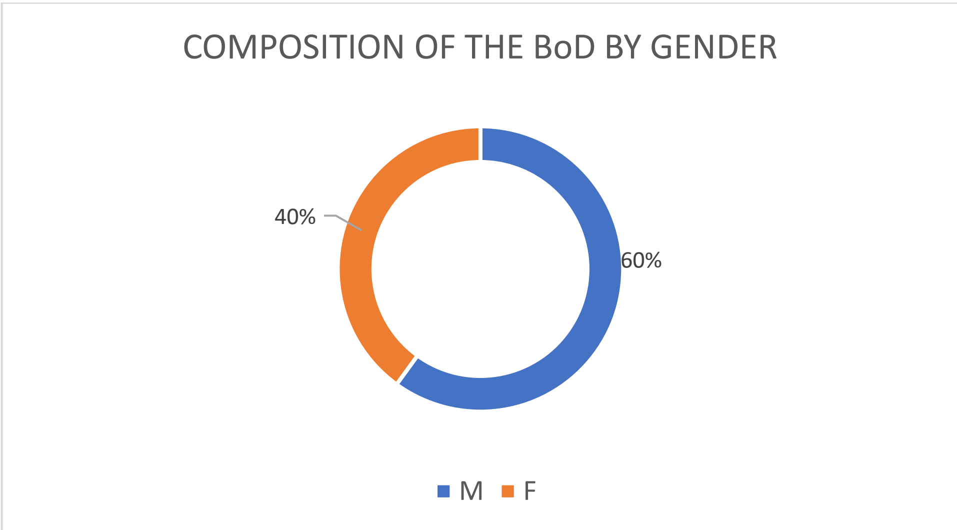
The Parent Company's Board of Directors comprises 10 members, four are independent and four non-executive, and 40 per cent of the members are the least represented gender (six men and four women).

COMPOSITION OF THE BOARD OF DIRECTORS BY GENDER AND AGE

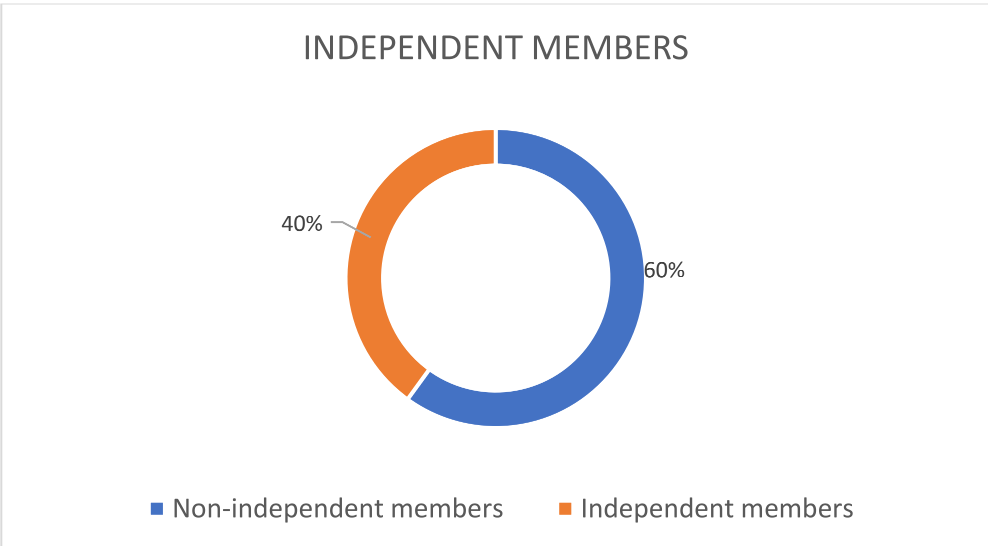
Number of members	**Fine Foods Parent Company**	
age	**M**	**F**
from 30 and up to 50	1	1
over 50	5	3
TOT.	**6**	**4**



NON-EXECUTIVE MEMBERS
40%
60%
Executive members
Non-executive members



COMPOSITION OF THE BoD BY GENDER
40%
60%
M
F



INDEPENDENT MEMBERS
40%
60%
Non-independent members
Independent members

DIRECTORS CVs

Marco Eigenmann

Chairman and CEO

Marco Francesco Eigenmann began his career in the family company Eigenmann & Veronelli S.p.A. From 1987 and until 1997 he was Director of Pharma-Food-Cosmetics Division and member of the Board of Directors, and Vice President since 1992. Since 1992, he has been CEO of Fine Foods, initially under the control of Eigenmann & Veronelli S.p.A. In 1997, he acquired half of Fine Foods's share capital from Eigenmann & Veronelli and focused his activity exclusively on Fine Foods. In 2005, through Eigenfin, he purchased the remaining half of the Company's capital from Alberto Sada. He is the Fine Foods' President with power of attorney.

Pietro Oriani

Managing Director

Pietro Oriani graduated in Law from the University of Milan. He completed Executive Leadership Training at Siemens, Strategic Leadership Development at Fujitsu-Siemens, High Performance People Skills at the London Business School, and Executive Coaching at The School of Coaching. Additionally, he earned an A.I.A.F. Diploma in Financial Analysis.
Following his time at Oriani-Lesma Stockbrokers and Meda SIM BPM, Pietro Oriani's career flourished at Siemens. Over 18 years, he assumed more prominent roles and leadership positions in finance across various sectors.
He was a Finance Director for the Italian subsidiaries involved in the production and marketing of energy cables (Gruppo Teleco Cavi), which were later acquired by the Pirelli Group. He worked as CFO of Fujitsu Siemens Computers, a joint venture between Fujitsu Ltd. and Siemens AG. Following this, he assumed various roles at Siemens Regional Company, and ultimately, he held the position of Controller for Southwest Europe. In 2011, he joined the Intercos Group as the Group Administration, Controlling, and Reporting Director, where he was responsible for implementing a control system for the Group's listing process. Since 2018, he has worked as Intercos Group CFO, playing a pivotal role in the company's listing process, which was successfully completed in 2021. Since August 2024, he has been Fine Foods General Manager and now CEO.

Marco Costaguta

Member of the Board of Directors

Marco Costaguta graduated cum laude in Mechanical Engineering from Politecnico di Milano in 1984, and obtained an INSEAD Master's degree in business administration in 1987. Between 1984 and 1985, Costaguta worked for Hewlett Packard in Andover (USA), where he was Quality Control Manager. Between 1985 and 1988, Costaguta returned to Milan, Italy, where he worked in McKinsey & Co. as an Engagement Manager working on Italian and multinational companies' strategy and operations projects. Between 1989 and 2021, Costaguta worked as Director at Bain & Company, where he led Italian, UK and European strategy, operations and organisation projects in the fast-moving consumer goods [FMCG], process industries, and private equity sectors. In 2012, Costaguta founded the company Long Term Partners S.r.l., an Advisory Personal company, which provides advice to large family groups on governance and succession issues, on strategy and operations.

Giovanni Eigenmann

Member of the Board of Directors

Eigenmann obtained a degree in Management Engineering from Politecnico di Milano and a Master's degree in Finance and Management from Cranfield University in the UK. He completed his studies by specialising in accounting and financial analysis at the London Business School. In 2014, he started his career in the Investments Products and Services division of UBS S.p.A. supporting the financial investment advisory and solutions team to private and institutional clients. In 2015, Eigenmann joined Deloitte Financial Advisory Service S.p.A. in the Corporate Finance M&A division in Milan, assisting leading national and international players in mandates concerning acquisitions, divestments, debt valuations, and restructuring. Eigenmann joined Fine Foods & Pharmaceuticals N.T.M. S.p.A. in 2018 as a Controller. After an experience in industrial accounting and lean manufacturing, Eigenmann attended an executive course in planning and management control at SDA Bocconi. He set up the Continuous Improvement and Controlling divisions at Fine Foods becoming Controlling division director. He is currently Managing Director of Euro Cosmetic S.p.A. - Fine Foods cosmetics business unit. He joined Fine Foods Board of Directors in May 2024.

Adriano Pala Ciurlo

Member of the Board of Directors

Adriano Pala Ciurlo graduated in Law in 1995 at the University of Camerino. He enrolled in the Register of Lawyers in 1998 and the Register of Supreme Court Lawyers in 2015. He has been identified as an expert in leading industry publications, including: The

Legal500, The European Legal, Chambers Global (2007-2008) and European Legal Experts. Pala Ciurlo is currently a partner at Grimaldi Studio Legale where he focuses on corporate and capital markets law and extraordinary corporate transactions. Between 2012 and 2017, he was a member of the Board of Directors of Frendy Energy S.p.A. - a company which was admitted to trading on AIM Italia. Before joining the Firm in 2005, Pala Ciurlo was a partner at Studio d'Urso Munari Galli. Pala Ciurlo has been a member of the Board of Directors of Fine Foods since 2018.

Elena Sacco

Member of the Board of Directors

Sacco graduated in Law, University of Milan, in 1996 and qualified to practice in Italy in 2001 and practice before the Supreme Court in 2015. Sacco works at the Milan office of Studio Legale Grimaldi Alliance and advises Italian and foreign companies, including those listed on Italian and foreign regulated markets, particularly multi-utilities and companies operating in the energy sectors and engaging in M&A transactions. Sacco has extensive experience in equity capital market transactions such as IPOs, tender and securities offers. Before joining Grimaldi Alliance, Sacco worked with leading national and international law firms. She has been a Fine Foods Board of Directors member since May 2024

Ada Imperadore

Member of the Board of Directors

Ada Imperadore graduated in Economics and Business at the University of Verona and attended postgraduate courses in Preventive Arrangement and Bankruptcy, and Bankruptcy Trustee. She has a Master's degree in corporate tax law and another in "The Crisis of Small and Medium Enterprises being Reformed" from the Verona Odcec. Imperadore is enrolled in the Register of Auditors, the Order of Chartered Accountants of Verona, the National List of Independent Evaluation Bodies and the Register of Court-appointed appraisers and experts at the Verona Court. Between 1991 and 2000, Imperadore worked, as a Senior, with Studio Dott. Renato Fiorio in the tax/commercial sector. Between 2001 and 2008, she worked, as a Senior, with Studio Mercanti Dorio in the legal and tax field. Between 2009 and 2018, she became a Studio Mercanti Dorio partner and a Board of Directors member from 2013 to 2018. She has been a tax/commercial sector coordinator since 2009. Imperadore is currently a partner of Dorio Testa Imperadore - Professionisti Associati since January 2019, in the tax/commercial sector. Since 2017 Imperadore has served as President of the Institutional Training Commission ODCEC of Verona, as Member of the Study Commission in Accounting Principles of Financial Statements, and Member of the Study Commission in Business Law and Extraordinary Transactions. Among her more recent significant professional experiences, Imperadore has been Advisor in the drafting and preparing the appeal to the Arrangement with Creditors procedure and liquidation and ongoing Creditor Plan for companies of different sectors. She has been i) an AGSM S.P.A. Member of the Board of Directors; ii) Cattaneo Ventisei S.r.l. Sole Director; iii) Veneto Sviluppo S.p.A. Member of the Board of Directors; iv) Carol Invest S.r.l. Member of the Board of Directors; v) Chairperson of the Board of Statutory Auditors and Auditor in companies operating in various financial sectors; vi) ESA-COM S.p.A. Chairperson of the Board of Statutory Auditors; vii) Consulfiduciaria S.p.A. Statutory Auditor; viii) Videosystem S.r.l Sole Auditor.

Susanna Pedretti

Member of the Board of Directors

Susanna Pedretti graduated in Law from the University of Milan in 1977. She has been a member of the Bar since 2005. Pedretti is Founding Partner of Auditability S.r.l. S.B., a consulting firm that deals with "governance compliance and sustainability", internal control systems and risk management of industrial and commercial companies, and specialises in compliance issues under Legislative Decree 231/2001 and internal control systems, corporate governance. Pedretti holds the position of Independent Director in the following listed companies: i) Ambienthesis S.p.A., Chairperson of the Risk and Sustainability Committee; ii) Full Six S.p.A., Chairperson of the Risk Control Committee and member of the Related Parties and Remuneration Committees; iii) Digital Bros S.p.A., Chairperson of the Remuneration Committee and member of the Risk Committee. Pedretti was a member or Chairperson of the Supervisory Bodies under Legislative Decree 231/2001.

Deborah Maria Venturini

Member of the Board of Directors

Graduated with honours in Business Economics at the L. Bocconi University, Venturini has been enrolled in the Association of Chartered Accountants of Milan since 1995, the Register of Auditors since 1999 and the Register of Financial Advisors - Section of consultants authorised to make off-premises offers since 2016. She is Business Development / M&A Senior Director for Gruppo Campari. Venturini was a Partner at Praesidium SA, an asset management firm focused on private equity investments and direct deals, with a background of more than 20 years in investment banking (particularly M&A advisory to mid-market companies in the consumer goods sector). From 2016 to 2019, she was a private banker at Mediobanca. From 2002 to 2016, Venturini was M&A Director at Vitale

& Co. and before that M&A Senior Analyst at Euromobiliare Corporate Finance. Venturini has been a Fine Foods Independent Director since May 2024.

Paolo Ferrario

Member of the Board of Directors

Ferrario has a degree in Management Engineering from Politecnico di Milano and a Master's Degree with honours in "Innovation and Business Management" from POLIMI - MIP Graduate School of Management. He is Innova Investments S.r.l. CEO, Senior Director of Xenon Private Equity and previously served as Chairman of Burke & Burke S.p.A.. From 2016 to 2018, he was promoter and Managing Director of the Special Purpose Acquisition Company Innova Italy 1 S.p.A. and Fine Foods Director from 2018 to 2021. From 2013 to 2015, Ferrario was a Solar Investment Group BV infrastructure fund partner. In 2013, he founded Augent Partners, an advisory company in the private equity sector where he serves as the Sole Director. Ferrario has been a Capital Dynamics private equity fund Director since 2009. From 2006 to 2008, he joined Hewlett Packard Company as Director of the Finance BPO Services Division. Between 1998 and 2006, he worked as a consultant at two international management consulting companies. In 1996, after serving in the Army Air Force, he joined the RADICI Group, at the subsidiary Eutron S.p.A., as Operations Manager and Group's CEO and CFO assistant. He started his career in 1994 in the ABB Sace S.p.A. Planning and Control Office. Ferrario has been a Fine Foods Independent Director since May 2024.

Committees

The Fine Foods Board of Directors has set up three internal committees with advisory and proposal-making functions:

• Environment, Social and Governance (ESG) Committee

• Remuneration and Nomination Committee

• Control, Risk and Related Parties Transactions Committee

The **ESG Committee** advises and makes suggestions to the Board of Directors to:

(i) foster the continuous integration of national and international best practices into Fine Foods' corporate governance, environmental, social, and governance (ESG) factors into business strategies;

(ii) generate value for shareholders and stakeholders over the medium to long term, following the principles of sustainable development.

The Committee's core responsibilities include:

(a) supporting the Board of Directors in identifying issues relevant for generating long-term value, in coordination, where necessary, with the Group's Control and Risk Committee;

(b) supporting the Board of Directors in approving the Group's business plan, ensuring that the issues relevant for generating long-term value for shareholders and other stakeholders are included in the Plan. This includes:

- formulating opinions and making proposals to define a strategy that integrates sustainability into business processes;
- proposing projects and activities to implement this strategy;
- monitoring the progress of activities and projects that implement the Group's sustainability strategy based on previously defined quantitative and qualitative indicators;

(c) monitoring the evolution of sustainability issues:

- assessing the guidelines, best practices and national and international principles gradually emerging on the subject;
- monitoring the Group's market positioning by participating in the Group's ESG performance assessment and analysing the sustainability performance of competitors and peers;

(d) promoting the adoption of codes of conduct and policies that reflect the evolving ESG landscape; (e) assessing the sustainability reporting suitability, based on its consistency with the requirements specified in national and international regulations and principles expressed by the standards adopted for the Statement preparation. The outcome of its assessments is submitted to the Board of Directors;

(f) promoting the Group's participation in relevant social responsibility initiatives and events, to consolidate the Company's national and international reputation;

(g) expressing opinions on issues that may impact sustainability issues, at the request of the Board of Directors or the CEO;

(h) monitoring the implementation of the Board of Directors' decisions on sustainability matters; (i) overseeing policies and broader sustainability concerns related to business operations;

(j) monitoring and promoting stakeholder engagement activities;

(k) promoting, assessing and verifying the activities for the implementation of the dual purpose required from Benefit Corporations. It verifies that the Parent Company, in addition to profit, pursues purposes of common benefit and operates responsibly, sustainably and transparently towards persons, communities, regions and the environment, cultural and social assets and activities, entities and associations, workers, customers, suppliers, investors, creditors, public administration and the civil society;

(l) carrying out any further tasks assigned by the Board of Directors;

(m) reporting on sustainability-related activities at least every six months to the Board of Directors.

The **Remuneration and Nomination Committee** supports the Board of Directors in its assessment and decisions on remuneration and nomination by carrying out preliminary, propositional and advisory functions. By carrying out preliminary propositional and advisory functions, the Remuneration and Nomination Committee supports the Board of Directors in carrying out the following tasks when assessing and deciding on appointments:

– self-assessment of the governing body and its committees;
– the best composition of the governing body and its committees;
– identification of candidates for the office of Director if there is a co-optation;
– possible presentation of a list by the outgoing governing body to ensure transparency in its establishment and presentation;
– preparing, updating and implementing succession plans for the chief executive officer and the other executive directors.
- assisting the Board of Directors in drafting Remuneration Policy for Directors, Board of Statutory Auditors members and Key Management Personnel, by formulating specific proposals or expressing opinions so the Policy is functional to the Group sustainable success. It must consider the need to have, retain and motivate persons with the skills and professional expertise required by the Group. The Committee formulates proposals to the Board of Directors or expresses opinions on the remuneration of executive Directors and other Directors holding special offices and performance objectives related to the remuneration variable component;
- monitoring the practical application of the Remuneration Policy and verifying the achievement of performance objectives;
- periodically assessing the adequacy, consistency and practical application of the Remuneration Policy for Directors and Key Management Personnel (including any stock option or share allocation plans, three-year incentive plans, etc.), upon Chairperson of the Board of Directors instructions. To do so, it uses the information provided by Managing Directors, and formulates proposals to the Board of Directors on the matter;
- examining in advance the annual report on the remuneration policy and compensation, available to the public under applicable legislation.

The **Control, Risk and Related Party Transactions Committee** makes proposals and advises the Board of Directors, based on preliminary analysis, supporting the Board's assessments and decisions on the internal control and risk management system, and the approval of periodic financial and non-financial reports. The Control, Risk and Related Party Transactions Committee, under the Corporate Governance Code, supports the Board of Directors' activities specified below:

(a) defining the guidelines for the internal control and risk management system in line with the Company's strategies and assessing the system's adequacy for the Group business and the risk profile assumed, and its effectiveness at least once a year;

(b) appointing and revoking the internal audit head;

(c) approving the work plan prepared by the internal audit head, at least once a year, after consulting the control body and Chief Executive Officer;

(d) assessing whether it is appropriate to adopt measures to ensure the effectiveness and impartiality of the other corporate functions specified in Recommendation 32, letter e) of the Corporate Governance Code, checking that they have adequate professional expertise and resources;

(e) tasking the control body or another expressly set up supervisory body under Art. 6, paragraph 1, letter b) of Legislative Decree no. 231/2001;

(f) after consulting the control body, assessing the results set out by the statutory auditor in any letter of suggestion, and in the additional Report addressed to the control body;

(g) describing the primary internal control and risk management system's features and coordination methods between the parties involved in the Corporate Governance Report. It specifies the systems and national and international reference best practices, expressing its overall assessment of the system's adequacy and explaining the supervisory body composition choices referred to in the previous letter.

The Control, Risk and Related Party Transactions Committee, under the Corporate Governance Code, carries out the following when assisting the Board of Directors:

(a) assesses, together with the Manager responsible for preparing the corporate financial reports and having consulted the statutory auditor and the Board of Statutory Auditors, the correct use of accounting standards and their uniformity for preparing the Consolidated Financial Statements before the Board approved the Consolidated Financial Statements;

(b) assesses the suitability of periodic financial and non-financial information to correctly represent the Group's business model, strategies, the impact of its activities, and the performance achieved;

(c) examines the content of periodic non-financial information relevant to the internal control and risk management system;

(d) expresses opinions on specific aspects for the identification of the leading corporate risks and supports the Board of Director's assessments and decisions on the management of risks arising from prejudicial events of which the latter has become aware;

(e) examines the periodic reports concerning the assessment of the internal control and risk management system and the relevant reports prepared by the Group Internal Audit;

(f) monitors the independence, adequacy, effectiveness and efficiency of the Group Internal Audit;

(g) may entrust the Internal Audit with carrying out checks on specific operational areas, simultaneously notifying the Chairperson of the Board of Statutory Auditors and the Director in charge of the internal control and risk management system, unless the request for verification concerns the latter's work;

(h) reports to the Board of Directors, at least every six months when the annual and half-yearly Financial Statements are approved, on the work and adequacy of the internal control and risk management system.

The Board of Statutory Auditors

Under Article 26 of the Articles of Association, the Board of Statutory Auditors comprises 3 (three) statutory members and 2 (two) alternate members, appointed by the Shareholders' Meeting and operating under the law. Auditors are appointed for 3 (three) financial years, and their term of office expires on the date of the Meeting called to approve the Financial Statements for the last financial year of their term of office, and they can be re-elected. Those who exceed the limits on the number of offices held, or for whom there are grounds for ineligibility or disqualification, or do not meet the requirements of independence, integrity and professionalism and the other requirements laid down by applicable laws and regulations, cannot be elected Auditors and, if elected, shall forfeit their office. To establish the professionalism and integrity requirements, topics relating to commercial law and tax law, business economics and corporate finance, and disciplines with a similar or comparable purpose, and topics and sectors related to the Parent Company's business sector, are considered.

The Board of Statutory Auditors worked with the internal audit head and the Control, Risk and Related Party Transactions Committee by attending committee meetings. These meetings are also attended by the head of the internal audit. The Board of Statutory Auditors cooperated with the Supervisory Body appointed under Legislative Decree no. 231/2001 and liaised with the Chief Executive Officer on the internal control and risk management system. The Board of Statutory Auditors participated in the Remuneration and Nomination Committee works.

AUDITORS CVs

Guido Croci

Chairman and Statutory Auditor

Croci graduated in Business Economics from L. Bocconi University. He has been enrolled in the Register of Chartered Accountants of the Court of Milan since 1986. Croci was a Partner of Studio Casò - Dottori Commercialisti Associati from 1990 to 2007. He is Official Auditor under Ministerial Decree of 7 October 1993 and Auditor under Ministerial Decree of 12 April 1995 GURI; Member of the Steering Committee of the Milan Union of Young Chartered Accountants (1988-1991), Councillor of the Association of Chartered Accountants (1995-2001 and 2004-2008) and Delegated Councillor for the Study Commission on Accounting Principles and Study Commission on Corporate Supervision.
He is a Court-appointed receiver for bankruptcy proceedings for the Court of Milan and Ministry of Economy. He is enrolled in the Register of Technical Consultants of the Court of Milan and Professor at the School of Advanced Training of the Milan Chartered Accountants Foundation. Auditor and Independent Director in various companies, Croci has been Chairman of the Fine Foods Board of Statutory Auditors and Statutory Auditor since May 2024.

Massimo Pretelli

Statutory Auditor

Petrelli graduated in Economics from the Guglielmo Marconi University in Rome. He has been a member of the Association of Chartered Accountants of Florence since 1982. Pretelli was appointed Official Auditor By Decree of the Ministry of Justice dated 10 April 1990. He has been enrolled in the Register of Technical Consultants of the Court of Florence since 1997. Petrelli is a civil and commercial mediator and has been a member of the Florence Conciliation Board (OCF) since 2012 and the Register of Local Authority Auditors.
He provides advisory services and support in dealings with the Financial Administration, focusing on direct and indirect taxes, national and international tax planning, professional opinions, managing accounts and bookkeeping, preparing tax returns, conducting

inheritance assessments, providing company law advice, assistance in special corporate transactions and preparing financial statements. He is a Statutory Auditor, Sole Auditor and Supervisory Body member in corporations, public bodies and foundations. He has been a Fine Foods Statutory Auditor since May 2024.

Ottavia Alfano

Statutory Auditor

Alfano graduated in Business Economics from Luigi Bocconi University. Enrolled in the Register of Chartered Accountants since 1996 and Register of Auditors since 1999. After an extended tenure at Di Tanno Associati, where she became equity partner in 2007 and head of the Milan office, she joined Molinari Agostinelli in 2022 as an equity partner. She has extensive experience in the tax field, particularly tax advisory in M&A, national and international leveraged buy-out and private equity transactions, international taxation, real estate, structured finance and tax litigation. Clients include multiple corporate groups, investment funds and private Italian and foreign clients. Ottavia Alfano is a member of the board of statutory auditors of DiaSorin, Borsa Italiana, FSI SGR, Illimity SGR and other companies, financial intermediaries and foundations (including Nice, Evolvere Società Benefit, Fondazione Vodafone Italia, Fondazione DiaSorin). She is Chairperson of the Board of Statutory Auditors of La Doria and Evoca Group. Alfano has been a Fine Foods Statutory Auditor since May 2024.

Marco Antonio Manzoni

Alternate Auditor

Manzoni is enrolled in the Register of Chartered Accountants and the Register of Auditors. He works as a freelance from his own firm and as a counsellor at Studio Integrato Tributario in Milan.
He has worked with one of the most important corporate and tax consultancy firms in Bergamo for more than 20 years, where he gained extensive experience in corporate and tax matters for industrial groups and holding companies and in inheritance processes with financial protection purposes. He holds various positions as supervisor and auditor in different Groups.
Along with being an Auditor and Independent Director in various companies, he has been a Fine Foods Alternate Auditor since May 2024.

Marco Giuliani

Alternate Auditor

Graduated in Business Economics from the Bocconi University of Milan. Enrolled in the Milan Register of Chartered Accountants (1986) and Accounting Professionals, and in the Register of Auditors. Marco Giuliani served as co-managing partner of STS/Studio Fiscale Deloitte until 2005. Subsequently, he founded MGP Studio Tributario alongside fellow professionals. This firm was part of the PKF International Network and subsequently merged with RSM, and finally with Baker Tilly. His experience has been gained mainly with large and multinational listed and unlisted companies in the oil, energy and manufacturing sectors. Marco Giuliani lectures on several professional training courses, notably for the International Tax Commission of the Milan Order of Chartered Accountants. Along with being an Auditor and Independent Director in various companies, he has been a Fine Foods Alternate Auditor since May 2024.

Internal Audit

The tasks of the internal audit head are:

(a) verifying the operation and suitability of the internal control and risk management system following international standards, using a Board of Directors approved audit plan based on structured analysis and prioritisation of the main risks;

(b) preparing periodic reports containing adequate information on their work, risk management methods and containment plan compliance. The periodic reports shall assess the internal control and risk management system suitability;

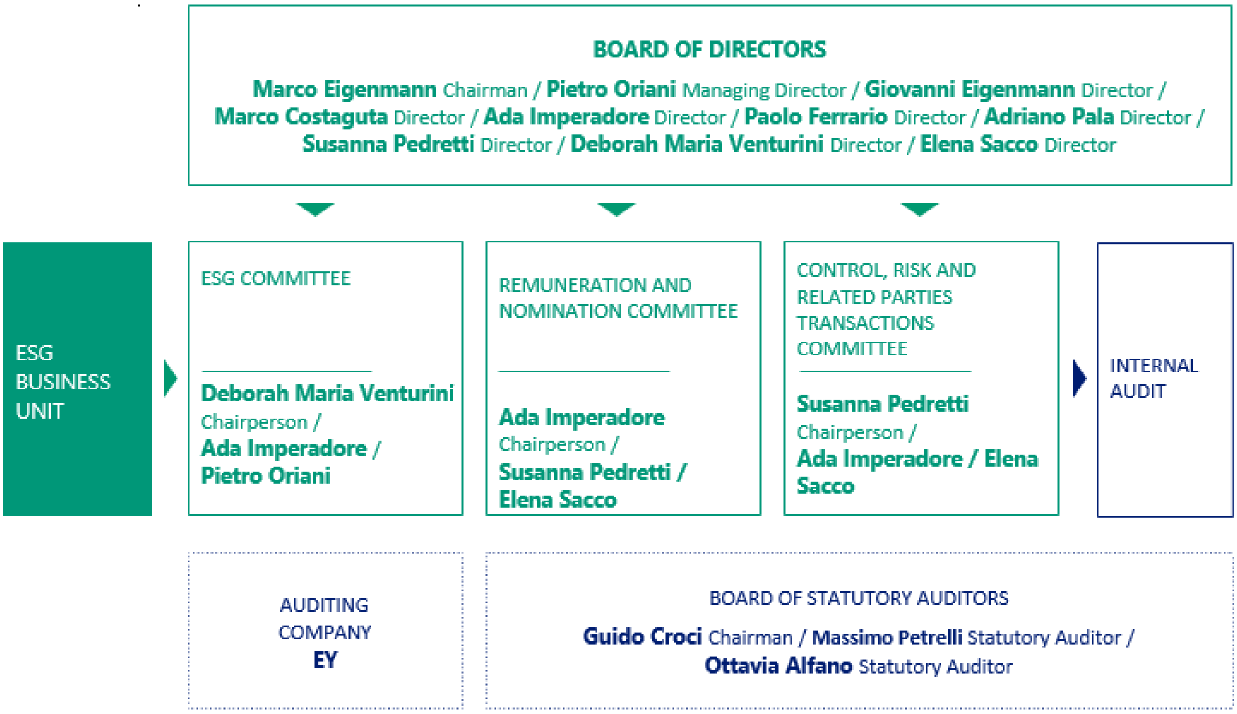
(c) preparing timely reports on significant events at the control body's request;

(d) transmitting the reports referred to in points b) and c) to the chairpersons of the control body, Control and Risk Committee, Board of Directors, and the Chief Executive Officer, except where the reports concern their activity;

(e) verifying the reliability of information systems, including accounting systems, as part of the audit plan.

Supervisory Body

Fine Foods adopted and effectively implemented a System that represents the organisation and management tool to prevent the Company's employees and co-workers from committing offences under Legislative Decree no. 231/2001 ("System"). The tasks of supervising the System's adequacy, updating and effectiveness have been delegated to an expressly set up collective Supervisory Body.



The Group's Corporate Governance framework, as outlined above, provides effective oversight of sustainability-related matters. The ESG Committee formulates opinions and makes proposals to define a strategy that integrates sustainability into business processes. This includes proposing projects and activities to implement this strategy; and monitoring the progress of activities and projects that implement the Group's sustainability strategy based on previously defined quantitative and qualitative indicators. The ESG Committee assists the Board of Directors in overseeing impacts, risks, and opportunities (IROs). These are categorised by reference area (e.g., Personnel, Suppliers, etc.) and shared with area managers, enabling them to identify relevant controls for implementation or qualitative-quantitative KPIs for periodic monitoring.

For details regarding the expertise of the members of the Group's Governing and Control bodies, please refer to the CVs set out in this paragraph, in the "*Directors CVs*" and "*Auditors CVs*" section.

There are no employee representatives in the Group's management and control bodies.

Information provided to the company's administrative, management and supervisory bodies and sustainability issues

The ESG Committee members regularly engage with Company representatives responsible for monitoring the most significant ESG issues and driving key development projects. These Company representatives include dedicated employees (e.g., ESG specialist), area managers (e.g., HR Director, Procurement Director, ESG Manager), and external consultants who are experts in the field and appointed by the Parent Company. Following these interactions, the ESG Committee convenes to review the results shared with them, propose new action plans, assess new policies and/or updates to existing ones, set new objectives, and address issues that have gained public attention or been raised by stakeholders. Focus is given to sustainability impacts, risks, and opportunities (IROs). The list of material impacts, risks, and opportunities (IROs) can be found in the "*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph below.

The outcomes of the Committee's meetings are reported to the Board of Directors at least every six months, with the Committee providing opinions and making suggestions for the integration of sustainability into business strategies.

Integration of sustainability-related performance into incentive systems

The Remuneration and Nomination Committee suggests and oversees the remuneration policies for Directors, members of the Board of Statutory Auditors, and Key Management Personnel. A variable compensation, as a short-term component, for the CEO Giorgio Ferraris, who remained in office until 13 September 2024, and for the newly appointed Managing Director Pietro Oriani (from 13 September 2024), is linked to the attainment of specific objectives, including those related to sustainability, as outlined and approved by the Remuneration and Nomination Committee. These objectives are reviewed annually and involve the Group supply chain ESG qualification and ESG assessment. They account for around 10 per cent of the total short-term bonus potential.

Statement on due diligence

While Fine Foods identifies actual and potential negative impacts linked to its activities and implements initiatives to prevent or mitigate them (as detailed in the following paragraphs on Material Topic Standards), the Group has not yet adopted a due diligence process fully aligned with internationally recognised frameworks such as the United Nations guiding principles on business and human rights or the OECD guidelines for multinational enterprises.

Risk management and internal controls over sustainability reporting

The Group is gradually incorporating ESG principles and sustainability reporting standards into its risk management and internal control system. To achieve this, Fine Foods has integrated processes into its Financial Closing procedure to ensure that the data behind the figures presented in the reports is complete, accurate, and available within the required timeframes.

The Group has developed clear guidelines for internal and external information requests, providing instructions on extracting and storing data where possible. Additionally, for historical databases, consistency and plausibility checks have been conducted to identify any significant deviations. These checks are part of greenhouse gas emissions reporting.

However, there are no specific formalised procedures for incorporating internal control findings into the sustainability reporting process within the relevant functions.

1.3 Strategy

Corporate strategy, business model, and value chain

Fine Foods is active in the contract development and manufacturing of oral and solid forms for the nutraceutical and pharmaceutical industries and the in cosmetics sector through the Euro Cosmetic production facility.

Fine Foods is one of the players in the European nutraceutical market and is focused on contract manufacturing of food supplements. As for the pharmaceutical market composition, the Group segment is the European Pharmaceutical CDMO.

The Group's third market is covered by its subsidiary Euro Cosmetic, which focuses on the European cosmetics sector, mainly in the "Bath and Shower," "Deodorants," "Hair Care," "Skin Care," and "Oral Care" categories. As of 31 December 2024, the Group employed approximately 780 staff and reported revenue of €244 million in 2024.

For the 2024 financial year, no specific information regarding the ESRS segments was available.

The Group’s sustainability strategy is outlined in the 2022-2025 Sustainability Plan. Below are the tables listing the actions planned, targets achieved in 2024 and reference to the sustainable development pillars to which each action contributes.

ETHICS AND GOVERNANCE

Strategic objectives:

Fine Foods is committed to governance that fosters sustainable success.

The Group puts product safety first and acts responsibly and transparently towards its stakeholders.

Material topics for the 2022-2025 Sustainability Plan

- Corporate Governance
- Ethics and regulatory compliance
- Product safety
- Cybersecurity
- Sustainable financial growth
- Customer partnerships

Area	Target 2025	Audit - 2024

Bribery and corruption Anti-competitive practices	Updating the Code of Ethics and implementing the Anti-Corruption Policy	Code of Ethics and Anti-Corruption Policy updated in 2024.
	Training all staff on the Code of Ethics and Anti-Corruption Policy.	All staff trained on anti-corruption issues (whistleblowing) on the "Fine Foods Academy" online portal in 2024
	MBO system on ESG criteria for all managers who impact ESG results.	MBO system maintenance on ESG criteria for all first-level managers who impact ESG issues
	Maintaining compliance with law 231/01	Implementing the 231 System in all Group companies since 2023.
Data security	Maintaining a high level of corporate and customer data security Defining and updating data processing policy No non-conformities detected	Ongoing internal auditing and updated risk assessment. No non-conformities detected in 2024.
Product safety	No product recalls	In 2024, there was one pharmaceutical product recall, meaning the Group did not meet its zero-recall target.

PEOPLE

Strategic objectives:

Fine Foods puts people's safety first and promotes programmes that improve protection and prevention standards.

The Group aims to have the best talent and prioritises a peaceful and inclusive environment where people can express their potential, be valued and rewarded based on their commitment and skills. They are encouraged to contribute to Company success.

Material topics for the 2022-2025 Sustainability Plan

- Safety at work
- Health and well-being
- Professional development and performance
- Attracting and retaining talent
- Diversity and equal opportunity
- Labour/Management relations

Area	Target 2025	Audit - 2024
Employee health and safety	UNI EN ISO 45.001 certification for all sites	Defining a single policy and harmonising procedures.
	Keeping the injury rate below the average of the last three years	Accident rate aligned to the 2021-2023 average.
Working conditions	Maintaining WHP Lombardy Region accreditation	Accreditation to the WHP "Regione Lombardia" network for the three sites of Zingonia, Brembate and Trenzano in 2024.
Social dialogue	At least one management training project to spread the feedback culture	Planned by 2025.
Child and forced labour, and human trafficking	Maintaining zero non-conformity	No non-conformities were identified by the SB and Internal Audit in 2024.

ENVIRONMENT

Strategic objectives:

The Fine Foods Group is preparing for a climate-neutral future and uses natural resources available for future value creation.

Material topics for the 2022-2025 Sustainability Plan

- Combating climate change and using energy efficiently
- Use of water resources
- Waste management and resource circularity
- Air and water protection
- Biodiversity

Area	Target 2025	Audit - 2024
Energy and GHG	Reduction in SCOPE 1 and 2 impacts on annual turnover (intensity) compared to the 2022 baseline	-7.1% tons of CO2 equivalent - 2022-2024 GHG intensity comparison Intensity calculated as tons of CO2 equivalent based on the 2024 turnover, compared to the same indicator in 2022. - 36.51 (2024 CO2 indicator on 2024 turnover) - 39.30 (2022 CO2 indicator on 2022 turnover)
Water	Implementing group-wide monitoring network	Activated also in the Brembate plant Self-reading implemented at Trenzano
	Maintaining active projects to reduce water consumption during production compared to the 2022 baseline year.	-33.6% m3 - 2022-2024 water intensity comparison Intensity calculated as m3 on the 2024 turnover compared to the same indicator in 2022 - 234.1 (2024 m3 indicator on 2024 turnover) - 252.6 (2022 m3 indicator on 2022 turnover)
Biodiversity	Urban Beekeeping Project	Urban Beekeeping Project with the installation of four apiaries in an owned field in Brembate
Materials and waste	Percentage increase of waste sent for recovery on total waste produced compared to the 2022 baseline	+ 25.8% - percentage increase of waste sent for recovery in 2024 compared to the baseline: + 12.6% (% waste recovered in 2022) + 15.9% (% waste recovered in 2024)
Product end-of-life	Analysis of at least a product LCA	A sustainable packaging LCA carried out

SUSTAINABLE PRODUCTS

Strategic objectives:
The Group helps its customers reach their full market potential by creating long-term partnerships. Fine Foods is committed to creating increasingly sustainable products, where sustainability is the innovation driver.

Fine Foods aims to serve as its customers' manufacturing plant, and supports them in creating increasingly sustainable products.

The Group strives to industrialise its customers' products by finding new strategies to decarbonise processes, minimise the use of natural resources and raw materials, and promoting their circular use. This includes researching and suggesting more environmentally friendly materials.

Material topics for the 2022-2025 Sustainability Plan

- Eco-design and innovation
- Researching and suggesting ecological materials

Area	Target 2025	Audit – 2024
Eco-design and innovation	A training project to acquire skills in LCA and 40% R&D, purchasing and sales staff trained	All purchasing, commercial, and R&D departments trained

Eco-design and innovation	At least four more sustainable product development projects based on LCA criteria	Implementation of: - A Sustainable Packaging LCA Project in 2024. Total target achieved through results 2023 + 2024.
Researching and suggesting ecological materials	Four projects to replace used materials with materials certified according to sustainability standards	Implementation of: - A Sustainable Packaging LCA Project in 2024. Total target achieved through results 2023 + 2024.

SUPPLY CHAIN

Strategic objectives:

The Fine Foods Group promotes and shares its values throughout the supply chain and works towards a qualified supply chain in business ethics, focusing on respect for human rights.

Material topics for the 2022-2025 Sustainability Plan

- Human rights in the supply chain
- Sustainability in the supply chain
- Sustainable procurement and circular economy policies

2025 Objectives	Target 2025	Audit - 2024
Environmental and social performance of suppliers	100% of suppliers assessed under EcoVadis Environmental and Social criteria.	71% value of raw and packaging materials ordered from suppliers assessed based on ESG criteria with ECOVADIS above 40/100
	All of suppliers assessed under ESG criteria	92% value of raw and packaging materials ordered was positively assessed with EcoVadis or ESG Questionnaire.
	All suppliers have signed a Code of Conduct.	Inclusion of supplier Code of Conduct (CoC) in new Group contracts + reminder of the CoC in orders issued to existing suppliers. 96% of expenditure on raw and packaging materials is from suppliers who have signed the CoC. 67% of expenditure on services is represented by suppliers who have signed the CoC.

REGIONAL DEVELOPMENT

Strategic objectives:

The Fine Foods Group builds an equitable future by promoting actions of common benefit to the communities where it operates.

Material topics for the 2022-2025 Sustainability Plan

- Relations with local communities

Area	Target 2025	Audit – 2024
Relations with local communities	At least one annual common benefit project activated aimed at people care,	Financing the "Arca di Leonardo" voluntary association's activities Supporting the Carrara Academy for the temporary "Tutta in voi la Luce mia" exhibition.

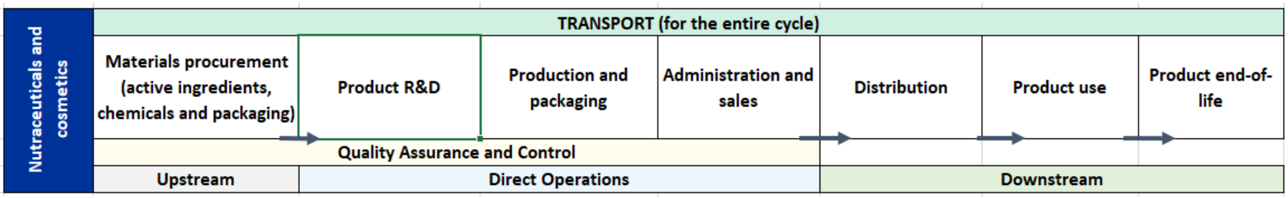
	culture, regional environmental protection and responsible consumption	Funding for the Donizetti Theatre for the opera, drama and jazz season 2024-2025 Supporting "Letteratura di Impresa" literary competition Company participation in StraBergamo 2024, donating a quota for every km run to AIRC.
	At least 500 people in the region involved in awareness-raising projects	More than 500 people involved.

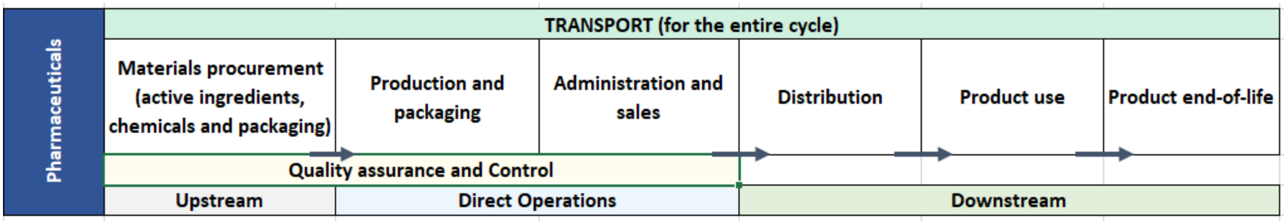
Fine Foods is positioned within the value creation chain of pharmaceuticals, nutraceuticals and cosmetics, focusing on the following main phases: business development, R&D, scale-up and production, and quality control.

The business model and value chain for the three business units are shown below:

NUTRACEUTICALS AND COSMETICS

PHARMACEUTICALS





Stakeholders' interests and opinions

The Group's key stakeholders are outlined below, along with their expectations, needs, and how they are involved:

Stakeholder group	Involvement method	Expectations and needs
Employees	- Satisfaction questionnaires - Workshops - Surveys on specific topics - Trade union discussions - Internal communication activities (Zucchetti portal, notice boards) - Training	- Living a stable working condition - Opportunities for professional growth and training - Regular payment of salaries - Carrying out their work safely, effectively and efficiently - Clear work instructions - Objective performance evaluations - Protecting people's psychological and physical well-being - Diversity respect and appreciation - Possibility of using forms of flexibility for work-life balance - Recognising company values - Sustainable use of resources and responsible consumption - Training young people - Supporting community health
Customers	- Daily relations with commercial and technical teams (R&D, REG, QA) - Interviews detecting the needs and relationship satisfaction - Business review meetings at least every six months - F2F meetings in the company or at industry events/fairs - Innovation meetings - Product campaigns to promote the latest innovations - Supplier qualification process	- Quality - Product safety - Organisational structure reliability and risk management capacity - Ethics and integrity - Favourable price/quality ratio - Partnership development - Professionalism - Report - Availability and cooperation - Fast reaction times - Meeting delivery times - Flexibility - Business continuity - Technical team support - Knowledge and skills - Ad hoc product development support - Innovation - Promoting new product ideas - Good documentation quality - Support developing products with a lower environmental impact - Support providing data to calculate the product's carbon footprint - Supply chain decarbonisation
Shareholders/investors	- Investor relations - Shareholders' Meeting - Qualification process - ESG rating agencies	- Share value growth - Investment risks reduction - Corporate Governance - ESG rating
Suppliers	- Daily relations with the procurement team - ESG performance rating portal - Supplier qualification process	- Partnership continuity - Compliance with contractual conditions - Partnership development
Future generations	- Monitoring channels of the leading international non-governmental	- Help achieving UN Sustainable Development Goals (SDGs).

	organisations (e.g., UN, ILO, GRI, SBT, WWF) - Implementing guidelines - Participating in training events	- Protecting the environment and human rights along the value chain
Local communities	- HR team relationship - Cooperation agreements with universities and technical institutes - Agreements to host study-work students - Meetings with the management of schools in the area	- Partnership continuity - Developing new shared value projects
Local and regulatory authorities	- Requesting and granting authorisations - Inspections - Consultations	- Regulatory compliance - Market feedback
Certification bodies	- Audits	- Regulatory compliance - Information accuracy
Trade associations	- Monitoring update channels - Direct contact for exchanging information on trends and needs of sector companies	- Partnership and constant information flow
Banks	- Direct contact with administrative offices	- Information accuracy - Solvency - Financial soundness
Insurance companies	- Contact with administrative/management offices	- Risk forecasting and management

On 30 March 2022, Fine Foods Board of Directors approved the engagement policy. This policy, along with dialogue management, is aimed at enhancing transparency towards the financial community and markets by building, maintaining and developing a dynamic relationship of trust with Investors.

In addition to the ongoing dialogue with the Group's key stakeholders, the Group engaged specific internal stakeholders who were attuned to sustainability matters, and able to identify IROs, due to their roles and expertise. Few employees were selected based on their expertise and relevance to sustainability issues, including HSE, Procurement, HR, and Energy managers. Their insights helped pinpoint business-critical IROs. Upon approving the Double Materiality, the ESG Committee was informed of the contributions provided by the engagement of the internal stakeholders in identifying IROs. No additional information-sharing was taken with other corporate bodies.

No modifications were made to the Group's strategies or business model in response to stakeholder expectations.

Material impacts, risks, and opportunities and their interaction with strategy and business model

The following tables outline the sustainability impacts, risks, and opportunities deemed relevant by the Fine Foods Group, based on the Double Materiality assessment underpinning this disclosure statement.

For each risk or opportunity, the following is specified:

- where they occur along the value chain and within the business model;
- whether the effects are current or anticipated, along with the Group’s planned response through actions in its 2022-2025 Sustainability Plan.

For the impacts:

- whether they are positive or negative and their effects on people or the environment;
- the related actions outlined in the 2022-2025 Strategic Plan;
- the anticipated timeframes for these impacts;
- whether they arise from Fine Foods Group’s direct operations or within its value chain (upstream and downstream) due to business relationships.

Impacts generated by the Group’s direct operations

Topic	Sub-topic / Sub-sub-topic	Impact	Timeframe
E1 - Climate change	Climate change mitigation - Energy	Contribution to climate change due to the generation of direct and indirect greenhouse gas (GHG) emissions	Short and long-term
E3 – Water and Marine Resources	Water (Water consumption and Water withdrawals)	Potential adverse impacts on ecosystems and local communities due to excessive water consumption in water-stressed areas	Medium-term
E2 – Pollution	Pollution of air	Potential air pollution and deterioration of human health due to emissions of air pollutants (e.g. NOx, PM, VOCs) generated by industrial processes (Direct)	Medium-term
E5 - Resource use and the circular economy	Waste Resource outflows	Potential land occupation and soil pollution due to improper management of process waste	Medium-term
S1 - Own workforce	Working Conditions - Health and Safety	Occupational injuries and illnesses among workers due to inadequate working conditions and exposure to hazardous chemicals	Medium-term
S1 - Own workforce	Equal treatment and opportunities for all - Training and skills development	Adverse impact on workers' professional and educational growth due to insufficient training and skills development opportunities	Medium-term
S1 - Own workforce	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace; Diversity	Employee damage due to a lack of inclusion and diversity policies, discrimination, harassment, or violence	Medium-term
S1 - Own workforce	Working conditions - Working time; Work-life balance	Potential adverse impact on employees' well-being due to poor work-life balance, inadequate wages, and inefficient organisation of working hours	Medium-term
S4 - Consumers and end users	Personal safety of consumers and/or end-users - Health and safety	Potential adverse impact on consumer health due to ineffective communication, or product defects	Medium-term
G1 - Business conduct	Business conduct – Protection of whistleblowers	Potential adverse impact to individuals due to the absence of adequate reporting mechanisms to ensure the effective operation of whistleblowing procedures	Medium-term
G1 - Business conduct	Business conduct - Management of relationships with suppliers; including payment practices	Adverse impact on suppliers' businesses resulting from unfair payment practices	Medium-term
G1 - Business conduct	Business conduct – Corruption and Bribery - Incidents	Potential adverse impact on the industry and economy due to corrupt practices	Medium-term

Impacts generated along the group's value chain

Topic	Sub-topic / Sub-sub-topic	Impact	Timeframe
E1 - Climate change	Climate change mitigation - Energy	Contribution to climate change through indirect greenhouse gas (GHG) emissions linked to suppliers' operations and activities along the value chain	Short and long-term
E2 - Pollution	Pollution of water – Pollution of soil	Potential contamination of water and soil due to accidental spills	Medium-term
E2 - Pollution	Substances of concern	Potential adverse impact on human health and the environment caused by active substances in pharmaceuticals, supplier raw material production processes, and disposal methods	Short-term

E2 - Pollution	Microplastics	Potential adverse impact on the environment and human health due to the production and release of microplastics	Medium-term
E3 – Water and marine resources	Water (Water consumption, water discharge and water withdrawals)	Potential adverse impact on ecosystems and local communities due to excessive water consumption in water-stressed areas and water discharges from supplier production processes.	Medium-term
E4 - Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems	Potential biodiversity loss and ecosystem damage resulting from raw material processing	Medium-term
E5 - Resource use and the circular economy	Resource inflows	Contribution to raw materials depletion and unsustainable use of auxiliary materials	Medium-term
E5 - Resource use and the circular economy	Waste	Potential land occupation and soil pollution due to improper management of process waste	Medium-term
S2 - Workers in the value chain	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace	Employee damage within the value chain due to a lack of inclusion and diversity policies, discrimination, harassment, or violence	Short, medium, and long-term
S2 - Workers in the value chain	Working conditions - Working time; Work-life balance	Potential adverse impact on workers' well-being along the value chain due to poor work-life balance, inadequate wages, and inefficient organisation of working hours	Medium-term
S2 - Workers in the value chain	Other work related rights - Child labour - Forced labour	Employee damage within the value chain due to the absence of, or failure to enforce, policies against child and forced labour.	Medium-term
S2 - Workers in the value chain	Working conditions - Health and safety	Occupational injuries and illnesses among workers in the value chain due to inadequate working conditions and exposure to hazardous chemicals.	Medium-term
S4 - Consumers and end users	Personal safety of consumers and/or end-users - Health and safety	Potential adverse impacts on consumer health caused by ineffective communication, poor product design, and manufacturing defects.	Medium-term

Identified risks and opportunities

RISK/OPPORTUNITY	**TYPE**	**SOURCE**	**MATERIALITY**	**TOPIC**	**SUB-TOPIC / SUB-SUB-TOPIC**	**Timeframe**
Financial and operational opportunities to access subsidised finance schemes through new investments in renewable energy plants	Opportunity	Impact: Implementing sustainable practices	Relevant	E1 - Climate Change	Climate change mitigation - Energy	Medium and long-term
Operational risk associated with rising energy procurement costs due to the gradual depletion of fossil fuels and the increasing demand for guarantees of origin	Risk	Dependency: Raw materials and process resources	Relevant	E1 - Climate change	Energy	Short-term
Legal and reputational risks related to the mismanagement of Substances of Very High Concern	Risk	Dependency: Regulatory framework Impact: potential adverse impact on human health and the environment caused by	Relevant	E2 – Pollution	Substances of concern	Short-term

		active substances in pharmaceuticals, production processes, and disposal methods				
Operational risk from a shortage of virgin raw materials	Risk	Impact: Contribution to raw material scarcity	Relevant	E5 - Resource use and the circular economy	Resource inflows, including resource use	Medium and long-term
Risks related to human capital management	Risk	Dependency: qualified personnel	Relevant	S1 - Own workforce	Equal treatment and opportunities for all - Training and skills development	Long-term
Risks related to salary adjustments claims	Risk	Impact: Potential adverse impact on employees' well-being due to poor work-life balance, inadequate wages, and inefficient organisation of working hours	Relevant	S1 - Own workforce	Working conditions - Adequate wages	Short-term
Economic and reputational risks due to accidents and injuries	Risk	Impact: Occupational injuries and illnesses among workers due to inadequate working conditions and exposure to hazardous chemicals	Relevant	S1 - Own workforce	Own workforce - Working conditions - Health and safety	Medium and long-term
Reputational risk due to suppliers' non-compliance with equal opportunity and diversity laws	Risk	Impact: Employee damage within the value chain due to a lack of inclusion and diversity policies, discrimination, harassment, or violence	Relevant	S2 - Workers in the value chain	Gender equality and equal pay for work of equal value	Short, medium, and long-term
Reputational and legal risk for violating workers' human rights along the value chain	Risk	Impact: Employee damage within the value chain due to the absence of, or failure to enforce, policies against child and forced labour.	Relevant	S2 - Workers in the value chain	Other work related rights - Child labour - Forced labour	Medium and long-term
Financial and reputational risk for violating employee safety conditions along the value chain	Risk	Impact: Occupational injuries and illnesses among workers in the value chain due to inadequate working conditions and exposure to hazardous chemicals.	Relevant	S2 - Workers in the value chain	Working conditions - Health and safety	Short-term

The Group considers that no opportunities present a material risk of significant adjustments to assets and liabilities in the next financial year. There is a concern related to a working hours risk. The Group allocated provisions to cover this (see paragraph 4.5: Provisions for risks and charges in the Consolidated Financial Statements).

Fine Foods Group developed a corporate strategy that takes into account material impacts, risks, and emerging opportunities. The Group implemented a risk assessment process involving various Managers and Process Managers. To identify business risks, each Manager or Process Manager is responsible for assessing and managing risks relevant to their area of activity. The Managing Director will be involved during the prioritisation phase. The Internal Audit department plays a role in the final stage of monitoring identified risks, developing a plan for their control. Sustainability considerations are integrated into this process.

The Fine Foods Group's Non-Financial Statement for the reporting year 2023 was prepared under the Global Reporting Initiative Standard requirements. Due to the change in standards, it was impossible to compare the results of the double materiality assessment—defining material impacts, risks, and opportunities—conducted under the ESRS framework with those from last year's materiality assessment, which followed the GRI Standard.

Upon reviewing the above tables, no impacts, risks, or opportunities were reported through additional Group-specific disclosures.

1.4 Impact, risk and opportunity management

2. *Materiality assessment process disclosure*

Description of the processes to identify and assess material impacts, risks and opportunities

The ESRS Standard states that a **sustainability issue** may be considered **material** from one or both of the following perspectives:

- ***Impact*** perspective: A sustainability issue is considered material when it relates to the company's actual or potential **impacts**—whether positive or negative—on people or the environment over the short, medium, and long term.

  Note: These impacts may arise from activities under the company's direct control and throughout its value chain - up and downstream.
- ***Financial*** perspective: A sustainability issue is deemed material if it results in or can have significant financial impacts on the company, whether negative (**risks**) or positive (**opportunities**).

  Note: These risks and opportunities may arise from activities under the company's direct control and throughout its value chain - up and downstream.

To determine relevant sustainability issues, the Group conducted a Double Materiality assessment, which is outlined in detail below.

Impact Materiality

In assessing material sustainability issues, Fine Foods Group first identified and assessed its **impacts** on people and the environment. This process included the following steps:

1) Gaining an in-depth understanding of the Group's operational context, including its activities, business relationships, and geographical regions.

In defining Fine Foods Group's material impacts on people and the environment, the following factors were considered:

- all production activities referred to in the "*Corporate strategy, business model, and value chain*" paragraph.
- the Fine Foods Group's most significant business relationships, detailed in the "*Corporate strategy, business model, and value chain*" paragraph.
- geographical regions in which Fine Foods Group operates.

Identification of Group actual and potential impacts through direct engagement and dialogue with its stakeholders.

Stakeholder engagement was conducted through a structured process, primarily during the identification and assessment phase of actual and potential negative impacts that could influence decision-making within the Group. This process involved an in-depth corporate-level analysis led by management, during which a long list of impacts was evaluated based on key criteria including likelihood, magnitude, scale and irremediability. Focus was placed on impacts linked to specific activities, business relationships, and geographical areas identified as having a higher risk of negative consequences. Engagement was limited to internal stakeholders, to assess how they might be affected by these impacts. This ensured that priorities were assigned based on severity and likelihood, while considering positive impacts where relevant. External stakeholders were mapped for future engagement activities. This approach made it possible to identify the most relevant sustainability issues for reporting purposes, ensuring a structured analysis consistent with the company's sustainability objectives. For a comprehensive overview of Fine Foods Group's stakeholders and their engagement methods, please refer to the "*Stakeholders' interests and opinions*" paragraph.

2) Impact Materiality assessment and prioritisation

When assessing and prioritising negative and positive impacts, two distinct rating scales were applied:

Negative impacts	***Positive impacts***
The prioritisation of negative impacts was based on their **likelihood** and severity, which was assessed through a combination of: o **Scale** o **Scope** o **Irremediable character**	Negative impacts were based on their **likelihood**, **scale** and **scope**.

Scale refers to the impact's severity, while *scope* describes how widespread the impact is in terms of chain stages at which it occurs, while *irremediable character* indicates how difficult it is to remedy a negative impact.

Financial Materiality

Once the Group had defined its material sustainability **impacts**, it identified and assessed **sustainability-related risks** and **opportunities** that have or may have short, medium, or long-term financial effects on the Fine Foods Group.

These risks and opportunities were linked to:

- Material impacts, as identified through the Impact Materiality assessment.
- Dependencies, meaning the external factors on which the organisation relies to conduct its activities and achieve its objectives.
- Actions outlined in the 2022-2025 Sustainability Plan (Fine Foods for Future 2022-2025), which the Company implemented to mitigate negative impacts and maximise positive sustainability outcomes.

The materiality of these risks and opportunities was assessed and prioritised based on likelihood of occurrence and potential financial impact, using risk assessment tools that rank risks by severity and help define appropriate management strategies.

Definition of material sustainability issues

The results of the Impact Materiality and Financial Materiality assessment were consolidated. Material impacts, risks, and opportunities were grouped under **material sustainability issues**.

The Fine Foods Group engaged various stakeholders in this evaluation process, including investors, top management, and members of the Board of Directors.

As specified in "*The role of the administrative, management and supervisory bodies*" paragraph, the Board of Directors, with support from the Environmental, Social, and Governance (ESG) Committee, annually reviews the results of the materiality assessment process to determine which material topics should be reported in the Sustainability Disclosure.

The preparation of this report is coordinated by the Parent Company's ESG Department, working closely with relevant corporate departments to ensure accurate data collection and analysis. The document is published simultaneously with the Annual Financial Report, pending approval by the Board of Directors.

The impacts identified through the Double Materiality assessment were linked to different risk areas within the Company's Risk Management System. This is inspired by the COSO ERM Framework, although it was not fully adopted. This approach ensures that the mapping aligns with the principles of integrating risk with strategy and performance. For each identified impact, the Group determined the relevant control measures. These help support the Board of Directors in making informed decisions and effectively managing critical risks that could impact the achievement of strategic objectives.

As in this section, the definition of material impacts considered production activities carried out by the Fine Foods Group. Regarding the assumptions used in preparing this Disclosure, as stated in the previous section, "*Disclosures in relation to specific circumstances*", the only metrics subject to estimation are those related to *air pollutant emissions*. The emission values for significant pollutants were extrapolated from the analysis reports carried out annually on a sample basis by the emission points subject to authorisation.

The Fine Foods Group's Non-Financial Statement for the reporting year 2023 was prepared under the Global Reporting Initiative Standard requirements. Due to the change in standards, it was impossible to compare the materiality assessment process for sustainability topics between this reporting period and the previous one.

Disclosure requirements under the ESRS included in the Company's sustainability statement

Following the Double Materiality assessment, the table below outlines relevant disclosure requirements, along with the pages where they are addressed:

ESRS	Material topics	page
E1 - Climate change	Energy and climate change	Page 77
E2 - Pollution	Substances of concern	Page 83
	Pollution of air, water and soil	Page 84
	Microplastics	Page 84
E3 - Water and marine resources	Water and marine resources	Page 85
E4 - Biodiversity and ecosystems	Biodiversity and ecosystems	Page 87
E5 - Resource use and the circular economy	Resource inflows (including resource use)	Page 90
	Waste and product/service-related resource outflows	Page 91
S1 - Own workforce	Working conditions	Page 92
	Equal treatment and opportunities for all	Page 92
S2 - Workers in the value chain	Equal treatment and opportunities for all	Page 100
	Working conditions	

	Other work-related rights	Page 101
S4 - Consumers and end-users	Personal safety of consumers and/or end-users	Page 104
G1 - Business conduct	Corporate culture	Page 109

The table below presents the information included in this Disclosure that originates from other European Union legislation, in relation to Delegated Regulation 2023/5303 on European Sustainability Reporting Standards, along with the corresponding page references.

Disclosure requirement and related datapoint	SFDR reference[3]	Pillar 3 reference[4]	Benchmark regulation reference[5]	EU climate law reference[6]	Materiality	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21, (d)	Annex I, Table 1, indicator 13		Commission Delegated Regulation (EU) 2020/1816, [7]Annex II		Material	Page 121
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816 Annex II		Material	Page 121
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, Table 3, indicator 10				Non material	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40, (d), i	Annex I, Table 1, indicator 4	Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453[8] Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		Non material	
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40, (d), ii	Annex I, Table 2, indicator 9		Commission Delegated Regulation (EU) 2020/1816, Annex II		Non material	

[3] Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317, 9/12/2019, p. 1).
[4] Regulation (EU) no. 575/2013 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) no. 648/2012 (Capital Requirements Regulation) (OJ L 176, 27/6/2013, p.1).
[5] Regulation (EU) 2016/1011 of the European Parliament and Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) no. 596/2014 (OJ L 171, 29/6/2016, p. 1).
[6] Regulation (EU) 2021/1119 of the European Parliament and Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulation (EC) no. 401/2009 and Regulation (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9/7/2021, p. 1).
[7] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3/12/2020, p. 1).
[8] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3/12/.2020, p. 17).

ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40, (d), iii	Annex I, Table 1, indicator 14		Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816	..	Non material	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40, (d), iv			Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816	..	Non material	
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				..Article 2, paragraph 1 of Regulation (EU) 2021/1119	Non material	
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks, paragraph 16, (g)		Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12, paragraph 1), letters d) to (g) and paragraph 2) of Delegated Regulation (EU) 2020/1818		Non material	
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, Table 2, indicator 4	Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Indicators of potential climate change transition risk: Alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Material	Pages 81-82
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact	Annex I, Table 1, indicator 5 and Annex I, Table 2, indicator 5				Material	Pages 85-86

sectors), paragraph 38						
ESRS E1-5 Energy consumption and mix paragraph 37	Annex I, Table 1, indicator 5				Material	Pages 85-86
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40-43	Annex I, Table 1, indicator 6				Material	Pages 85-86
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Annex I, Table 1, indicators 1 and 2	Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (UE) 2022/2453, Template 1: Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Articles 5, paragraph 1), article 6 and 8, paragraph1) of Delegated Regulation (EU) 2020/1818		Material	Pages 87-88
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, Table 1, indicator 3	Article 449 bis of Regulation (EU) no. 575/2013; Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book - Indicators of potential climate change transition risk: Alignment metrics	Article 8, paragraph 1 of Delegated Regulation (EU) 2020/1818		Material	Pages 87-88
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Article 2, paragraph 1 of Regulation (EU) 2021/1119	Non material	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II to the Delegated Regulation (EU) 2020/1818 and Annex II to the Delegated Regulation (EU) 2020/1816		Non material	
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic		Article 449 bis of Regulation (EU) no.			Non material	

physical risk, paragraph 66, (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66, (c)		575/2013; paragraphs 46 and 47 of Commission Implementing Regulation (EU) 2022/2453, Template 5: Banking book - Indicators of potential climate change physical risk: Exposures subject to physical risk				
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes, paragraph 67, (c)		Article 449 bis of Regulation (EU) no. 575/2013; paragraph 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book - Indicators of potential climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Non material	
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Annex II to the Commission Delegated Regulation (UE) 2020/1818		Non material	
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR (European Pollutant Release and Transfer Register) regulation emitted to air, water and soil, paragraph 28	Annex I, Table 1, indicator 8; Annex I, Table 2, indicator 2; Annex 1, Table 2, indicator 1; Annex I, Table 2, indicator 3				Material	Page 90
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, Table 2, indicator 7				Material	Page 92
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, Table 2, indicator 8				Material	Page 92
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Annex I, Table 2, indicator 12				Non material	Page 92
ESRS E3-4 Total water recycled and reused, paragraph 28, letter c)	Annex I, Table 2, indicator 6.2				Material	Page 93

ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	Annex I, Table 2, indicator 6.1				Material	Page 93
ESRS 2 IRO-1 – E4 paragraph 16, (a), i	Annex I, Table 1, indicator 7				Material	Page 83
ESRS 2 IRO-1 – E4 paragraph 16, (b)	Annex I, Table 2, indicator 10				Material	Page 83
ESRS 2 IRO-1 – E4 paragraph 16, (c)	Annex I, Table 2, indicator 14				Material	Page 83
ESRS E4-2 Sustainable land/agriculture practices or policies, paragraph 24, (b)	Annex I, Table 2, indicator 11				Non material	
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24, (c)	Annex I, Table 2, indicator 12				Material	Page 94
ESRS E4-2 Policies to address deforestation, paragraph 24, (d)	Annex I, Table 2, indicator 15				Material	Page 94
ESRS E5-5 Non-recycled waste, paragraph 37, (d)	Annex I, Table 2, indicator 13				Material	Page 99
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, Table 1, indicator 9				Non material	Page 99
ESRS 2 – SBM3 – S1 Risk of incidents of forced labour, paragraph 14, (f)	Annex I, Table 3, indicator 13				Material	Page 83
ESRS 2 – SBM3 – S1 Risk of incidents of child labour, paragraph 14, (g)	Annex I, Table 3, indicator 12				Material	Page 83
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, Table 3, indicator 9 and Annex I, Table 1, indicator 11				Material	Page 100
ESRS S1-1 Due diligence policies on issues addressed by the International Labour Organisation Conventions 1 to 8, paragraph 21			Commission Delegated Regulation (EU) 2020/1816 Annex II		Material	Page 100
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, Table 3, indicator 11				Material	Page 100
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Annex I, Table 3, indicator 1				Material	Page 100
ESRS S1-3 Grievance/complaints handling mechanisms,	Annex I, Table 3, indicator 5				Material	Page 106

paragraph 32, (c)						
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	Annex I, Table 3, indicator 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		Non material	
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illness, paragraph 88, (e)	Annex I, Table 3, indicator 3				Non material	
ESRS S1-16 Unadjusted gender pay gap, paragraph 97, (a)	Annex I, Table 1, indicator 12		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	Page 111
ESRS S1-16 Excessive CEO pay ratio, paragraph 97, (b)	Annex I, Table 3, indicator 8				Material	Page 111
ESRS S1-17 Incidents of discrimination, paragraph 103, (a)	Annex I, Table 3, indicator 7				Material	Page 111
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD, paragraph 104, (a)	Annex I, Table 1, indicator 10 and Annex I, Table 3, indicator 14		Annex II to the Delegated Regulation (EU) 20201816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818		Material	Page 111
ESRS 2 SBM-3 - S2 Significant risk of child labour or forced labour in the value chain, paragraph 11, (b)	Annex I, Table 3, indicators 12 and 13				Material	Page 83
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, Table 3, indicator 9 and Annex I, Table 1, indicator 11				Material	Pages 112-113
ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, Table 3, indicators 11 and 4				Material	Pages 112-113
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Annex I, Table 1, indicator 10		Annex II to the Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818		Material	Pages 112-113

ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		Material	Pages 112-113
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Annex I, Table 3, indicator 14				Material	Page 115
ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, Table 3, indicator 9 and Annex I, Table 1, indicator 11				Non material	
ESRS S3-1 Nonrespect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	Annex I, Table 1, indicator 10		Annex II to the Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818		Non material	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, Table 3, indicator 14				Non material	
ESRS S4-1 Policies related to consumers and end users, paragraph 16	Annex I, Table 3, indicator 9 and Annex I, Table 1, indicator 11				Material	Page 117
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 17	Annex I, Table 1, indicator 10		Annex II to the Delegated Regulation (EU) 2020/1816 and Article 12, paragraph 1) of Delegated Regulation (EU) 2020/1818		Material	Page 117
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, Table 3, indicator 14				Material	Page 117
ESRS G1-1 United Nations Convention against corruption, paragraph 10, (b)	Annex I, Table 3, indicator 15				Material	Page 121
ESRS G1-1 Protection of whistle-blowers, paragraph 10, (d)	Annex I, Table 3, indicator 6				Material	Page 121
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws, paragraph 24, (a)	Annex I, Table 3, indicator 17		Annex II to the Delegated Regulation (UE) 2020/1816		Material	Page 124

ESRS G1-4 Standards of anticorruption and anti-bribery, paragraph 24, (b)	Annex I, Table 3, indicator 16				Material	Page 124

The Fine Foods Group has categorised its impacts, risks, and opportunities into three levels of materiality: *low*, *medium*, and *high*. The materiality (*medium* or *high*) of material impacts, risks, and opportunities is outlined in the previous section, "SBM-3 disclosure requirement: material impacts, risks, and opportunities and their interaction with strategy and business model".

Environmental Information

2. Disclosure under Article 8 of Regulation 2020/852

Eligibility analyses

The analyses conducted identified eligible economic activities directly undertaken by the Group and costs incurred during the year related to the purchase of products derived from activities eligible under the taxonomy. The eligible activities identified are as follows:

- Manufacture of medicines (1.2 PCC): Includes revenues and costs related to pharmaceutical manufacturing.
- Transportation by motorcycles, cars, and commercial vehicles (6.5 CCM): refers to capitalised costs incurred in operating the Group's vehicle fleet.
- Renovation of existing buildings (7.2 CCM/3.2 CE): covers capitalised costs related to renovations at the Brembate site, (for the portion not associated with the core business 1.2 PCC)
- Purchase and ownership of buildings (7.7 CCM): relates to the acquisition of land and buildings not connected to the core business (1.2 PCC).
- Manufacture of electrical and electronic equipment (1.2 CE): covers capitalised costs for acquiring electronic equipment (not classified under the core business 1.2 PCC).

Alignment analysis

Substantial contribution criteria

The regulation establishes different substantial contribution criteria for eligible activities, as outlined below:

ACTIVITIES	SUBSTANTIAL CONTRIBUTION CRITERION	GROUP ASSESSMENT
1.2 PCC	The manufacturing process must meet specific criteria for the formulation of medicines.	As the Group does not engage in medicine formulation, compliance with these criteria could not be assessed for the 2024 reporting year.
6.5 CCM	Vehicles must have specific CO_2 emissions below 50 gCO_2/km.	Only hybrid vehicles in the fleet meet these parameters.
7.2 CCM	The building renovation must comply with applicable energy performance requirements for major renovations.	Compliance with all parameters at the Brembate site could not be verified.
3.2 CE	Several conditions must be met concerning how renovation and construction activities are carried out.	
7.7 CCM	The reference building must have at least a class A energy performance certificate	The assets included in the eligible activity do not meet this requirement.
1.2 CE	Investments must comply with a complex set of regulatory criteria defining parameters for product durability, design, safety, consumer communication, and producer responsibility.	Given the complexity of verification, which requires access to documentation from various suppliers, the Group adopted a precautionary approach and considers this criterion unmet for purchases linked to this activity.

DNSH criteria

The Regulation establishes different DNSH criteria for eligible activities, as outlined below:

ACTIVITIES	DNSH CRITERION	GROUP ASSESSMENT
1.2 PPC	**CCM:** a series of thresholds for greenhouse gas emissions related to production phases were set	**CCM:** It was impossible to assess compliance with the criterion for this reporting year.
	CCA: Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: Environmental degradation risks related to the preservation of water quality and the prevention of water stress were identified and addressed to achieve good water status and ecological potential.	**WTR:** Environmental degradation risks related to water quality conservation were not mapped.
	CE: The availability of techniques that support the re-use and use of secondary raw materials, waste management that favours recycling over disposal in the manufacturing process and information on product ingredients along the supply chain was assessed.	**CE:** The required criteria were met by the Group's products.
	BIO: An environmental impact assessment or review was carried out under Directive 2011/92/EU.	**BIO:** No environmental impact assessment as required by the Regulation was carried out.
6.5 CCM	**CCA:** Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: N/A	**WTR:** N/A
	CE: Vehicles are: reusable or recyclable by at least 85% of their weight; and re-usable or recoverable by at least 95% of their weight. Measures are in place for waste management in the use phase and at the end of the fleet life following the waste hierarchy.	**CE:** The Group does not have the necessary information to assess compliance with this criterion.
	PPC: Vehicles comply with the requirements of the latest Euro 6 type approval for light vehicle emissions. The vehicles comply with the emission thresholds for clean light vehicles. The tyres comply with the requirements for external rolling noise in the highest class and rolling resistance coefficient in the two highest classes.	**PPC:** Vehicles in the newly registered group comply with the assessed parameters and features.
	BIO: N/A	**BIO:** N/A

7.2 CCM / 3.2 CE	**CCM:** The building is not used for the extraction, storage, transport or production of fossil fuels	**CCM**: The criterion was met for the new Brembate plant.
	CCA: Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: The works comply with a set of parameters defined in the Regulation for the water consumption of the installed plumbing fixtures.	**WTR:** The criterion is applicable to part of the works carried out but compliance could not be verified.
	CE: The works comply with a set of parameters defined in the Regulation for the treatment of waste produced during the works.	**CE:** It was impossible to verify compliance with the criterion within the works carried out during the year.
	PPC: The materials used in the works carried out comply with the substance criteria outlined in Annex C of the Regulation.	**PPC:** It was impossible to fully assess compliance with the requirements of Annex C of the Regulation for this reporting year.
	BIO: N/A	**BIO:** N/A
7.7 CCM	**CCA:** Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: N/A	**WTR:** N/A
	PPC: N/A	**PPC:** N/A
	CE: N/A	**CE:** N/A
	BIO: N/A	**BIO:** N/A
8.1 CCA	**CCM**: The relevant practices identified as "expected practices" in the latest version of the European Code of Conduct for Energy Efficiency in Data Centres were implemented.	**CCM:** It was impossible to fully assess compliance with regulatory requirements for IT investments for this reporting year.
	WTR: Environmental degradation risks related to the preservation of water quality and the prevention of water stress were identified and addressed to achieve good water status and ecological potential.	**WTR:** No mapping was conducted on the risks of environmental degradation related to water quality preservation for IT investments.
	PPC: N/A	**PPC:** N/A
	CE: The defined criteria for the equipment used were met.	**CE:** It was impossible to fully assess compliance with regulatory requirements for IT investments for this reporting year.
	BIO: N/A	**BIO:** N/A
1.2 CE	**CCM:** Where the manufactured product contains refrigerants, it complies with the global warming potential (GWP) performance laid down in the Regulation (EU) no. 517/2014. The activity does	**CCM:** It was impossible to assess compliance with the criterion for this reporting year.

	not manufacture products containing sulphur hexafluoride (SF6). Where applicable, the manufactured product does not score lower than the third significantly populated of energy efficiency.	
	CCA: Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: Environmental degradation risks related to the preservation of water quality and the prevention of water stress were identified and addressed to achieve good water status and ecological potential.	**WTR:** No mapping was conducted on the risks of environmental degradation related to water quality preservation.
	PPC: The activity does not involve the manufacture, marketing, or use of substances listed in Annex C of the Regulation.	**PPC:** It was impossible to fully assess compliance with the requirements of Annex C of the Regulation for this reporting year.
1.2 CE	**CCM:** Purchased products comply with defined refrigerant gas limits.	**CCM:** Refrigerant-free products were compliant.
	CCA: Physical climate risks weighing on the activity were identified by conducting a robust climate risk and vulnerability assessment.	**CCA:** A climate risk and vulnerability assessment was not carried out.
	WTR: Environmental degradation risks related to the preservation of water quality and the prevention of water stress were identified and addressed to achieve good water status and ecological potential.	**WTR:** Environmental degradation risks related to water quality conservation were not mapped.
	PPC: The activity does not involve the manufacture, marketing, or use of substances listed in Annex C of the Regulation.	**PPC:** It was impossible to fully assess compliance with the requirements of Annex C of the Regulation for this reporting year.
	BIO: An environmental impact assessment or review was carried out under Directive 2011/92/EU.	**BIO:** No environmental impact assessment was carried out.
	CCM: Where the manufactured product contains refrigerants, it complies with the global warming potential (GWP) performance laid down in the Regulation (EU) no. 517/2014. The activity does not manufacture products containing sulphur hexafluoride (SF6). Where applicable, the manufactured product does not score lower than the third significantly populated of energy efficiency.	**CCM:** It was impossible to assess the presence of refrigerants for this reporting year.

Minimum safeguards

The Group assessed its compliance with the principles outlined in Article 18 of the Regulation, considering the guidance provided by the Platform on Sustainable Finance.

Regarding Group internal safeguards, Fine Foods ensures that its employees, external and business partners operate in compliance with its Code of Ethics, which establishes the ethical and moral principles guiding the Group's internal and external stakeholders. For details on the safeguards and controls to meet the requirements of Article 18 of the Regulation, please refer to section G1, paragraph *"Corporate culture and business conduct policies"*.

Refer to section G1 paragraph "*The role of the administrative, management and supervisory bodies*" for information on diversity within governance bodies. Although the Group does not yet have formal gender pay equality policies, it guarantees equal pay for all employees. It has recently initiated the process of obtaining voluntary certification for equal opportunities.

The Group believes that the current supply chain practices are insufficient to consider the identified activities as fully aligned with the safeguard criteria, based on the investments analysis.

KPI Calculation Methodology – Accounting Policy

TURNOVER

The Group used the following approach for the Turnover portion calculation:

- **denominator**: net turnover from service provision, excluding sales discounts and value-added taxes directly related to turnover. To prevent double counting, intercompany transactions have been eliminated from KPI calculations.
- **numerator:** the portion of net turnover (as used in the denominator calculation) associated with eligible and aligned activities.

CAPEX

For calculating the CapEx KPI denominator, the Group considered additions incurred during the reporting period related to tangible assets (development and restructuring of corporate assets), intangible assets (patents, software, and capitalised R&D costs) and Right of Use (RoU). The extraction of these figures was based on a detailed analysis of management reports, outlining investments made throughout the financial year across companies in the consolidation scope.

Under the Disclosures Delegated Act (Delegated Regulation 2021/2178), the Group applied the following methodology for calculating the CapEx share:

- **denominator:** its calculation includes tangible assets recorded under IAS 16, intangible assets (excluding goodwill) under IAS 38, and leases accounted for under IFRS 16.
- **numerator:** consists of CapEx related to assets or processes associated with eligible and aligned activities, the purchase of products from taxonomy-eligible economic activities, and individual measures that reduce the emission profile of target activities.

OPEX

The Group used the following approach for the OpEx proportion calculation:

- **Denominator:** for denominator calculation the following were considered:
- Non-capitalised R&D costs from internal and external projects, excluding expenses related to project management;
- Short-term leases, incorporating all lease-related accounts from the Income Statement, as these involve contracts under 12 months and are exempt from IFRS 16 accounting;
- Maintenance and repair costs. Employee costs for in-house maintenance and repair work and maintenance services outsourced to third-party companies. Maintenance and repair costs include renovation projects classified under the "building renovation measures" referenced in the "Disclosures Delegated Act".

These analyses resulted in €4.3 million to be considered non-material in relation to total operating expenditure, and therefore the KPI was not reported.

Financial year 2024 ytd 31.12	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	**Code**	**Absolute Turnover (€)**	**Proportion of Turnover, Year N**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum Safeguards**	**Taxonomy-aligned or eligible proportion of Turnover, FY 2023**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
…			0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
of which Enabling		-	-															E	
of which Transitional		-	-																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of medicinal products	PP	75,765,229	31%	**N**	**N**	**N**	**N**	**N**	**N**								27%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**75,765,229**	**31%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**27%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**75,765,229**	**31%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**27%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**167,987,601**	**69%**																
Total (A+B)		**243,752,830**	**100%**																

	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	*0%*	*0%*
CCA	*0%*	*0%*
WTR	*0%*	*0%*
CE	*0%*	*0%*
PP	*0%*	*31%*
BIO	*0%*	*0%*

Financial year 2024 ytd 31.12	Year			Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Absolute Capex (€)	Proportion of Capex, Year N	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum Safeguards	Taxonomy-aligned or eligible	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
…			0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**-**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
of which Enabling		-	-															E	
of which Transitional		-	-																T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings	CCM 7.7	3,398,713	10%														1%		
Renovation of existing buildings	CCM 7.2 / CE 3.2	1,154,383	3%														21%		
Manufacture of electrical and electronic equipment	CE 1.2	1,155,288	3%														15%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	304,677	1%														3%		
Manufacture of medicinal products	PPC 1.2	26,231,716	75%	N	N	N	N	N	N							N	42%		
Capex of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**32,244,777**	**92%**	**0**	**0%**	**0%**	**0%**	**0%**	**0%**								**82%**		
A. Capex of Taxonomy eligible activities (A.1+A.2)		**32,244,777**	**92%**	**0**	**0%**	**0%**	**0%**	**0%**	**0%**								**82%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		**2,695,754**	**8%**																
Total (A+B)		**34,940,531**	**100%**																

	Taxonomy-aligned per objective	*Taxonomy-eligible per objective*
CCM	*0%*	*14%*
CCA	*0%*	*2%*
WTR	*0%*	*0%*
CE	*0%*	*3%*
PPC	*0%*	*75%*
BIO	*0%*	*0%*

Template 1 - Nuclear and fossil gas activities

Line	Nuclear energy activities	
1.	The Company conducts, finances, or has exposures to the research, development, demonstration, and implementation of innovative nuclear power plants that generate energy with minimal fuel cycle waste.	No
2.	The Company conducts, finances, or has exposures to the construction and safe operation of new nuclear power plants for electricity or process heat generation, including district heating or industrial processes (e.g., hydrogen production), with improvements in safety standards using the best available technology.	No
3.	The Company conducts, finances, or has exposures to the safe operation of existing nuclear power plants, including those generating electricity, district heating, or industrial processes (e.g., hydrogen production from nuclear power), with improvements in safety standards.	No
	Fossil gas activities	
4.	The Company conducts, finances, or has exposures to the construction and operation of power generation plants using fossil gas fuels.	No
5.	The Company conducts, finances, or has exposures to the construction, upgrading, and operation of combined heat/cooling, and power generation plants using fossil gas fuels.	No
6.	The Company conducts, finances, or has exposures to the construction upgrading and operation of heat generation plants producing heat/cooling using fossil gas fuels.	No

3. Climate change

ESRS E1

3.1 Governance

3.2 Strategy

Integration of sustainability-related performance in incentive schemes

For details on incentive schemes for directors and management related to sustainability performance, refer to the *"General disclosures-Integration of sustainability-related performance in incentive schemes"* paragraph.

Transition plan for climate change mitigation

Fine Foods does not have a climate change mitigation transition plan that guarantees business strategy and model are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement target. However, the Group intends to conduct a preliminary analysis to determine the best approach to addressing this issue.

For the Group's targets for GHG emissions reduction and decarbonisation, to mitigate climate change, refer to the *"Actions and resources in relation to climate change policies"* and *"Targets related to climate change mitigation and adaptation"* paragraphs.

Since the Group does not yet have a transition plan, no investments or financing were identified.

The company has no locked-in GHG emissions from its products or key assets.

As Fine Foods does not have a transition plan, it is impossible to provide insights on its alignment with the Group’s strategy. No climate change mitigation transition plan was approved by the Group’s Governing and Control bodies, nor is one planned for the next financial year.

Material impacts, risks, and opportunities and their interaction with strategy and business model

The Group identified a physical climate change risk: potential operational and financial risks from physical damage to Group assets due to acute and chronic climate events; and a transition risk: increased operational costs related to energy procurement.

The Group did not conduct a resilience analysis of its business model or strategies across any timeframes. No climate scenarios or results are available for review.

3.3 Impact, risk and opportunity management

Description of the processes to identify and assess material climate-related impacts, risks and opportunities

For the methodology used to assess and prioritise impacts, risks, and opportunities, refer to the Impact, risk and opportunity management section of this document.

The Group's Double Materiality assessment identified the following key climate change impacts:

- Contribution to climate change due to the generation of direct and indirect greenhouse gas (GHG) emissions;
- Contribution to climate change due to the generation of indirect greenhouse gas (GHG) emissions linked to suppliers' activities along the value chain.

The following key physical risk related to climate change was identified:

- Operational and financial risk associated with physical damage to the Group's assets due to acute and chronic climate events.

As outlined in the methodology section of the Double Materiality exercise, risks were evaluated across short-, medium-, and long-term timeframes, considering Fine Foods' direct operations and its broader value chain. This risk assessment was based on the high-emission climate scenario SSP5-8.5, as published by the International Panel on Climate Change (IPCC) in its Sixth Assessment Report (AR6). The increasing frequency of extreme weather events poses a potential risk for varying degrees of damage to the Group's assets, leading to higher operational costs related to repairs and preventive measures.

The following transition risks and opportunities were identified:

- Operational risk associated with rising energy procurement costs due to the gradual depletion of fossil fuels and the increasing demand for guarantees of origin;
- Financial and operational opportunities to access subsidised finance schemes through new investments in renewable energy plants.

The identified risks and opportunities were evaluated across short-, medium-, and long-term timeframes. For transitional climate risks and opportunities, the International Energy Agency's Net-zero Emissions (NZE) scenario was referenced, which outlines a pathway to achieving zero net emissions by 2050. The use of these scenarios helped identify and assess risks and opportunities across the designated time horizons, as they provided a foundation based on scientific data, including projected trends in energy consumption and global temperature increases.

The SSP5-8.5 scenario predicted a significant rise in global fossil fuel use and a dramatic increase in global temperatures this century, potentially leading to a 4.4°C rise in Earth's temperature. This would likely result in more extreme weather events, which could severely impact the Group's assets and operations. The Net-zero Emissions by 2050 (NZE) scenario presents a pathway for achieving zero net CO_2 emissions in the energy sector by 2050. To meet the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels, a swift transformation in energy production and consumption is required, with a strong emphasis on increasing the use of renewable energy sources.

Within the European Taxonomy framework, no analysis was conducted on the compatibility of the Group's corporate assets or activities with the transition to a climate-neutral global economy.

Policies related to climate change mitigation and adaptation

The ESG Committee approved the Climate and Environmental Protection Policy which, in continuity with the HSE Policy already defined within the ISO 14001 and ISO 45001 management system, updates and implements the global strategy for a sustainable future.

This Policy embraces the Global Compact principles followed by Fine Foods, and particularly:

- Principle VII: Businesses should support a precautionary approach to environmental challenges;
- Principle VIII: Undertake initiatives to promote greater environmental responsibility;
- Principle IX: Encourage the development and diffusion of environmentally friendly technologies.

By aligning with the Global Compact principles, Fine Foods commits to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, particularly the following goals:

- goal 7: affordable and clean energy
- goal 12: responsible consumption and production
- goal 13: climate action

Climate and environmental protection policy is defined based on the following three key principles:

I. environmental protection
II. climate protection
III. sustainable use of resources and eco-friendly design

The implementation measures of this broader policy can be summarised as follows:

- setting up an organisational structure to implement the content of this Policy and provide the necessary human and instrumental resources;
- organising and promoting initiatives to train and inform workers on the environmental protection procedures and disseminating this Policy;
- developing people's awareness through campaigns and information on environmental and sustainability issues;
- actively participating in projects to reduce the waste of resources and energy;
- cooperating with public bodies, schools or other private companies in raising local people's awareness through initiatives on the conscious use of natural resources and energy and responsible consumption.

Actions and resources in relation to climate change policies

The above climate protection policy addresses the mitigation and adaptation to climate change, while enhancing energy efficiency and increasing the use of renewable energy sources.

The measures for implementing this policy provides solutions to reduce climate impact by decarbonising production processes where technically and financially sustainable. The following actions are prioritised:

- adopting procedures to monitor its energy consumption and systematically reduce waste;
- installing systems to produce energy from renewable sources;
- purchasing energy from renewable sources;
- investing in projects for the energy efficiency of machinery, plant and processes;
- involving suppliers by encouraging them to adopt initiatives to decarbonise their production processes.

The Group has not set a specific target for reducing GHG emissions.

Once the actions are identified, the Group can assess the resources required for their implementation.

There are no significant cost items, either OPEX or CAPEX, in the expenses already incurred or planned for the implementation of the measures outlined in the above policy. The Group has not made a specific CAPEX plan to align its initiatives with the provisions of EU Delegated Regulation 2021/2178.

3.4 Metrics and targets

Targets related to climate change mitigation and adaptation

For the Group's targets in climate change mitigation and adaptation, please refer to the targets listed under SBM-1_21 and outlined in the Fine Foods for Future 2022-2025 Sustainability Plan, which was approved by the ESG Committee on 21 April 2022. Specific targets and KPIs were defined and agreed with the managers of each area without involving supply chain workers. The Plan is monitored and updated annually by the ESG Committee to report on its progress, without involving supply chain workers. Any unmet targets will be assessed at the end of 2025, to identify improvement strategies.

Energy consumption and mix

The following table shows the Fine Foods Group's energy consumption data, disaggregated by origin from fossil, nuclear, and renewable sources.

As the Group operates in a high climate impact sector, information on energy consumption from fossil sources has been further disaggregated into five specific categories (1-5).

Energy consumption and mix	2024 (MWh)
(1) Fuel consumption from coal and coal products	-

(2) Fuel consumption from crude oil and petroleum products	823.95
petrol	421.36
diesel	402.59
(3) Fuel consumption from natural gas	35,648.11
(4) Fuel consumption from other non-renewable sources	-
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	-
(6) Total energy consumption from fossil sources (calculated as the sum of lines 1 to 5)	36,472.06
Share of fossil sources in total energy consumption (%)	90.07
(7) Consumption from nuclear sources	-
Share of nuclear sources in total energy consumption (%)	-
(8) Fuel consumption for renewable sources, including biomass (bio-based industrial and municipal waste, biogas, renewable hydrogen, etc.)	-
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3,285.78
(10) Consumption of self-generated non-fuel renewable energy	739.20
(11) Total renewable energy consumption calculated as the sum of lines 8 to 10)	4,024.98
Share of renewable sources in total energy consumption (%)	9.93
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	40,497.04

In 2024, a total of 40,497.04 MWh of energy was consumed, with 90.07% derived from fossil sources and the remaining 9.93% from renewable sources.

Electricity purchased by the Group is sourced entirely from renewable sources, facilitated by 100% green supply contracts covering Fine Foods and Euro Cosmetic sites. Since the Guarantees of Origin (GO) for 2024 have not yet been issued, the proportion of electricity covered by GO is estimated to be the same as in 2023.

Electricity and gas consumption data was mainly collected from billing records. However, for December, gas consumption at Euro Cosmetic and Fine Foods was determined using self-readings. For Euro Cosmetic, the value was estimated by combining a self-reading taken up to 20/12/2024 with a projection based on December 2023 consumption data for the remaining days of the month.

Electricity production and feed-in data from photovoltaic systems were obtained from individual meter readings.

Fuel consumption was recorded in litres and later converted into MWh.

Energy consumption data for Pharmatek PMC Srl, (which ceased operations in October 2022 and was not included in the system boundaries) was excluded from the energy consumption calculations. The Company's recorded energy consumption for the first quarter of 2024 was 0.756 MWh.

As the Group operates in a high climate impact sector (classified under NACE code 10.8.6 - Manufacture of homogenised food preparations and dietetic food), the calculation of its energy intensity is provided below.

Energy intensity per net revenue	2024
Energy consumption (MWh)	40,497.04
Net revenue (€ million)	243.75

Total energy consumption (MWh) per net revenue (MWh/M€)	**166.14**

Gross Scopes 1, 2, 3 and Total GHG emissions

Fine Foods calculated its Corporate Carbon Footprint (CCF), which quantifies the total greenhouse gas emissions resulting directly and indirectly from its 2024 activities.

The following results apply to Fine Foods' plants in Zingonia and Brembate, and Euro Cosmetic's plant in Trenzano.

	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO2eq).	**8,103.83**
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes (%)	-
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO2eq)	**774.13**
Gross market-based Scope 2 GHG emissions (tCO2eq)	**-**
Percentage of Scope 2 GHG emissions from regulated emissions trading schemes (%)	-
Scope 3 GHG emissions	
Gross indirect Scope 3 GHG emissions (tCO2eq)	**64,017.13**
1. Purchased goods and services	47,276.10
2. Capital goods	9,414.86
3. Fuel- and energy-related activities (not included in Scope 1 and 2)	2,803.05
4. Upstream transportation and distribution	2,436.37
5. Waste generated in operations	7.10
9. Downstream transportation and distribution	2,079.65
Total GHG Emissions	
Total GHG emissions (location-based)	**72,895.09**
Total GHG emissions (market-based)	**72,120.96**

The study was initially conducted following UNI EN ISO 14064-1:2019 standard and then adapted to the GHG Protocol framework to meet ESRS reporting requirements. This included calculations for emissions under Scope 1, Scope 2 (location-based and market-based approaches), and Scope 3. Methodologies for calculating Scope 3 greenhouse gas emissions are subject to greater inherent limitations than those for Scope 1 and 2. This is due to the limited availability and relative accuracy of the quantitative and qualitative data used to define this information across the value chain. The Company intends to update this study and recalculate emissions annually.

For the accounting of greenhouse gas emissions, the unit of measurement used is tons of CO2 equivalent (tCO2eq), which standardises different greenhouse gases (CO2, CH4, N2O, HFCs, PFCs, SF6) based on their different climate impact. The Global

Warming Potential (GWP) factors applied in this study were updated by the IPCC in 2021, with calculations based on a 100-year time horizon.

Methodologies were selected to minimise uncertainty and ensure accurate, consistent, and reproducible results. These methodologies were based on calculations (multiplying GHG activity data by specific GHG emission factors), direct measurements, or a combination of both approaches. Furthermore, the quantification of GHG emissions was conducted with the support of the international database Ecoinvent 3.10, SimaPro software v. 9.6.0.1, and DEFRA 2024. Any unit of measure conversions were carried out using the latest version of the National Standard Parameter Table, which is published annually by the Ministry of Environment and Energy Security and serves as the reference for calculating 2024 emissions.

For calculating Scope 2 emissions, as shown in the table above, location-based and market-based approaches were applied. Specifically, under the market-based approach, GHG emissions were zero, as electricity purchased by the Group is covered by Guarantees of Origin. Further details can be found in the "Energy consumption and mix" chapter.

For calculating Scope 3 emissions, under the GHG Protocol, the following five out of 15 categories were included:

- Category 3.1 – Purchased goods and services
- Category 3.2 – Capital goods
- Category 3.3 – Fuel and energy-related activities (not included in Scopes 1 and 2)
- Category 3.4 – Upstream transportation and distribution
- Category 3.5 – Waste generated in operations
- Category 3.9 - Downstream transportation and distribution

The biogenic carbon figure was derived using SimaPro software, which classifies CO2 equivalent emissions into three distinct components—fossil, biogenic, and land use—which, when summed, constitute the total GHG emissions. Non-anthropogenic emissions were recorded as zero, whereas anthropogenic emissions resulted from the combustion of biomass within the energy mixes considered in the modelling of the sources included in the categories analysed.

No GHG emissions were identified as originating from regulated emissions trading systems.

The table below shows emission intensity in relation to net revenue, calculated as the ratio of total GHG emissions (location-based and market-based) to the Group's net revenue in € millions, as reported in the Financial Statements.

Emission intensity per net revenue	2024
Total GHG emissions (location-based)	72,895.09
Total GHG emissions (market-based)	72,120.96
Net revenue (€ million)	243.75
Total GHG emissions (location-based) per net revenue (tCO2eq/M€)	**299.06**
Total GHG emissions (market-based) per net revenue (tCO2eq/M€)	**295.88**

4. Pollution

ESRS E2

4.1 Impact, risk and opportunity management

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

An analysis of the activities carried out across the Group's sites showed that the most significant industrial processes for air pollutant emissions related to material handling and production, while emissions affecting soil and water were minimal. If such emissions occur, the Group implements the controls necessary to monitor their impact and ensure compliance with local regulations. It is important to acknowledge that some suppliers within the Group's value chain may have a greater environmental impact. Appropriate assessments are being developed to report relevant IROs for these suppliers, under phase-in provisions.

The methodology for identifying impacts, risks, and opportunities considered the aspects in the "*Description of the processes to identify and assess material impacts, risks and opportunities*" paragraph included in the General disclosures chapter (ESRS 2). This methodology was applied to pollution-related assessments and analysed the operating environment, identifying impacts, risks, and opportunities, and evaluating and prioritising them accordingly.

As specified in the "*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph included in the General disclosures chapter (ESRS 2), the Double Materiality assessment conducted by the Fine Foods Group identified only one material sustainability impact related to pollution - pollution of air. This impact was associated with the Group's direct operations.

As for the identification of risks and opportunities, the following identified risk related to the "Substances of Concern" sub-topic and arises from regulatory dependencies and the (albeit limited) environmental impact of Group's operations.

-Legal and reputational risk related to the mismanagement of Substances of Very High Concern.

The Group has not yet undertaken specific consultations with stakeholder groups for pollution-related matters. The Group focused its efforts on areas deemed most relevant based on the scale and extent of the impacts generated.

Policies related to pollution

As specified in the *"Policies related to climate change mitigation and adaptation"* paragraph, the ESG Committee approved a climate and environmental protection policy. Environmental protection and health of people in the areas where Fine Foods is established is a priority. The Company implements processes for reducing its impacts. It adopts the best available practices to guarantee the protection of environmental matrices - air, water and soil - and avoid accidental or voluntary pollution.

The policy aims to minimise negative environmental impacts, particularly those related to air, water, and soil pollution. The implementing measures include:

- ensuring the protection of the environment and health of people, preventing any voluntary or accidental pollution by choosing the best technologies available;
- providing transparency to stakeholders on the organisation's environmental data;
- adopting an ISO 14001 environmental management system and obtaining certification.

Actions and resources related to pollution

The policy's objective is to promote environmentally responsible management across the supply chain. To support this goal, the Group is committed to assessing the environmental impact of value chain stakeholders, engaging them in improvement initiatives, and working with their suppliers to develop more sustainable solutions.

Where applicable and financially sustainable, the Group opts for products or services that guarantee the best environmental performance and the same functionality by adopting the following criteria:

- avoiding the use of substances classified as hazardous;
- choosing products derived from renewable raw materials (e.g., of vegetable origin) and, whenever possible, certified sustainable origin (e.g. FSC paper, organic farming, etc.);
- choosing products designed under "green chemistry" criteria (e.g. chemicals which do not remain in the ecosystem, or comprising plant-based ingredients, etc.);

4.2 Metrics and targets

Targets related to pollution

As part of the Fine Foods for Future 2022-2025 Sustainability Plan, approved by the ESG Committee on 21 April 2022, the Group had set pollution-related targets. However, these were achieved in financial years prior to the current reporting period. No new pollution-related targets have been established.

Pollution of air, water and soil

The table below shows the quantities (in tons) of pollutants emitted during 2024 across the Group's operations, focusing on airborne pollutants: Ammonia emissions originate exclusively from the Trenzano plant. NOx emissions (expressed as NO2) are generated by the Zingonia and Brembate plants. VOC/TOC and particulate matter are emitted from all Group facilities.

No significant emissions of microplastics were recorded.

	Quantity (ton)
Pollutant emissions - air, water and soil (Annex II to EC Regulation no. 166/2006)	
Ammonia	0.0001
NOx - NO2	22.18
VOC/TOC	15.42
Particulate matter	1.92
Microplastics (generated or used)	0

The data was obtained from sampling conducted at the following intervals:

- Fine Foods (Zingonia): June and September 2024 (latest available sampling per emission source).
- Fine Foods (Brembate): April 2024.
- Euro Cosmetic (Trenzano): June 2024.

Emission calculations for all sites were based on an estimated operating time of eight hours per day for 220 days per year, equivalent to a total of 1,760 hours of emissions annually.

A full assessment of atmospheric emissions for 2024 is detailed in specific test reports prepared by independent specialised accredited laboratories under UNI CEI EN ISO/IEC 17025:2018. When assessing the compliance of results against limit values, the criteria defined in the Unichim Handbook 158:1988 (section on "Criteria for the evaluation of results") are applied, taking into account the mean values derived from N measurements taken while the plant was operational, and the corresponding standard deviation.

Substances of concern and very high concern

During 2024, the Group did not use any substances classified as "Substances of concern" or "Substances of very high concern."

5. Water and marine resources

ESRS E3

5.1 Impact, risk and opportunity management

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

The methodology for identifying impacts, risks, and opportunities considered the aspects in the "*Description of the processes to identify and assess material impacts, risks and opportunities*" paragraph included in the General disclosures chapter (ESRS 2). This methodology was applied to water-related assessments and analysed the operating environment, identifying impacts, risks, and opportunities, and prioritising them accordingly.

As specified in the "*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph, after the Double Materiality assessment conducted by the Fine Foods Group a material sustainability impact related to the water sub-topic was identified. This impact relates to water consumption and occurs during direct operations, associated with the Group's production activities, and upstream in the value chain.

No material risks or opportunities related to water were identified, either in terms of dependencies or the measures outlined in the ESG 2022-2025 plan.

In conducting the water-related materiality analysis, the Group used *Acqueduct*, a tool developed by the World Resources Institute (WRI) to map, measure, and manage water-related risks.

The Group has not yet undertaken specific consultations with stakeholder groups regarding water use. The Group focused its efforts on areas deemed most relevant based on the scale and extent of the impacts generated.

Policies related to water and marine resources

As specified in the *"Policies related to climate change mitigation and adaptation"* paragraph, the ESG Committee approved a climate and environmental protection policy. The policy is designed to safeguard the environment in the regions where the Group operates, including Trenzano, an area with high water stress. The Group implements processes to systematically reduce its environmental impact and adopts the best available practices to protect environmental matrices—air, water, and soil.

For issues related to environmental pollution, including water pollution, please refer to the paragraph on ESRS E2.

The Group integrates environmental impact considerations from the initial stages of product design to minimise the use of non-renewable raw materials. Moreover, Fine Foods assesses process designs to reduce water consumption, by working with supply chain stakeholders.

The Group has not adopted policies addressing the sustainability of seas and oceans.

Actions and resources related to water and marine resources

As a precautionary measure, the Fine Foods Group considers that it has not undertaken actions to manage impacts, risks, and opportunities related to water and marine resources that fully meet the ESRS Standard. Several actions were outlined in the ESG 2022–2025 plan; however, their lack of defined quantitative targets and timeframes means they are not fully compliant with the Standard's requirements. The Group will consider defining or updating future actions to ensure they meet these requirements.

Given the importance of this issue, the Group has taken steps to improve water resource management, including:

- implementing a group-wide monitoring network;
- designing production processes to minimise the water used.

5.2 Metrics and targets

Targets related to water and marine resources

As a precautionary measure, the Fine Foods Group considers that it has not undertaken a policy to manage impacts, risks, and opportunities related to water and marine resources that fully meet the ESRS Standard. The Group will consider defining or updating future policies to ensure they meet these requirements.

To prevent, reduce, and mitigate the potential environmental impact of its operations, the Group has set internal targets—outlined in the Fine Foods for Future 2022-2025 Sustainability Plan, approved by the ESG Committee on 21 April 2022—on water resource management. For further details, refer to the *"Corporate strategy, business model, and value chain"* paragraph. Specific targets and KPIs were defined and agreed with the managers of each area. The Plan is monitored and updated annually by the ESG Committee to report on progress. Any unmet targets will be assessed at the end of 2025, to identify improvement strategies.

The Group's targets are voluntary and not legally binding.

The Group has not assessed IROs related to marine resources or set targets in this area.

Water consumption

In 2024, Fine Foods Group's total water consumption was 57,084 m³, of which 19,687 m³ was used in water-risk areas, as shown in the table below. No water was recycled, reused, or stored.

Water consumption	Volume (m³)
Total water consumption	57,084.00
in areas at water risk, including areas of high-water stress	19,687.00
Total volume of water recycled and reused	-
Total volume of water stored	-
relative changes	-

The table below outlines the Group's water intensity for 2024, which was 234.19, derived from the ratio of total water consumption (in m³) to the Group's net revenue (in € millions, as per Financial Statements).

Water Intensity	Value
Total water consumption (m³)	57,084.00
Net revenue on own operations (€ million)	243.75
Water Intensity	**234.19**

The water risk analysis showed only the area where Euro Cosmetic operates as classified as at risk, whereas the Fine Foods sites in Zingonia and Brembate were identified as low-risk areas.

The analysis used WRI's Aqueduct 4.0 platform, taking into account physical water risk parameters (quantitative and qualitative) and the overall average Regulatory and Reputational Risk. The RepRisk Country ESG Risk Index was not included in the analysis, as an overall assessment of ESG risks was carried out through the double materiality approach. This decision was made because the Regulatory and Reputational Risk was classified as Low and did not significantly influence the final Overall Water Risk calculation.

The data reported is mainly sourced from utility bills. For unavailable November and December data, self-readings were used.

6. Biodiversity and ecosystems

ESRS E4

6.1 Strategy

Transition plan and focus on biodiversity and ecosystems in the strategy and business model

For physical, transitional, and systemic risks related to biodiversity and ecosystems, the Fine Foods Group has not conducted a resilience assessment of its strategy and business model. As a result, no transition plan on this subject was defined for the reporting period.

Material impacts, risks, and opportunities and their interaction with strategy and business model

As specified in the"*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph included in the General disclosures chapter (ESRS 2), the material impact related to biodiversity (potential biodiversity loss and ecosystem damage resulting from raw material processing) is linked to the activities of the Group's suppliers responsible for procuring raw and packaging materials. The requirements of the "*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph do not apply.

6.2 Impact, risk and opportunity management

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

The Double Materiality assessment conducted by the Fine Foods Group identified a material impact concerning ESRS E4 in relation to biodiversity and ecosystems.

The Group identified a negative impact related to the sub-topic "*impacts on the extent and condition of ecosystems*", within its value chain, which consists of:

- "Potential biodiversity loss and ecosystem damage resulting from raw material processing."

For biodiversity and ecosystems risks and opportunities, the following transition risk was identified as relevant:

- "Risk of supply chain disruptions and increased production costs due to raw material processing and production impacting local biodiversity."

Fine Foods' lack of consultations with affected communities provides a valuable opportunity for meaningful dialogue. Working with local communities, experts, and environmental organisations could provide the Company with valuable insights and perspectives that will enhance its understanding of environmental dynamics.

The Fine Foods Group does not have any sites located near sensitive biodiversity areas. There was no need to implement biodiversity mitigation measures such as those in Directive 2009/147/EC on the conservation of wild birds, Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora, or an Environmental Impact Assessment (EIA) under Directive 2011/92/EU. For activities undertaken in third countries, measures aligned with equivalent national provisions or international standards, such as the International Finance Corporation (IFC) Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources, do not apply.

Policies related to biodiversity and ecosystems

As a precautionary measure, the Fine Foods Group considers that it has not undertaken a policy to manage impacts, risks, and opportunities related to biodiversity and ecosystems that fully meet the ESRS Standard. The Group will consider defining or updating future policies to ensure they meet these requirements.

However, in line with its commitment to preventing, reducing, and mitigating environmental impacts, the Fine Foods Group has defined an environmental and climate protection policy, as stated in the "Policies related to climate change mitigation and adaptation" which was approved by the ESG Committee and overseen by the Managing Director. This underscores the importance of addressing global ecosystem damage through sustainable resource use and adopting eco-design principles.

The policy defines several implementing measures to manage environmental impacts and monitoring dependencies across the value chain, focusing on the supply chain.

The Company's objective is to steer the supply chain towards optimal and sustainable management of human rights and environmental impact. Where feasible, applicable, and financially sustainable, the Company is committed to prioritising the procurement of products or services that guarantee the best environmental performance and the same functionality by adopting following criteria:

- choosing products derived from renewable raw materials (e.g., of vegetable origin) and, whenever possible, certified sustainable origin (e.g. FSC paper, organic farming, etc.);
- choosing products designed under "green chemistry" criteria (e.g. chemicals which do not remain in the ecosystem, or comprising plant-based ingredients, etc.).

The proper supply chain management is a key aspect of this policy, aligning with the findings of the double materiality assessment. The sourcing of materials was recognised as a potential driver of biodiversity loss, as it contributes to ecosystem degradation resulting from raw material extraction and production. The policy emphasises the importance of fostering corporate awareness on these issues. This is achieved by providing information and training to workers, and cooperating with public bodies, educational institutions, and private companies.

Actions and resources related to biodiversity and ecosystems

As a precautionary measure, the Fine Foods Group considers that it has not yet undertaken actions to manage the impacts, risks, and opportunities related to biodiversity and ecosystems that fully meet the ESRS Standard. The Group will consider defining or updating future actions to ensure they meet these requirements.

In 2024, Fine Foods committed to deepening its understanding of deforestation related to the legality and sustainability requirements set out by the European Deforestation-Free Products Regulation (EUDR), which came into force on 29 June 2023 and will be applicable from 30 December 2025.

To ensure compliance with these requirements, a due diligence process was undertaken based on the following steps:

- Mapping the supply chain;
- Identifying suppliers of raw and packaging materials for nutraceutical and pharmaceutical production;
- Association of customs codes with sensitive raw materials and their derivatives imported into the EU, which are considered major contributors to deforestation and degradation;
- Engaging with suppliers and requesting documentation to certify that products originate from land that has not been subject to deforestation or degradation since 31 December 2020.

The key strategic raw materials required for Fine Foods Group production, as identified by the above Regulation, include cocoa, coffee, soya, palm oil, and wood.

Palm oil is a vegetable substance that, in its raw state or as a derivative obtained by reaction or extraction of specific components, is used in the cosmetics industry to produce foaming surfactants. Over the past 30 years, palm cultivation has developed mainly in South-East Asia, and is considered the main cause of intense deforestation, together with the timber industry. To help reduce land and forest exploitation and address the potential risk of indirect involvement in deforestation activities, Fine Foods joined the Roundtable on Sustainable Palm Oil (RSPO), a non-profit association that has defined environmental and social criteria to develop an international standard for sustainable palm oil. Member companies must comply with this standard to produce and market certified sustainable palm oil.

7. Resource use and the circular economy

ESRS E5

7.1 Impact, risk and opportunity management

Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The methodology for identifying impacts, risks, and opportunities considered the aspects in the "*Description of the processes to identify and assess material impacts, risks and opportunities*" paragraph included in the General disclosures chapter (ESRS 2). This methodology was applied to resource inflows and outflows, and waste management assessments and analysed the operating environment, identifying impacts, risks, and opportunities, and prioritising them accordingly.

Following the Double Materiality assessment conducted by the Fine Foods Group, a highly significant sustainability impact was identified for resource use and the circular economy. This impact pertains to the Group's direct operations and concerns the "*resource inflows*" sub-topic. Two other material impacts were identified within production activities and along the value chain, linked to the "*waste*" sub-topic.

Two sustainability risks and one sustainability opportunity were identified, associated with the *waste* and *resource inflows* sub-topics, including overall resource use. These risks and the opportunity are relevant to the Group's production activities (direct operations) and its value chain.

No specific consultations concerning resource use and the circular economy within the Group's operations have been conducted with stakeholder groups. The Group focused its efforts on areas deemed most relevant based on the scale and extent of the impacts generated.

Policies related to resource use and circular economy

As a precautionary measure, the Fine Foods Group considers that it has not undertaken a policy to manage impacts, risks, and opportunities related to resource use and the circular economy that fully meet the ESRS Standard. The Group will consider defining or updating future policies to ensure they meet these requirements.

As specified in the "*Policies related to climate change mitigation and adaptation*" paragraph, the ESG Committee approved a climate and environmental protection policy. In this document, the Group addresses circular economy principles and outlines the following commitments:

- minimising waste arising during the production cycle by focusing on decreasing the percentage of waste sent for disposal which is no longer recyclable/reusable;
- minimising raw materials and products employed in production processes (e.g., reusing materials internally, adopting anti-waste procedures, etc.).

Actions and resources related to resource use and the circular economy

As a precautionary measure, the Fine Foods Group considers that it has not yet undertaken actions to manage the impacts, risks, and opportunities related to resource use and the circular economy that fully meet the ESRS Standard. Several actions were outlined in the ESG 2022–2025 plan; however, their lack of defined quantitative targets and timeframes means they are not fully compliant with the Standard's requirements. The Group will consider defining or updating future actions to ensure they meet these requirements.

The Group adopts circular economy and eco-design concepts from product design (including its packaging) to favour solutions that make resources recyclable and reduce the environmental impact, applying the following general strategies:

- analysing the environmental impact of products throughout their life cycle and working with customers in developing environmentally-friendly solutions;
- prioritising low-impact materials;
- reducing the quantity (weight and volume) of materials used;
- reducing the consumption of materials required in the production process;
- optimising and reducing the logistics impact;
- reducing the environmental impact in the use phase;
- increasing the product shelf-life;
- optimising and decreasing the product's end-of-life impact.

The Group engages its supply chain in a management approach that emphasises circular economy principles. Where feasible, applicable, and financially sustainable, the Group opts for products or services that provide the best environmental performance for the same functionality by applying the following criteria:

- choosing products or raw materials from recycled sources, where possible;
- considering "sharing" or "second-hand" solutions as an alternative to purchasing;
- avoiding disposable products;
- purchasing products designed to be repaired, reused, refurbished or recycled;
- choosing products with a longer shelf life;
- selecting products that guarantee a service which extends the product's useful life;
- choosing products that are eco-efficient throughout their life cycle by comparing the environmental declarations of several equivalent products (e.g. product carbon footprint, EPD - Environment Product Declaration) or through certifications (e.g. Ecolabel, Blue Angel, Nordic Swan, etc.);
- zero waste and buying what is necessary.

7.2 Metrics and targets

Targets related to resource use and circular economy – "Corporate strategy, business model, and value chain"

Fine Foods Group has not yet identified targets to manage the impacts, risks, and opportunities related to resource use and the circular economy that fully meet the ESRS Standard. Please refer to the next three years for an evaluation of actions that may include the identification of targets meeting the Standard's requirements.

However, the Group has set internal circular economy targets. For details, refer to the targets outlined in the Fine Foods for Future 2022-2025 Sustainability Plan, approved by the ESG Committee on 21 April 2022. Specific targets and KPIs were defined and agreed with the managers of each area. The Plan is monitored and updated annually by the ESG Committee to report on progress. Any unmet targets will be assessed at the end of 2025, to identify improvement strategies.

One of the targets focuses on waste prevention.

The Group's targets are voluntary and not legally binding.

Resource inflows

The total weight in tons of resource inflows during 2024, comprising raw materials and packaging purchased, is detailed below. During the reporting period, the Group did not procure any organic raw materials, reused or recycled components, or secondary materials for its products.

	Quantity (ton)	%
Total weight of resource inflows	23,943.49	100%
Organic materials	-	-
Reused or recycled secondary components, products, and secondary materials used for products and services (including packaging)	-	-

The total of resource inflows is derived from an accurate extraction of data from the management system used by the Group's purchasing department.

Resource outflows

The quantities of waste (in kg) produced by Fine Foods Group, divided into hazardous and non-hazardous waste, is detailed below, specifying which waste was destined for disposal and which was allocated for recovery. No radioactive waste has been recorded.

WASTE	**Hazardous**		**Non-hazardous**		**Total**	
	Weight	**%**	**Weight**	**%**	**Weight**	**%**
Total waste generated	**8,603,947**	**100 %**	**9,069,973**	**100 %**	**17,673,920**	**100 %**
Not directed to disposal (recovery)	**385,217**	**4%**	**2,424,324**	**27%**	**2,809,541**	**16%**
Directed to disposal	**8,218,730**	**96%**	**6,645,649**	**73%**	**14,864,379**	**84%**

The Group generates the following types of special hazardous waste:

- Ink waste containing hazardous substances (EWC 030312 and 080312)
- Aqueous washing solutions and mother liquors (EWC 070501, 070601, 120301)
- Organic halogenated solvents, aqueous washing liquids, and mother liquors (EWC 070503)
- Solid waste containing hazardous substances (EWC 070513)
- Halogenated filter cakes and spent absorbents (EWC 070709)
- Mineral-based non-chlorinated engine, gear, and lubricating oils (EWC 130205)
- Packaging containing residues of or contaminated by hazardous substances (EWC 150110)
- Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, and protective clothing (EWC 150202)
- Organic waste containing hazardous substances (EWC 160305)
- Laboratory chemicals consisting of or containing hazardous substances, including chemical mixtures (EWC 160506)
- Lead batteries (EWC 160601)
- Waste requiring special precautions to prevent infection (EWC 180103)
- Fluorescent tubes and other mercury-containing waste (EWC 200121)

The Group generates the following types of special non-hazardous waste:

- Waste printing toner other than those mentioned in EWC 08 03 17 (EWC 080318)
- Paper and cardboard packaging (EWC150101), plastic packaging (EWC150102), wooden packaging (EWC 150103), mixed packaging (EWC 150106), glass packaging (EWC 150107)
- Organic wastes other than those mentioned in EWC 16 03 05 (EWC 160306)
- Iron and steel (EWC 170405)

For calculating the quantities above, data accurately extracted from a specific platform was processed for each individual waste movement carried out during 2024.

Corporate disclosures

8. Own workforce

ESRS S1

8.1 Strategy

Material impacts, risks, and opportunities and their interaction with strategy and business model

As previously highlighted in the paragraph "SBM-3 disclosure requirement: material impacts, risks, and opportunities and their interaction with strategy and business model" included in the General disclosures (ESRS 2) chapter, the Group workforce, including employees and temporary staff, is potentially exposed to the impacts and risks described in this section.

Below are the negative impacts on the workforce that have been classified as material and identified in the Group's operations:

Topic	Sub-topic/Sub-sub-topic	Impact
S1 - Own Workforce	Working conditions - Health and Safety	Occupational injuries and illnesses among workers due to inadequate working conditions and exposure to hazardous chemicals
S1 - Own Workforce	Equal treatment and opportunities for all - Training and skills development	Adverse impact on workers' professional and educational growth due to insufficient training and skills development opportunities
S1 - Own Workforce	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace; Diversity	Employee damage due to a lack of inclusion and diversity policies, discrimination, harassment, or violence in the workplace
S1 - Own Workforce	Working conditions - Working time; Work-life balance	Potential adverse impact on employees' well-being due to poor work-life balance, inadequate wages, and inefficient organisation of working hours

No material positive impacts were reported.

The material workforce risks were as follows:

RISK/OPPORTUNITY	TYPE	SOURCE	MATERIALITY	TOPIC	SUB-TOPIC / SUB-SUB-TOPIC
Economic and reputational risks due to accidents and injuries	Risk	Impact: Occupational injuries and illnesses among workers due to inadequate working	Relevant	S1 - Own workforce	Own workforce - Working conditions -

		conditions and exposure to hazardous chemicals			Health and safety
Risks related to human capital management	Risk	Dependency: qualified personnel	Relevant	S1 - Own workforce	Equal treatment and opportunities for all - Training and skills development
Risks related to salary adjustments claims	Risk	Impact: Potential adverse impact on employees' well-being due to poor work-life balance, inadequate wages, and inefficient organisation of working hours	Relevant	S1 - Own workforce	Working conditions - Adequate wages
Economic and reputational risks due to accidents and injuries	Risk	Impact: Occupational injuries and illnesses among workers due to inadequate working conditions and exposure to hazardous chemicals	Relevant	S1 - Own workforce	Own workforce - Working conditions - Health and safety

Fine Foods lacks a transition plan to mitigate climate change (see the "*Transition plan for climate change mitigation*" paragraph). As a result, there are no potential workforce impacts arising from the implementation of such a plan.

No risks related to forced or child labour were identified for the Group's operations and geographical areas in which it operates.

The Fine Foods Group has not identified yet any risks or opportunities that affect groups, such as age groups or workers in specific plants or countries included in the material risks and opportunities arising from impacts and dependencies on its workforce.

8.2 Impact, risk and opportunity management

Policies related to own workforce

The Fine Foods Group adopted the following policies addressing its workforce safety:

- Health, safety, welfare, and inclusion policy;
- Environmental and safety policy.

By embracing the Global Compact principles, and through the above policies, Fine Foods commits to the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, particularly the following goals:

- goal 3: good health and wellbeing
- goal 4: quality education
- goal 5: gender equality

These policies are inspired by the ISO 45001 standard "Occupational health and safety management systems - Requirements with guidance for use", the "Workplace Health Promotion - Lombardy WHP Network" programme, UNI/PdR 125:2022 Reference Standard Procedure "Guidelines on the management system for gender equality, which requires the adoption of KPIs (Key Performance Indicator) relating to gender equality policies in organisations".

Fine Foods implements the following fundamental principles through the above policies:

1. ensuring safety at work
2. ensuring equal opportunities
3. promoting personal health and wellbeing
4. providing opportunities for professional growth
5. creating a peaceful and inclusive work environment

To implement the Fine Foods Code of Ethics and under the United Nations Universal Declaration of Human Rights, the core conventions of the International Labour Organisation (ILO), the United Nations 2030 Agenda and the Global Compact Principles, Fine Foods guarantees equal dignity and opportunities to people regardless of their country of origin, religion, culture, gender, age, sexual orientation and any other personal feature and style.

Under UNI/PdR 125:2022 on gender equality, Fine Foods included gender equality principles applied to employee careers, from recruitment to retirement. This ensures an equal presence of men and women within the work environment and equal career opportunities, up to the most important top positions, equal financial conditions, work-life balance conditions appropriate to the different life stages and proactive in rebalancing family loads between men and women. Fine Foods is committed to implementing a work environment that rejects stereotypes, discrimination, and physical, verbal and digital abuse and promotes a culture of diversity and inclusion.

Fine Foods is part of the UN Global Compact and is committed to the ten universal principles on human rights, labour standards, environmental protection and the fight against corruption. Fine Foods intends to safeguard the physical, cultural and moral integrity of its personnel by providing a healthy and safe working environment that is peaceful and motivating.

Implementing the Fine Foods Code of Ethics, under Legislative Decree no. 231/2001 and the United Nations Universal Declaration of Human Rights, fundamental conventions of the International Labour Organisation (ILO), United Nations 2030 Agenda and Global Compact Principles, the Group condemns human trafficking practices, forced or child labour, although it has not adopted a specific policy, except for the principles in the code of conduct signed by suppliers.

The Fine Foods Group recognises that the safety of its people must come first. For this reason, the Company is committed to programmes to improve protection and prevention standards continually. As mentioned in its Code of Ethics, the Company works to avoid any behaviour contrary to applicable regulations that could expose employees, partners and third parties to personal injury.

The Parent Company adopts an ISO 45001-certified occupational safety and health (OSH) management system. The traceability of OSH activities is guaranteed by its records system (accidents, near misses, maintenance, training, etc.). The process is divided into delegations, responsibilities and operational tasks. Worker Safety Representatives (WSR) are consulted regularly, and periodic on-site inspections check the working environment's health and safety.

Legislative Decree 81/2008 defines a proper risk assessment and related responsibilities. As part of the internal management system, the Parent Company's HSE department has prepared a particular procedure that establishes the general principles for identifying hazards, assessing risks and defining control actions, roles and responsibilities.

The owner of each group company works with the relevant Prevention and Protection Service and is responsible for establishing the internal resources needed for routine and extraordinary risk assessment activities. The methodology adopted for identifying hazards and assessing risks has been shared with Worker Safety Representatives (WSR) and is schematically divided into the following phases:

- Identification of processes, activities, plants and equipment
- Analysis of operational and time practices
- Identification of dangers attributable to the organisation
- Identification of exposed workers
- Definition of risk assessment criteria
- Risk assessment, including defining prevention and protection measures
- Data monitoring or quantitative risk assessment
- Defining the programme of measures to improve health and safety levels over time.

The risk assessment process considers ordinary and extraordinary operations related to emergencies, organisational and management changes, workplace and facility organisational and layout changes.

The plant employers use the risk assessment results to check whether the hazard control measures are adequate or need improvement and whether further measures are required to organise, implement, and maintain the safety management system and define improvement policies and targets.

During the periodic meeting, an improvement plan is defined if improvements or new control measures are required. This contains measures based on the hierarchy principle of Article 15 of Legislative Decree 81/08, i.e., prioritising eliminating hazards and, if this is impossible, reducing the risk first through technical and collective preventive measures, leaving the use of personal protective equipment as the last option.

Fine Foods regulates diversity and inclusion issues through its Code of Ethics and Health, safety, welfare and inclusion policy mentioned at the beginning of this chapter.

Relations between people who work or interact with Fine Foods are marked by criteria and behaviour based on honesty, fairness, cooperation, loyalty and mutual respect. All discrimination is condemned by Fine Foods, including but not limited to discrimination based on race, gender and religion. Fine Foods promotes respect for the physical and cultural integrity of the individual, relations with others and gender equality. When managing hierarchical relationships, authority is exercised with fairness and correctness, avoiding all forms of abuse and prevarication. The Company promotes an inclusive, collaborative and supportive work environment based on a culture of respect, non-discrimination and appreciation of diversity. Fine Foods adopts measures to ensure greater participation of women in the labour market and reduce the gender gap using a system that improves working conditions of women in terms of quality, remuneration and role, and promotes transparency in working processes. The Group encourages organisational methods that favour equal opportunities throughout a worker's career path, starting from the selection process and continuing with onboarding, training and growth within the Company.

Fine Foods Group companies:

- disseminate a culture of inclusion and enhancement of diversity, and develop awareness among employees and associates, always ensuring dignity, respect and fairness;
- apply policies and metrics to ensure fairness at all stages of the employment relationship;
- recognise the value of work-life balance by developing ad-hoc programmes and initiatives;
- cooperate with public bodies, schools or other private companies in raising local people's awareness of diversity and inclusion issues.

Processes for engaging with own workers and workers' representatives about impacts

For Fine Foods, maintaining open and clear communication with employees has consistently been a hallmark of company relationship management. Fine Foods Group maintains an ongoing social dialogue across its facilities, viewing it as a fundamental component of the workplace environment. Social dialogue embodies the cooperation and synergy among various institutional labour levels. It fosters the growth of employment and production sectors and enhances their quality.

As part of managing workers' safety, there are structured periodic updates between the company HSE manager with the appointed Employers for each plant and the six Workers' Safety Representatives present at each plant.

Another example of this approach is the organisation of a permanent weekly "Human Resources Desk" at the different plants. In June 2024, a Desk was activated at the Trenzano site. Employees can meet with human resources four times a week in Brembate and Zingonia and twice a week in Trenzano, to apply for open positions, request information, bring their work problems, etc.

In 2024, the Company management had 23 opportunities for discussions (17 at Fine Foods and six at Euro Cosmetic) with trade union representatives on various topics, including work organisation and definition of Company agreements. In 2024, trade union representatives managed 19 meetings with workers (15 at Fine Foods and four at Euro Cosmetic).

Management communicating and sharing objectives achieved and not achieved and challenges at all organisational levels is crucial to maintain high staff motivation and engagement as it positively influences the perception of the importance of everyone's work in achieving business success.

SIX-MONTHLY MEETINGS

Every six months, Management organises general meetings to which all Fine Foods employees are invited to share objectives, successes and challenges, answer questions and clarify doubts.

INDIVIDUAL INTERVIEWS WITH THE MANAGING DIRECTOR

The Fine Foods Managing Director is open to dialogue weekly with two Fine Foods employees drawn by lot by HR. These meetings allow to collect different personal points of view and give the Management direct feedback on the company climate, on the problems that impact workers the most, and share ideas and suggestions for improvement.

"A SANDWICH WITH COLLEAGUES" PROJECT

Meetings between managers and employees explain how the organisation they manage works and their tasks and responsibilities.

Each year, Fine Foods conducts an online employee satisfaction survey on key issues such as workload, job satisfaction and the relationship between colleagues and managers. This survey allows to verify the effectiveness of measures taken to manage human resources. The 2024 questionnaire results were satisfactory.

Processes to remediate negative impacts and channels for own workers to raise concerns

To support its ethics and compliance programme, and in consultation with trade union representatives, Fine Foods adopted an internal communication channel to make reports of actual or suspected violations without fear of retaliation and under the safeguards provided to the whistleblower. The Regulation on reporting and whistleblower protection defines the operating methods adopted by the Group to:

- Promote a corporate culture based on transparency, accountability and integrity;
- Establish and publicise the internal whistleblowing channel;
- Define the responsibilities for the whistleblowing management process and Internal Whistleblowing Committee (CIW) functions;
- Explain the whistleblower safeguards and the protection system under the law;
- Explain the sanctions system under applicable legislation against the Company and whistleblower.

With the entry into force of Legislative Decree no. 24/2023, new regulations were introduced on reporting unlawful conduct - Whistleblowing.

Changes included:

- Expanding the range of individuals eligible to submit reports to include employees and self-employed workers, contractors, freelancers, consultants, suppliers, trainees, volunteers, shareholders (individuals), and members of supervisory and control bodies;
- Expanding the scope of reportable offences to encompass criminal and civil violations as outlined in Legislative Decree no. 231/2001, and breaches of EU law that impact its financial interests, including infringements of EU competition regulations, state aid provisions, and corporate tax laws;
- Reinforcing the system of safeguards. In addition to the prohibition of retaliatory acts—such as punitive measures or discrimination against the whistleblower due to their report—and the guarantee of confidentiality for whistleblowers, these protections have been extended to facilitators (those connected to the whistleblower within the work environment). This is alongside the disciplinary system established in the Organisation, Management and Control System, and specific administrative financial penalties that may be imposed by ANAC (National Anti-Corruption Authority) on entities failing to comply with the Decree.

Fine Foods has implemented a dedicated system for managing whistleblowing reports by adopting an application infrastructure which ensures reports are handled confidentially, with access restricted to authorised personnel only. To prevent potential breaches of confidentiality, advanced security measures, such as data encryption and access controls, have been implemented. This ensures that whistleblowers and parties involved in investigations can operate within a secure and trustworthy environment throughout the process. This system is operated through the TESEO ERM platform. Reports will be sent to the HR Director and Chairman of the Supervisory Body, who jointly form the Whistleblowing Committee responsible for handling reports. Anonymous reports will be considered if they are well-substantiated and contain sufficient supporting evidence to assess their credibility.

Further details can be found in the following paragraphs on "*Corporate culture and business conduct policies*".

The governance structure of the whistleblowing mechanism described above is formally established within the anti-corruption policy, which is published on the Company website and is accessible to all employees.

This policy includes measures that prevent retaliation.

Fine Foods considers the psychological and physical well-being of its employees and partners to be of utmost importance and is committed to protecting anyone who submits a report in good faith.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Fine Foods Group companies are committed to acting transparently and ensuring compliance with applicable regulations on equal opportunities, health, and safety at work by adopting the following organisational measures:

- setting up an organisational structure to implement the content of this Policy and provide the necessary human and instrumental resources;
- organising and promoting initiatives to train and inform workers on the environmental protection procedures and disseminating this Policy;
- developing people's awareness through campaigns and information on environmental and sustainability issues;
- actively participating in projects to reduce the waste of resources and energy;

- cooperating with public bodies, schools or other private companies in raising local people's awareness through initiatives on the conscious use of natural resources and energy and responsible consumption;
- providing transparency to stakeholders on equal opportunity measurement data;
- adopting an ISO 45001 health and safety management system and obtain certification.

The Fine Foods Group recognises that the safety of its people must come first. For this reason, the organisation implements programmes to improve protection and prevention standards continually and reduce the frequency and severity of accidents to zero. In addition to implementing what is already required by safety regulations (e.g., prevention and protection service, risk assessment, risk management, prevention measures, training, etc.), Group companies take steps to:

- apply the best available practices to ensure safety within the Company;
- define legal and other safety requirements and implement appropriate internal controls or procedures to ensure compliance with these requirements;
- plan and implement periodic operational checks to verify the correct functioning and effectiveness of the protective and preventive measures (e.g., checks of structures and machinery, inspections of work environments, checking the proper execution of work procedures to prevent hazards, and the correct use of PPE, etc.);
- adopt an internal system for the systematic detection and analysis of the causes of injuries, accidents and near misses to implement corrective actions to prevent the circumstances that led to the event;
- adopt an internal system to allow employees to report potentially hazardous situations;
- ensure training courses, even if these are not legally required. Workers exposed to the same risks are trained to share the circumstances that caused accidents;
- set goals to improve the injury rate, plan actions to achieve these goals, identify those in charge, define the timeframe for their implementation, monitor their execution, and measure improvements over time.

Fine Foods is aware of its role in implementing measures that ensure health and safety at work for employees and maximise positive contributions to their wellbeing and work-life balance. Under the United Nations Sustainable Development Goal number 3 (good health and wellbeing), Fine Foods Group companies:

- suggest and promote activities, services, and training initiatives to facilitate employees' adoption of healthy lifestyles to reduce chronic diseases. Initiatives may cover the following general areas: healthy eating, physical activity, combating tobacco smoking, alcohol and addictions, road safety, psycho-physical wellbeing;
- defining these activities, services and initiatives in agreement with workers or their representatives and the occupational physician;
- ensuring the allocation of an annual budget for the above health-promoting initiatives;
- providing a yearly employee satisfaction questionnaire which can detect the degree of satisfaction and wellbeing of people and the Company climate regarding health and safety issues.

Fine Foods provides training plans to update or improve people's skills and promotes professional development processes. Fine Foods Group companies implement measures to:

- support the professional development and growth of resources, inspiring employees to reach their full potential;
- ensure the allocation of an annual budget for employee courses, which can be added to the legally required training, practices and procedures of the management systems implemented to increase transversal skills and promote professional development;
- provide formal initial training for new employees;
- provide management with skills related to managing relationships with their team and colleagues (e.g., how to provide feedback, conflict management, delegation, and change management)
- encourage internal promotion and selection for career advancement;
- adopt a feedback process for employees that includes performance appraisal based on the job description (e.g., achievable, clear and quantifiable objectives), and, if possible and relevant, environmental and social aspects.

Fine Foods believes that people are the key to business success and that diversity and plurality of viewpoints foster innovation and competitiveness. Building a peaceful and inclusive environment is paramount to the Group.

Fine Foods Group companies:

- disseminate a culture of inclusion and enhancement of diversity, and develop awareness among employees and associates, always ensuring dignity, respect and fairness;
- apply policies and metrics to ensure fairness at all stages of the employment relationship;
- recognise the value of work-life balance by developing ad-hoc programmes and initiatives;

- cooperate with public bodies, schools or other private companies in raising local people's awareness of diversity and inclusion issues.

8.3 Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

For the Group's Personnel targets, please refer to the targets listed in the "*Corporate strategy, business model, and value chain*" paragraph outlined in the Fine Foods for Future 2022-2025 Sustainability Plan, which was approved by the ESG Committee on 21 April 2022. Specific targets and KPIs were defined and agreed with the managers of each area. The Plan is monitored and updated annually by the ESG Committee to report on progress. Any unmet targets will be assessed at the end of 2025, to identify improvement strategies.

Characteristics of the undertaking's employees

Fine Foods has 779 employees, with an even distribution of men and women. Women account for 48% of the workforce, while men make up 52%.

Gender	Number of employees (headcount):
Men	408
Women	371
Other	0
Not disclosed	0
Total employees	**779**

Almost 99% of the workforce is under open-ended contracts, while a small minority is employed under fixed-term contracts. There are no employees working variable hours, as shown in the table.

Women	Men	Other	Not disclosed	Total
Number of employees (headcount):				
371	**408**	**0**	**0**	**779**
Number of open-ended employees (headcount):				
366	401	0	0	**767**
Number of fixed-term employees (headcount):				
5	7	0	0	**12**
Number of employees on variable hours (headcount):				
0	0	0	0	**0**

During the reporting period, 78 employees left the Group, resulting in an outgoing turnover rate of 10%. However, 104 new hires were recorded during the year, contributing to an overall turnover rate of 24%.

Total employees as of 31/12/N-1	753

New hires in year N	104
Outgoing in year N (including voluntary resignations, dismissals, retirements, or deaths in service)	69
Total employees as of 31/12/N	779
Outgoing turnover rate	**10%**

The figures relating to employees were reported based on the actual number of individuals as of 31 December of the reference period, excluding temporary workers, as they were deemed non-material following the double materiality assessment. The data was sourced from reports provided by the employment consultancy firm and extracted from the Qlik portal.

The outgoing turnover rate was calculated as follows: (outgoing in year N) / (total employees N-1).

For details on the average number of Group employees in 2024, which is considered the most representative figure in the Financial Statements, please refer to the notes to the Consolidated Financial Statements.

Diversity indicators

The Group's senior first and second level management below the Board of Directors, consists of 20 members, of whom 70% are men and 30% are women.

Senior management by gender	Number (first and second level below the Board of Directors)	Percentage
Men	14	70%
Women	6	30%
Other	0	0%
Not disclosed	0	0%
Total senior management	**20**	100%

Regarding employee diversity, 59% of employees are aged between 30 and 50, 27% are over 50, and 15% are under 30.

Employees by age group	Number (headcount)	Percentage
< 30 years	114	15%
30-50 years	458	59%
> 50 years	207	27%
Total employees	**779**	100%

All employees receive fair remuneration: salaries within the Group align with the National Collective Labour Agreements applicable to each company—namely, the Food National Collective Labour Agreement for Fine Foods and the Chemical National Collective Labour Agreement for Euro Cosmetic.

Disclosure Requirements for training and skills development, health and safety, and work-life balance have been identified as material in the double materiality assessment. However, they are not included in this first reporting year as they are subject to a one-year phase-in period.

Compensation indicators (pay gap and total compensation)

To calculate the gender pay gap, an analysis was conducted based on contractual classifications, distinguishing between executives, middle managers, white-collar, and blue-collar workers for Fine Foods and Euro Cosmetic.

The results for these two legal entities are shown separately, as they are governed by different National Collective Labour Agreements (CCNL). Additionally, a consolidated Group result was calculated by determining the ratio between the sum of all Group gross annual salaries (RAL) and total annual working hours.

Consolidated Group results

Gender pay gap	Executives	Middle managers	White-collar employees	Blue-collar employees	Total Average
Men's average gross hourly remuneration	54.8	28.32	16.17	12.64	27.98
Women's average gross hourly remuneration	44.15	26.87	15.07	11.25	24.34
Gender pay gap	**19%**	**5%**	**7%**	**11%**	**13%**

The annual total remuneration ratio was calculated by comparing the total yearly remuneration of the highest-paid individual with the median annual total remuneration of all other employees (excluding the person with the highest salary). This calculation was conducted separately for Fine Foods and Euro Cosmetic, and the consolidated Group, as shown in the table below. The Group's total annual remuneration ratio was 23.10.

Incidents, complaints and severe human rights impacts and incidents

In 2024, one case of discrimination leading to a formal complaint was reported within Fine Foods. The Company conducted an internal investigation and determined that the claim was unfounded, making corrective action unnecessary.

No work-related incidents or complaints were recorded, nor were there any serious human rights impacts at Euro Cosmetic. No fines or sanctions were imposed during the reporting period.

9. Workers in the value chain

ESRS S2

9.1 Strategy

Interests and views of stakeholders

The Fine Foods Group is committed to maintaining dialogue with stakeholders to ensure their needs and suggestions for improvement are carefully considered.

However, its stakeholder categories do not include workers in the value chain.

Material impacts, risks, and opportunities and their interaction with strategy and business model

As specified in the "*Material impacts, risks, and opportunities and their interaction with strategy and business model*" paragraph included the General disclosures chapter (ESRS 2), the Fine Foods Group identified the following impacts associated with workers in the value chain:

Topic	Sub-topic/Sub-sub-topic	Impact
S2 - Workers in the value chain	Equal treatment and opportunities for all - Gender equality and equal pay for work of equal value; Measures against violence and harassment in the workplace	Employee damage within the value chain due to a lack of inclusion and diversity policies, discrimination, harassment, or violence
S2 - Workers in the value chain	Working conditions - Working time; Work-life balance	Potential adverse impact on workers' well-being along the value chain due to poor work-life balance, inadequate wages, and inefficient organisation of working hours
S2 - Workers in the value chain	Other work related rights - Child labour - Forced labour	Employee damage within the value chain due to the absence of, or failure to enforce, policies against child and forced labour.

S2 - Workers in the value chain	Working conditions - Health and safety	Occupational injuries and illnesses among workers in the value chain due to inadequate working conditions and exposure to hazardous chemicals.
S4 - Consumers and end users	Personal safety of consumers and/or end-users - Health and safety	Potential adverse impacts on consumer health caused by ineffective communication, poor product design, and manufacturing defects.

Following the Double Materiality assessment, these risks related to workers in the value chain were identified:

RISK/OPPORTUNITY	TYPE	SOURCE	MATERIALITY	TOPIC	SUB-TOPIC / SUB-SUB-TOPIC
Reputational risk due to suppliers' non-compliance with equal opportunity and diversity laws	Risk	Impact: Employee damage within the value chain due to a lack of inclusion and diversity policies, discrimination, harassment, or violence	Relevant	S2 - Workers in the value chain	Gender equality and equal pay for work of equal value
Reputational and legal risk for violating workers' human rights along the value chain	Risk	Impact: Employee damage within the value chain due to the absence of, or failure to enforce, policies against child and forced labour.	Relevant	S2 - Workers in the value chain	Other work related rights - Child labour - Forced labour
Financial and reputational risk for violating employee safety conditions along the value chain	Risk	Impact: Occupational injuries and illnesses among workers in the value chain due to inadequate working conditions and exposure to hazardous chemicals.	Relevant	S2 - Workers in the value chain	Working conditions - Health and safety
Legal and reputational risks related to damage to user health and safety due to unsafe products	Risk	Impact: Potential adverse impacts on consumer health caused by ineffective communication, and manufacturing defects.	Relevant	S4 - Consumers and end users	Personal safety of consumers and/or end-users - Health and safety

To mitigate any risks associated with workers in the value chain—particularly those concerning supplier dependency—the Group conducts supplier assessments based on Environmental, Social, and Governance (ESG) criteria. 71% of Fine Foods' total spending on raw materials and packaging comes from suppliers rated above 40/100 under EcoVadis ESG criteria. 92% of total spending on raw and packaging materials was positively assessed using EcoVadis or the ESG Questionnaire.

The principles outlined in the General disclosures paragraph (ESRS 2) apply uniformly to all employees within Fine Foods' value chain, regardless of their roles. This includes:

- on-site workers who operate within the Group's business locations but are not directly employed, such as maintenance personnel;
- workers upstream and downstream in the value chain, particularly those engaged in early stages of the Group's production processes.

Sustainability impacts on workers in the value chain identified by the Fine Foods Group were considered negative. Among these, impacts related to the lack of inclusion and diversity policies, incidents of discrimination, harassment, and violence, and inadequate working conditions leading to occupational injuries and illnesses, were classified as systemic impacts. These arise from specific Company policies and have far-reaching, long-term consequences. Conversely, impacts related to work-life balance, inadequate wages, child and forced labour were classified as generalised impacts, as they were prevalent across the value chain rather than being directly linked to specific Group policies. Potential negative impacts on consumer health due to product design and manufacturing defects were considered systemic impacts for the Group, underlining the importance of effective Company policies in mitigating such risks.

All relevant sustainability risks and opportunities identified by the Fine Foods Group apply across the entire workforce in the value chain included in the analysis, regardless of their geographical location or tasks. No activities or geographical areas were identified as being more exposed to sustainability risks than others.

9.2 Impact, risk and opportunity management

Policies related to value chain workers

As a precautionary measure, the Fine Foods Group considers that it has not undertaken a policy to manage impacts, risks, and opportunities related to workers in the value chain that fully meet the ESRS Standard.

Given the strategic importance of value chain stakeholders, the Group promotes and shares its values throughout the supply chain and works towards a qualified supply chain in business ethics, focusing on respect for human rights. Fine Foods is focused on becoming a strategic partner for its customers, capable of managing the entire value chain, including trend scouting, supplier research and selection, product manufacturing and marketing.

To mitigate these risks, Fine Foods integrates its Code of Conduct into newly signed contracts and references it in supplier orders. As of 31 December 2024, almost all suppliers of raw and packaging materials, along with approximately two-thirds of service and asset suppliers, have signed the Fine Foods Group Code of Conduct.

The Code of Conduct is consistent with Fine Foods Group Code of Ethics' values. It refers to the primary internationally recognised standards such as the United Nations (UN) Universal Declaration of Human Rights, International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, UN Global Compact, Pharmaceutical Supply Chain Initiative (PSCI), Sustainable Development Goals of the UN 2030 Agenda (SDGs), Paris Agreement of the COP21 (Conference of the Parties) and European Green Deal.

This document outlines:

1. Basic requirements include: Regulatory compliance and Product safety and conformity
2. Ethics commitments include: Fighting corruption and bribery, Conflict of interest and Fair Competition.
3. Human rights and labour commitments includes: Prevention of forced labour, Child labour and young workers, Non-discriminatory treatment, Fair treatment, Fair wages, benefits, and working hours, Freedom of association, Privacy, Health and safety.
4. Environmental commitments include: Environmental Impact, Environmental authorisations and reporting, Environmental protection and Pollution prevention, Resources and eco-friendly innovation, Biodiversity, Sustainable supplying and traceability.
5. Operational and organisational requirements: Management, organisation and monitoring systems.

Under the commitments outlined in point 3, suppliers must treat workers with dignity and respect and defend their human and labour rights. Labour aspects include:

Prevention of forced labour

Suppliers shall not use forced or prison labour which is not voluntary. No worker shall be required to pay for work, nor shall they be denied freedom of movement.

Child labour and young workers

Child labour is any activity that harms a child's growth, impairs their health or prevents them from attending compulsory schooling (ILO). Suppliers may not hire workers below the minimum age for employment as stipulated in the Core Conventions of the International Labour Organisation's Declaration and under the local, social and legal labour framework when it prescribes a higher minimum age. If local laws allow the employment of young workers, suppliers shall protect young people with the minimum age for employment, up to 18 years, by ensuring that they are protected by law. This includes measures to avoid dangerous situations and night work that could compromise their health, safety or moral integrity. Employment of those under the age of 18 should only be for non-hazardous work and if that is above the legal age for the country and the age set for completing compulsory education.

Non-discriminatory treatment

Suppliers shall ensure a working environment free from discrimination. There shall be no discrimination based on race, colour, age, pregnancy status, gender identity, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status.

Fair treatment

Suppliers shall treat their employees and workers fairly, respectfully, and with dignity, ensuring equal opportunities. Suppliers shall ensure that the working environment is free of harassment, inhuman treatment (this includes sexual harassment and abuse, corporal punishment, mental or physical coercion, verbal assault of workers) and threats of such treatment.

Remuneration, benefits and working hours

Suppliers shall pay workers under applicable wage laws, including those concerning minimum wages, overtime and mandatory benefits. They must inform the worker about their wage principles, any need to work overtime, and the related remuneration. Overtime work must comply with applicable national and international standards.

Freedom of association

Under local laws, suppliers shall respect the rights to associate freely, join trade unions, be represented and join committees. Workers must communicate openly with management to report working conditions without fear of retaliation, intimidation or harassment.

Open communication and direct employee engagement to resolve workplace and pay issues is encouraged.

Privacy

Suppliers shall act under applicable privacy and data protection laws to protect the confidentiality of their workers and their data rights.

Health and safety

Suppliers shall provide a safe and healthy working environment, including in any Company accommodation. Health and safety measures at supplier sites must be applied to contractors and subcontractors. Suppliers shall adopt procedures to identify and assess work-related risks. Suppliers shall protect workers from exposure to all risks by providing personal protective equipment free of charge, safe and compliant equipment, facilities and workplaces, scheduling checks, and establishing safe working procedures. Suppliers shall provide workers with adequate safety training and information to protect them from risks. Construction and maintenance of work facilities shall be carried out under applicable standards, regulations and laws. Suppliers must ensure that their premises are clean and have access to drinking water, suitable lighting, and adequate temperature conditions. Suppliers shall identify and assess the workplace and company-provided accommodation emergencies and minimise their impact by implementing emergency plans and response procedures. Suppliers must pay regular social security contributions for each worker; if there is no public social security system for workers, Suppliers are required to provide health services or remuneration during occupational injury or illness.

Processes for engaging with value chain workers about impacts

The Group has not yet initiated a process to engage workers in its value chain.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

Fine Foods has not yet established a dedicated channel for workers in its value chain to report any concerns directly to the Group. However, workers in the value chain can use the public whistleblowing channel to report any issues.

Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The Group is committed to shifting its value chain towards management that respects human rights. It adopts tools to assess the environmental and social impact of stakeholders along the value chain and engage them in an improvement process. For further details, refer to the "*Supplier relations management*" paragraph.

EcoVadis recommends improvement actions based on identified gaps and can be supplemented or tailored by the Group.

These corrective action plans are summarised within the EcoVadis platform, which suppliers can access to provide feedback on the progress of their assigned corrective measures. Fine Foods actively monitors if improvement actions are in progress, have been completed, or archived in real time.

No specific initiatives have yet been undertaken for primarily generating positive impacts on workers in the supply chain.

There are no identified risks related to dependency within the Group's workers in the value chain.

The Group is not aware of any serious incidents or human rights violations within its value chain, whether upstream or downstream.

Part of the internal Procurement and ESG departments' time is dedicated to reviewing the results of supplier conduct assessments (via platform analyses or questionnaires). The Group cooperates with EcoVadis, a leading organisation in supply chain rating, to support its supplier assessments.

9.3 Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

For the Group's supply chain targets, please refer to the targets listed in the "*Corporate strategy, business model, and value chain*" paragraph outlined in the Fine Foods for Future 2022-2025 Sustainability Plan, which was approved by the ESG Committee on 21 April 2022. Specific targets and KPIs were defined and agreed with the managers of each area without involving supply chain workers. The Plan is monitored and updated annually by the ESG Committee to report on its progress, without involving supply chain workers. Any unmet targets will be assessed at the end of 2025, to identify improvement strategies.

10. Consumers and end users

ESRS S4

10.1 Strategy

Interests and views of stakeholders

Due to the nature of the Group's business model, there is no direct interaction with consumers or end users. The Group regularly interacts with its customers through targeted customer voice initiatives, prospect activities, and satisfaction surveys.

Material impacts, risks, and opportunities and their interaction with strategy and business model

Fine Foods operates as a contract manufacturer of food supplements, pharmaceuticals, medical devices, and cosmetics, with a focus on ensuring user safety.

The Group faces significant risks related to user health due to unsafe products. Distributing products that fail to meet safety standards could cause physical harm or damage to user health, exposing the Group to potential lawsuits, product recalls, and regulatory penalties. Such incidents can lead to substantial costs for compensation and legal fees, and operational disruptions. Negative public and stakeholder perceptions may severely harm the Company's reputation, diminishing customer and investor confidence, and negatively impacting the Group's revenues and market position.

The analysis of Impacts, Risks, and Opportunities concerning end users was not conducted separately for specific user groups, as the Group considers the highest health and safety risks to apply broadly to all individuals.

There are no identified risks or opportunities arising from dependency on consumers or end users.

10.2 Impact, risk and opportunity management

Policies related to consumers and end-users

In November 2024, the Group adopted an updated policy—approved by the CEO—dedicated to quality, which forms part of a broader Quality Management System. Fine Foods is committed to product and end-user safety by investing in advanced material identification and traceability technologies and applying strict protocols to ensure regulatory compliance of components, labelling and hygiene monitoring of environments. The Group has quality processes throughout the production cycle.

Fine Foods operates as a subcontractor under a business-to-business (B2B) model. The Group does not engage directly with end consumers. They interact with the Group's customers, who are responsible for placing the final products on the market. Fine Foods has no end-user human rights policy since there is no direct relationship. For the same reason, the Group has not undertaken any dedicated consumer engagement initiatives.

Processes for engaging with consumers and end-users about impacts

Fine Foods does not have direct interactions with consumers. Its relationships are solely with its customers, who participate in customer voice programmes, such as year-end surveys, questionnaires, and quarterly or biannual business review meetings. As a result, the Group has not established yet a structured process for engaging end users.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Given that the Group does not directly engage with consumers, it has not developed specific communication channels. Consumers and end users, however, may use the public whistleblowing channel to report any issues.

Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Production is managed under dedicated operating procedures and industry regulations. The Fine Foods Group's factories have the following certifications based on the product sector:

ISO 9001

By adopting a quality management system certified under ISO 9001 standard, Fine Foods guarantees a solid organisation, assessed by an accredited body, to keep every aspect of its operations under control and guarantee performance reproducibility to maintain and continuously improve manufacturing processes.

ISO 13485

Implementing this standard provides compliance with the Medical Devices Directive and quality requirements.

GMP COMPLIANCE CERTIFICATION FOR FOOD SUPPLEMENTS (CFR 21 - PART 111)

Compliance with Good Manufacturing Practice (GMP) requirements in the manufacture of food supplements involves compliance with health and processing requirements essential to the quality and safety of the finished products placed on the market.

FSSC 22000

To be certified under the Food Safety System Certification Scheme 22000 (FSSC 22000), means to have the requirements for a food safety management system that demonstrates the ability to control chemical, physical and biological hygiene hazards to ensure that food is safe for human consumption. FSSC 22000 incorporates ISO 22000, technical specification BSI-PAS 220 and ISO/TS 22004, i.e. the guideline for the correct application of ISO 22000.

GLUTEN AND ALLERGEN-FREE

Given the ever-increasing demand for gluten-free products, Fine Foods adapted its self-control plan by developing processing protocols to guarantee the absence of gluten traces in products for coeliacs that surpasses legal requirements. Different protocols are applied for the manufacture of products free of other allergens.

GMP COSMETICS CERTIFICATION - UNI EN ISO 22716

The harmonised standard that describes the cosmetics sector's GMP requirements is UNI EN ISO 22716. The certification based on this standard demonstrates our commitment to the safety and quality of this type of products.

IFS-HPC CERTIFICATION – HOUSEHOLD AND PERSONAL CARE PRODUCTS

The IFS HPC certification guarantees the quality and reliability of household and personal care products on the international market. With this certification, Fine Foods ensures that its products are not dangerous for consumer health, complying with national and international applicable regulations.

MINISTERIAL AND LOCAL HEALTH AUTHORITY AUTHORISATIONS

Depending on the product sector, the plants have specific authorisations for the production and packaging of medicines, medical devices, food products and the use of narcotics.

Below are the certifications' details, divided by plant:

Zingonia plant (Fine Foods & Pharmaceuticals):

- ISO 9001
- ISO 13485
- FSSC 22000
- GMP Food Supplements Certificate of Conformity
- Ministerial authorisation for food supplements production and packaging
- ATS authorisation for the Food plant

Brembate plant (Fine Foods & Pharmaceuticals):

- ISO 9001
- Ministerial authorisation for the use of narcotics
- GMP Certificate and Resolution issued by AIFA for the production of solid oral medicines for human use
- Authorisation to produce medicines for clinical trials

Trenzano plant (Euro Cosmetic):

- ISO 9001
- ISO 22716
- Ministerial authorisation to produce medical and surgical aids
- IFS-HPC - Household and personal care products

Pharmaceutical safety

A pharmaceutical plant must have a manufacturing authorisation (MIA) issued by the relevant authority (AIFA = Agenzia Italiana del Farmaco (Italian Medicines Agency)). The authorisation is issued after an inspection to certify that the company complies with the European Union's "current Good Manufacturing Practices" (EU cGMP).

The GMP goal is to ensure that the patient takes a quality medicine that is safe and effective.

The Company set up a robust quality assurance system that applies GMP standards, from the early stages of drug development to the final product. The supply chain's quality is managed and monitored (starting with suppliers).

Fine Foods complies with the anti-counterfeiting European Directive 2011/62/EU (Falsified Medicines Directive - FMD), which requires serialisation of the packs and anti-tampering devices (ATD) on the packs (for Europe, except Italy where traceability is guaranteed by the application of a sticker (bollino)). The requirement is applied to other non-EU markets, such as Russia, where the product is serialised and undergoes an aggregation process.

The effectiveness of the Group's product safety measures is confirmed by periodically renewing the certifications listed above.

There are no initiatives or actions to provide end consumers with benefits beyond the functional purpose of the products manufactured by the Group.

The process for determining necessary actions to uphold a strong Quality Management System—ensuring the safety of produced goods—is based on internal audits and audits conducted by certifying bodies and customers. Findings from audits—including observations, recommendations, areas for improvement, and critical issues—are promptly reviewed by the relevant departments. They are assessed annually during the Management Review, which leads to the formulation of an action plan. Other factors considered when determining corrective actions include process anomalies, such as non-conformities, deviations, product disposals, or reprocessing incidents.

No consumer-related risks were identified as arising from dependencies.

In 2024, a pharmaceutical product was recalled following a routine audit conducted by Spanish authorities. The inspection, carried out on a random basis, identified an out-of-specification dissolution issue. Internal investigations confirmed that the issue was not widespread across all production batches but was limited to a few batches distributed in Italy and Spain that had the same features. As a result of these findings, the following improvements were proposed to the customer:

- optimising the formula (customer-owned);
- optimising process parameters;
- optimising tablet hardness control range;
- optimising tablet thickness.

The customer accepted these recommendations and is working with Fine Foods to update the regulatory documentation and proceed with test trials.

No human rights concerns were reported in 2024.

The Group continues to invest in Quality Assurance and Quality Control by adopting cutting-edge technologies and training its staff. As of 31 December 2024, approximately 110 employees (out of 780) were dedicated to Quality Assurance, Quality Control, Pharmaceutical Activities, and Regulatory Compliance.

10.3 Metrics and targets

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Quality Targets are set annually during the Management Review mentioned above. This review is attended by the Chairman of the Board of Directors, Managing Director, and Quality Unit Manager. During this review, the Group assesses whether the targets set for the previous year have been achieved and establishes targets for the following year. Quantitative targets:

- External complaints must remain below a predefined threshold of total non-conformities.
- Percentage of non-conformities in manufactured batches.
- Non-conformities in total supplies
- Impact of reprocessing/destruction costs on EBITDA

End users are not involved in setting or reviewing these targets, or identifying areas for improvement when targets are not met.

Governance information

11. Business conduct

ESRS G1

11.1 Governance

The role of the administrative, management and supervisory bodies

For details on the responsibilities, background, and expertise of the Group's Governing and Control Bodies, including their role in business operations, please refer to the information provided in "*The role of the administrative, management and supervisory bodies*" paragraph.

11.2 Impact, risk and opportunity management

Description of the processes to identify and assess material impacts, risks and opportunities

The methodology for identifying impacts, risks, and opportunities considered the aspects in the "*Description of the processes to identify and assess material impacts, risks and opportunities*" paragraph included in the General disclosures chapter (ESRS 2). This methodology was applied to governance assessments and analysed the operating environment, identifying impacts, risks, and opportunities, and prioritising them accordingly.

Corporate culture and business conduct policies

Since 2019, the Group has had a Code of Ethics in place, which is approved and regularly updated by the Board of Directors. In 2022, Fine Foods introduced an Anti-Corruption and Anti-Bribery Policy, which is reviewed and updated periodically by the Board of Directors.

Following the establishment of the ESG Committee in 2022, a dedicated information campaign was launched to promote the values outlined in the Code of Ethics, which includes the following:

- We promote transparency in relationships, demanding professional ethics, the moral integrity of individuals, respect for the law.
- We oppose all discrimination against people based on gender, race, language, personal and social conditions, religious and political beliefs.
- We reject any intimidation, threat, verbal or physical behaviour or offence, and request for personal favours that hinder work's peaceful and standard performance.
- We believe in the commitment of each person to grow and improve.
- We encourage teamwork and employee continuous training.
- We dedicate our skills and expertise to our customers to grow together.
- We are focused on customer service and satisfaction.
- We recognise the importance of building a lasting partnership with our suppliers.
- We believe in the importance of working guided by a sound quality management system, protecting people's health and the environment.
- We are convinced that sharing our organisation's principles and values provides the Company with a key competitive advantage.

The rules of conduct concern the following areas of corporate action: responsibility of recipients, relations with human resources, conflict of interest, product quality, use of proprietary assets, data and information confidentiality, relations with suppliers, relations with institutions and public officials, management of gifts, management of communications, third party recipients.

Based on the Anti-Corruption and Anti-Bribery Policy, Fine Foods and its subsidiaries are committed to conducting business under the regulations and using the most stringent ethical principles. They require the same commitment from employees and those acting on the Group's behalf. The Group does not tolerate any act of corruption or undue payments, whether committed directly or through third parties, in Italy or abroad.

Under Legislative Decree no. 24/2023, which implements EU Directive 1937/2019, Fine Foods established communication channels through which interested parties can address their reports regarding the Code of Ethics or its possible violations directly to the Whistleblowing Committee, which includes the Chairman of the Supervisory Body, which will analyse the information and, if necessary, interview the whistleblower and the person responsible for the alleged infringement. The Whistleblowing Committee and Supervisory Body guarantee whistleblowers against any retaliation, which is an act that may give rise to an actual or possible discrimination or penalisation. The confidentiality of the whistleblower's identity is ensured without prejudice to any legal obligations.

Under the Anti-Corruption and Anti-Bribery Policy, if any Policy recipient (including directors, employees, agents, external and internal co-workers, distributors, business partners, or any individual acting on behalf of the Group) is aware of or suspects an improper payment or illicit benefit being offered, they must report the issue to their manager or notify the Supervisory Body (under Legislative Decree no. 231/01) or the Whistleblowing Committee which includes the Chairman of the Supervisory Body, as set out in the "Regulation on reporting and whistleblower protection."

Under the Regulation on reporting and whistleblower protection, multiple channels are available:

- Internal channel: in consultation with trade union representatives, the Company implemented a privileged internal reporting system via the Teseo Whistleblowing ERM Platform, under Legislative Decree no. 24/2023, which is freely accessible via the Company's website.
- ANAC external channel: whistleblowers may submit a report to A.N.A.C. using the external reporting channel under Article 7 of Legislative Decree no. 24/2023 and the A.N.A.C. Guidelines (2023). This option applies if any of the conditions outlined in Article 6 of the Legislative Decree 24/2023 are met at the time of submission.
- Public disclosure: a whistleblower may opt for public disclosure via press, media, or social media under the following circumstances:
    - they have reported internally or to A.N.A.C. but received no response;
    - they fear filing a report may expose them to retaliation;
    - they believe the misconduct poses an imminent or obvious danger to public interest.
- Direct report to National Authorities: the whistleblower can report unlawful conduct constituting a criminal offence directly to National Authorities.

The regulation includes confidentiality safeguards to protect the identities of the whistleblower, accused party, and other involved parties (e.g., facilitators). These protections apply at all stages following report submission. During disciplinary proceedings, the whistleblower's identity cannot be disclosed if the allegations are supported by additional independent investigations, even if they originated from the report. If a disciplinary charge is based partly or entirely on the whistleblower's report, their identity may only be disclosed if it is indispensable for the accused's defence and the whistleblower explicitly consents to disclosure. Any confidentiality breach results in disciplinary liability, without prejudice to other legal consequences. In disciplinary proceedings against the alleged perpetrator, the whistleblower's identity may only be revealed for defending themselves if they have given their consent. The Company ensures protection of the identity of those involved until the conclusion of proceedings arising from the report under the same whistleblower safeguards. Regardless of the reporting channel, the concerned party may request a formal process, allowing them to be heard and to submit written statements and supporting documents. A breach of whistleblower confidentiality obligations constitutes a violation of official duties, resulting in disciplinary consequences.

Under legal obligations, Fine Foods adopted a strict anti-retaliation policy.

Fine Foods established an Internal Whistleblowing Committee (hereafter referred to as the Committee) responsible for receiving and managing whistleblowing reports. The Committee comprises the following:

- HR Director (as Coordinator);
- Chairman of the Supervisory Body.

Formally constituted by the Managing Director, the Committee is entrusted with reviewing and investigating reports.

The Committee conducts a preliminary assessment to determine whether the report meets the essential requirements for admissibility.

If deemed admissible, the Committee proceeds with an investigation, which may include interviews, document acquisition conducted impartially and in strict confidence.

If the reported issue involves breaches of the Code of Ethics or the Organisation, Management, and Control System, the Supervisory Body is involved. The Committee provides feedback to the whistleblower within three months from the date of acknowledgement of receipt. If necessary, this deadline may be extended to six months, provided there is a justified reason.

Fine Foods is committed to raising awareness of its whistleblowing procedures among internal and external stakeholders through information campaigns and periodic training programmes. The whistleblowing procedure guidelines are publicly available on the Fine Foods website and internal portal. Within its remit, the HR Department ensures that employees are informed of these policies through dedicated training and E-learning platforms (Fine Foods Academy).

Code of Ethics, Anti-Corruption and Anti-Bribery Policy recipients are directors, employees, agents, external and internal co-workers, regardless of the relationship, distributors, business partners and any other acting on behalf of the Group. However, specific company departments—especially those engaging with external and third parties—are considered to have a higher risk of corruption exposure.

Management of relationships with suppliers

The Group does not have a policy to prevent late supplier payments and does not classify its suppliers based on their size. Such a policy is unnecessary since Fine Foods consistently meets the agreed payment terms with its suppliers.

The required information is detailed in the "*Policies related to value chain workers*" paragraph.

Fine Foods integrates ESG criteria into its supplier assessment process. The Group monitors supplier sustainability performance through the EcoVadis platform, considering a score of 40/100 or higher as acceptable for ESG compliance. If a supplier's EcoVadis score falls below this threshold, Fine Foods and EcoVadis suggest improvement plans and monitor their implementation. Suppliers not registered on EcoVadis must complete a Fine Foods internally developed questionnaire, which assesses social and environmental factors and assigns a low, medium, or high-risk rating. The Group prioritises relationships with suppliers that uphold high ESG standards, gradually reducing engagements with non-compliant suppliers. As of 31 December 2024, almost all suppliers have been positively assessed via EcoVadis or an internal ESG questionnaire.

To address corruption and bribery risks, the Group undertakes annual preventive actions, including:

- Periodic training programmes;
- Entrusting appointed bodies with the following tasks:
  - Supervisory Body:
    - Monitoring the adequacy, updates, and effectiveness of the 231/2001 System;
    - Monitoring the application of the Code of Ethics by the parties concerned by applying internal audit plans;
    - Reporting any significant violations of the Code of Ethics;
    - Suggesting periodic reviews of the Code of Ethics.
    - Ensuring compliance with the Anti-Corruption and Anti-Bribery Policy;
  - Internal Audit:
    - Verifying compliance with the Code of Ethics.

11.3 Metrics and targets

Confirmed incidents of corruption or bribery

There have been no reported violations of anti-corruption and bribery laws. Consequently, there are no convictions or fines to disclose. No breaches of internal anti-corruption and bribery procedures have been identified, and no corrective actions were required.

Below is an overview of training hours completed by Fine Foods employees in 2024 on the Code of Ethics, Anti-Money Laundering Policies, Whistleblowing Regulations, and related compliance topics:

COURSE	**Number of hours per qualification**				
	Executive	**Middle manager**	**White-collar employee**	**Blue-collar employee**	**Total hours per course**
Law 231/01	1		28	172	**201**
Anti-Corruption Policy			31	3	**34**
Whistleblowing	11	6	207	328	**552**
Total hours per qualification	**12**	**6**	**266**	**503**	**787**

Due to technical issues with launching the dedicated training platform, the planned Euro Cosmetic employee training did not start in 2024 but will start in 2025.

Payment practices

The Parent Company pays its suppliers, on average, 1.8 days after the invoice due date. A precise calculation for the subsidiary Euro Cosmetic was not possible, but given the Group's uniform policies and guidelines, it is estimated that Euro Cosmetic has a similar delay interval to the Parent Company.

This was calculated by extracting the Parent Company's supplier invoices recorded in 2024 and comparing their due dates with the payment dates (as of 28 February 2025, if any). 77% of payments complied with the agreed terms. This calculation considers a tolerable delay of up to two days when due dates coincided with non-working days, and instances of early payments.

The Group applies the following payment terms with its raw and packaging materials suppliers: 60 days end of month, 30 days end of month, 30 days from invoice date, and 90 days end of month. For service and asset suppliers, the terms are: 60 days end of month, payment upon invoice receipt, and 60 days from invoice date.

There are no ongoing disputes regarding late or non-payments to the Group's suppliers.

Verdellino, 13 March 2025

for the Board of Directors
Chairman

Marco Francesco Eigenmann

Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Registered office: Via Berlino 39 – VERDELLINO (BG), Italy
Registered in the BERGAMO Companies Register
Tax Code and Registration no. 09320600969
Registered in the Bergamo REA no. 454184
Subscribed share capital € 22,590,304 fully paid-up
VAT no. 09320600969

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024

Prepared under the International Accounting Standards issued by the IASB, and the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which have been endorsed under the procedure set out in Article 6 of (EC) Regulation no. 1606 of 19 July 2002

Unless otherwise specified, amounts shown in the tables and explanatory notes are stated in Euro and rounded to the nearest Euro.

Table of contents

Consolidated Income Statement

	Notes	Year ended 31 December 2024	2023
Revenue and income			
Revenue from contracts with customers	*2.1*	243,752,830	251,811,791
Other revenue and income	*2.2*	1,317,440	1,095,196
Total revenue		**245,070,270**	**252,906,988**
Operating costs			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	*2.3*	141,136,684	158,188,424
Personnel costs	*2.4*	47,623,798	44,431,271
Costs for services	*2.5*	23,770,730	25,888,270
Other operating costs	*2.6*	2,118,683	2,129,576
Amortisation, depreciation, and impairment losses	*2.7*	15,776,371	21,203,442
Total operating costs		**230,426,267**	**251,840,983**
Operating result		**14,644,003**	**1,066,005**
Changes in fair value of financial assets and liabilities	*2.8*	(12,881)	1,703,519
Financial income	*2.9*	699,711	339,524
Financial charges	*2.10*	(3,498,895)	(4,964,248)
Income before taxes		**11,831,939**	**(1,855,199)**
Income taxes	*2.11*	3,676,060	1,666,899
Profit/(loss) for the financial year		**8,155,879**	**(3,522,098)**
Earnings/(loss) per share			
▶ Basic – profit for the year attributable to the Company ordinary shareholders	*2.12*	0.32	(0.14)
▶ Diluted – profit for the year attributable to the Company ordinary shareholders	*2.12*	0.32	(0.14)

Comprehensive consolidated Income Statement

	Notes	2024	2023
Profit /(loss) for the financial year (A)		**8,155,879**	**(3,522,098)**
Components that will not be subsequently reclassified to profit/(loss) for the financial year			
Revaluation of net employee benefit liabilities/assets	4.5	14,282	(33,043)
Tax effect		(3,428)	7,930
Other comprehensive income components (B)		**10,854**	**(25,113)**
Comprehensive profit/(loss) (A+B)		**8,166,733**	**(3,547,211)**

Consolidated statement of financial position

		As of 31 December	As of 31 December
(amounts in € units)	**Notes**	**2024**	**2023**
Assets			
Non-current assets			
Property, plant and machinery	*3.1*	126,139,938	106,919,123
Goodwill	*3.2*	11,507,954	11,507,954
Other intangible fixed assets	*3.3*	1,556,083	1,634,888
Rights of use	*3.4*	2,906,361	3,165,607
Other non-current assets	*3.5*	597,853	688,139
Deferred tax assets	*3.6*	3,451,347	6,234,232
Total non-current assets		**146,159,536**	**130,149,943**
Current assets			
Inventories	*3.8*	31,908,612	42,459,682
Trade receivables	*3.9*	37,536,476	38,057,766
Tax receivables	*3.10*	17,998	320,689
Other current assets	*3.11*	7,758,304	7,715,036
Current financial assets	*3.12*	-	3,832,865
Cash and other liquid assets	*3.13*	19,210,213	19,000,047
Total current assets		**96,431,604**	**111,386,085**
Total assets		**242,591,140**	**241,536,028**
Shareholders' equity			
Share Capital	*4.1*	22,770,445	22,770,445
Other reserves	*4.1*	102,919,409	114,167,028
Employee benefit reserve	*4.1*	191,928	181,073
FTA reserve	*4.1*	(6,669,789)	(6,669,789)
Profits carried forward	*4.1*	4,691,909	22,610
Profit/(loss) for the financial year	*4.1*	8,155,879	(3,522,098)
Total Shareholders' Equity		**132,059,779**	**126,949,268**
Non-current liabilities			
Non-current bank borrowings	*4.2*	34,987,777	9,734,877
Employee benefits	*4.4*	2,143,626	2,201,653
Provision for risks and charges	*4.5*	1,600,000	2,105
Provision for deferred taxes	*3.7*	284,042	263,381
Non-current lease payables	*3.4*	847,512	1,032,604
Total non-current liabilities		**39,862,958**	**13,234,620**
Current liabilities			
Current bank borrowings	*4.3*	18,367,370	55,269,592
Trade payables	*4.6*	36,555,144	32,369,462
Taxes payable	*4.7*	219,112	575,488
Current lease payables	*3.4*	325,230	354,377
Other current liabilities	*4.8*	15,201,547	12,783,221
Total current liabilities		**70,668,403**	**101,352,140**
Total Shareholders' equity and Liabilities		**242,591,140**	**241,536,028**

Consolidated cash flow statement

		Year ended 31 December	
(amounts in € units)	**Notes**	**2024**	**2023**
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**8,155,879**	**(3,522,098)**
Adjustments to reconcile profit after tax with net cash flows:			
Depreciation and impairment of property, plant and machinery	2.7	14,394,213	14,756,626
Amortisation and impairment of intangible fixed assets	2.7	917,131	887,277
Amortisation of rights of use	2.7	462,004	1,159,538
Other write-downs of fixed assets	2.7	3,023	4,400,000
Financial income	2.9	(699,711)	(339,524)
Financial charges	2.10	3,439,943	4,916,704
Changes in fair value of financial assets and liabilities	2.8	12,881	(1,703,519)
Financial charges on financial liabilities for leases	3.4	58,951	47,544
Income taxes	2.11	952,274	557,982
Gains on the disposal of property, plant and machinery	2.2	(118,199)	(26,247)
Current assets write-downs	3.8,3.9	455,149	762,713
Net change in severance indemnity and pension funds	4.4	(106,848)	(324,435)
Net change in provisions for risks and charges	4.5	1,597,895	(39,000)
Net change in deferred tax assets and liabilities	3.6,3.7	2,800,118	1,1089,18
Interest paid	2.10	(2,736,085)	(4,550,692)
Income taxes paid	2.11	(1,259,340)	-
Changes in working capital:			
(Increase)/decrease in inventories	3.8	10,325,127	(2,453,558)
(Increase)/decrease in trade receivables	3.9	292,083	943,218
(Increase)/decrease in other non-financial assets and liabilities	*3.5,3.10,3.11,4.7,4.8*	2,718,725	3,037,755
Increase/(decrease) in trade payables	4.6	4,185,682	(1,081,006)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**45,850,897**	**18,538,195**
Investments:			
Investments in tangible fixed assets	3.1	(33,889,860)	(18,126,331)
Disposal of tangible fixed assets	3.1	390,009	638,881
Investments in intangible fixed assets	3.3	(838,323)	(741,615)
Net (investments)/disposals in financial assets	3.12	2,780,735	64,116,756
NET CASH FLOWS FROM INVESTMENTS		**(31,557,438)**	**45,887,691**
Financing:			
New financing	4.2,4.3	1,511,921	2,303,613
Funding repayment and bonds	4.2,4.3	(12,121,995)	(54,519,856)
Principal payments - lease liabilities	3.4	(416,997)	(648,576)
Dividends paid to the parent company's shareholders	4.1	(2,937,895)	(2,452,708)
Sale/(purchase) of treasury shares	4.1	(118,327)	(340,575)
CASH FLOWS FROM FINANCING		**(14,083,292)**	**(55,658,102)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**210,167**	**8,767,784**
Cash and short-term deposits as of 1 January		**19,000,047**	**10,232,262**
Cash and short-term deposits as of 31 December		**19,210,213**	**19,000,047**

Consolidated Shareholders' equity changes

	Notes	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 31 December 2022	*4.1*	**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												**(3,522,098)**	**(3,522,098)**
Other income statement components										**(25,113)**			**(25,113)**
Comprehensive profit/(loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**		**(25,113)**	**-**	**(3,522,098)**	**(3,547,211)**
Dividends							(2,452,708)						**(2,452,708)**
Purchase of treasury shares				(340,575)									**(340,575)**
2021 profit allocation							(9,501,145)					9,501,145	**-**
Balance as of 31 December 2023	*4.1*	**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												**8,155,879**	**8,155,879**
Other income statement components										**10,854**			**10,854**
Comprehensive profit/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,854**	**-**	**8,155,879**	**8,166,733**
Dividends					(2,937,895)								**(2,937,895)**
Equity reclassification							(754,088)				754,088		**-**
Purchase of treasury shares				(118,327)									**(118,327)**
2023 profit allocation					(7,437,309)						3,915,211	3,522,098	**-**
Balance as of 31 December 2024	*4.1*	**22,770,445**	**5,000,000**	**(14,139,356)**	**19,366,185**	**86,743,750**	**1,532,549**	**4,416,281**	**(6,669,789)**	**191,928**	**4,691,909**	**8,155,879**	**132,059,779**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024

1. Corporate information

Fine Foods & Pharmaceuticals N.T.M. S.p.A. 31 December 2024 Consolidated Financial Statements were approved by the Board of Directors on 13 March 2025.

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

The Parent Company Fine Foods & Pharmaceutical N.T.M. S.p.A. (hereafter referred to as "Fine Foods" or the "Company"), registered and domiciled in Bergamo, is a joint-stock company, with its registered office in Via Berlino 39, Verdellino – Zingonia (BG) in Italy. Fine Foods, listed on the STAR segment of the MTA of Borsa Italiana, is an Italian independent Contract Development & Manufacturing Organisation (CDMO).

These Financial Statements have been drawn up in Euro.

The accompanying financial statements of Foods & Pharmaceuticals N.T.M. S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

1.1 Significant events for the period

On 25 July 2024, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Directors appointed Pietro Oriani as Company General Manager, granting him ordinary management powers, effective as of 2 August 2024. During the same Board meeting, Giorgio Ferraris announced his resignation from his roles as Director and Chief Executive Officer due to personal reasons. The resignation took effect on 13 September 2024. On the same date, following a resolution approved by the Board of Statutory Auditors, the Board of Directors unanimously appointed by co-optation Pietro Oriani as the company’s new Director and Managing Director.

On 02/08/2024, the Parent Company signed a preliminary contract for the purchase of approximately 21,000 sqm located in the municipality of Zingonia-Verdellino (BG), via Madrid 1, bordering the current Fine Foods nutraceutical plant. The total value of the investment is anticipated to be approximately € 4 million, of which € 3,270,000 has already been paid as an advance.

1.2 Going concern

These Financial Statements have been prepared on a going concern basis.

1.3 Form and content of the 31 December 2024 Consolidated Financial Statements

1.3.1 Principles followed when preparing the Financial Statements

The 31 December 2024 Consolidated Financial Statements have 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 and effective at the end of the financial year. All of the above standards and interpretations are referred to as "IAS/IFRS".

1.3.2 Financial Statements content and format

The formats adopted by the Company and under IAS 1 are as follows:

- ***Consolidated Statement of financial position***: through the separate presentation of current/non-current assets and liabilities, as specified in paragraph 1.3.5 below. "Current/non-current classification"
- ***Consolidated income statement***: it shows the items by nature and provides the most explanatory information.

- ***Comprehensive consolidated Income Statement***: includes other income and charge items allowed to be booked in equity under IAS/IFRS.
- ***Consolidated cash flow statement***: shows the cash flows of operating, investing and financing activities as required by IAS 7.
- ***Consolidated Shareholders' equity changes***: shows the overall result for the year and further movements in the Company's risk capital.

1.3.3 Consolidation standards

The Consolidated Financial Statements include Fine Foods N.T.M. S.p.A. and its subsidiary Euro Cosmetic S.p.A. Financial Statements as of 31 December 2024. During 2023, the merger by incorporation of Pharmatek PMC into Euro Cosmetic became effective.

Control happens when the Group is exposed or entitled to variable returns, arising from its relationship with the investee while affecting those returns by exercising its power over it. The Group controls a subsidiary when:

- it has power over the investee (i.e. it has valid rights that give it the ability to direct the relevant activities of the investee);
- it has the exposure or rights to variable returns arising from the relationship with the investee;
- it has the ability to exercise power over the investee to affect its returns.

There is a presumption that a majority of the voting power involves control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- Contractual arrangements with other holders of voting rights;
- Rights resulting from contractual arrangements;
- Group voting rights and potential voting rights.

The Group reconsiders whether it has control of a subsidiary if facts and circumstances indicate that there have been changes in one or more of those three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenue and expenses of the subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

Profit (loss) for the year and other Comprehensive Income Statement components are allocated to the shareholders of the parent and non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. Intragroup assets and liabilities, equity, revenue, expenses and cash flows relating to transactions between Group entities are cancelled on consolidation.

Changes in shareholding in a subsidiary that do not result in a loss of control are recorded in Shareholder's equity.

If the Group loses control of a subsidiary, it must cancel the related assets (including goodwill), liabilities, non-controlling interests and other components of Shareholder's equity, while any gain or loss is recorded in the Income Statement. Any retained shareholding shall be recorded at fair value.

1.3.4 Consolidation area

Under Articles 38 and 39 of Legislative Decree 127/91 and Article 126 of Consob resolution no. 11971 of 14 May 1999, amended by resolution no. 12475 of 6 April 2000, details of the companies included in the consolidation area of Fine Foods & Pharmaceuticals N.T.M. S.p.A. 31 December 2024 are provided below.

Parent company:

Company name	Registered office	Currency	Share Capital
Fine Foods & Pharmaceuticals N.T.M. S.p.A.	Verdellino (BG)	EUR	22,770,445.02

Consolidated subsidiaries:

Company name	Ownership percentage	Registered office	Currency	Share Capital
Euro Cosmetic S.p.A.	100.0%	Trenzano (BS)	EUR	1,582,968

The ultimate Parent Company of Fine Foods & Pharmaceuticals N.T.M. S.p.A. is Eigenfin S.r.l., an unlisted company based in Italy.

1.3.5 Current/non-current classification

Assets and liabilities in the Group's Financial Statements are classified as current/non-current. An asset is current when:

- it is expected to be realised or held for sale or used as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be realised within 12 months after the end of the reporting period or
- consists of cash or cash equivalents unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- is expected to be settled as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be settled within 12 months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The liability contractual terms that could result in its settlement, at the option of the counterparty, through the issue of equity instruments do not affect its classification.

The Group classifies other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

1.4 Summary of significant accounting policies

1.4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the minority shareholding in the acquired Company. For each business combination, the Group determines whether to measure the minority shareholding in the acquired Company at fair value or in proportion to the minority shareholding's share of the acquired Company's identifiable net assets. The acquisition costs are charged in the period and classified as administrative expenses. The Group determines that it has acquired a business when the integrated set of assets includes at least one production factor and one substantial process that contribute significantly to the ability to generate an output. The acquired process is considered material if it is critical to the ability to continue to generate an output and the received production factors include an organised workforce that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to create an output. This is considered unique or scarce or cannot be replaced without high cost, effort or delay to the ability to create an output. When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed under contractual terms, financial conditions and other relevant terms valid at the acquisition date. This includes testing whether an embedded derivative should be separated from the primary contract. The acquirer records any contingent consideration at fair value at the acquisition date. Contingent consideration classified as an asset is not remeasured and its subsequent payment is accounted with a balancing entry under equity. The change in fair value of contingent consideration classified as an asset or liability shall be recorded in Income Statement as a financial instrument within the IFRS 9 "Financial Instruments" scope. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at the Financial Statements date and changes in fair value are recorded in the Income Statement. Goodwill is initially recorded at cost represented by the excess of all consideration paid and the amount recorded for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. if the fair value of the net assets acquired exceeds the amount paid, the Group reassesses whether it has correctly identified all assets acquired and liabilities assumed and reviews the procedures used to determine the amounts to be recorded at the acquisition date. If the reassessment still results in a fair value of the net assets acquired higher than the amount paid, the difference (gain) is recorded in the income statement. After the initial recording, goodwill is assessed at cost net of accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated from the acquisition date to each Group cash-generating unit that is expected to benefit from the combination synergies, regardless of whether other assets or liabilities of the acquired entity are assigned to those units. If goodwill has been allocated to a cash-generating unit and the entity disposes of part of that unit's operations, any goodwill associated with it is carried over when determining the gain or loss on disposal. Goodwill associated with the discontinued operation is determined based on the relative values of the discontinued operation, and the portion of the cash-generating unit retained.

When performing what above, the directors use complex assumptions and estimates which are subject to their judgement. The main assumptions underlying this concern:

- allocation of assets and liabilities book values to individual CGUs,
- forecasting future cash flows, for the explicit period of the Group's business,
- defining normalised cash flows underlying the estimate of the final value, and
- defining long-term growth rates and discount rates applied to future cash flow forecasts.

1.4.2 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as property investments, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the valuation date during an ordinary transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place:

- in the main market for the asset or liability;
  or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Group. The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they are acting in their best economic interest. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset to its highest and best use or by selling it to another market participant who would use it to its highest and best use. The Group uses valuation techniques appropriate for the circumstances and for which there is sufficient available data to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the inputs are not observable for the asset or liability.

The fair value measurement is classified entirely at the same level of the fair value hierarchy in which the input of the lowest level of the hierarchy used for the measurement.

For assets and liabilities recorded in the Financial Statements at fair value on a recurring basis, the Group defines whether transfers have occurred between the hierarchy levels by reviewing the categorisation (based on the lowest level input, which is significant for the fair value measurement) at each reporting date.

The Group Finance Department determines the criteria and procedures for recurring fair value measurements, such as property investments and equity instruments in unlisted companies, and non-recurring measurements, such as discontinued assets held for sale.

At each Financial Statements date, the Group's Financial Management analyses changes in the value of assets and liabilities for which revaluation or restatement is required under the Group's accounting policies.

For this analysis, the most recent valuation's main inputs are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Financial Management compares each change in each asset and liability fair value with the relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Group defines the classes of assets and liabilities based on the asset or liability nature, characteristics and risks and the fair value hierarchy level outlined above.

The following table sets out the fair value measurement hierarchy for the Company's assets and liabilities as of 31 December 2024 and 31 December 2023.

31 December 2024	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	-	-	-	-	-
Cash and other liquid assets	19,210,213	19,210,213	19,210,213	-	-
Total financial assets	**19,210,213**	**19,210,213**	**19,210,213**	**-**	**-**
Financial liabilities					
Non-current bank borrowings	34,987,777	34,987,777	-	34,987,777	-
Current bank borrowings	18,367,370	18,367,370	-	18,367,370	-
Non-current lease payables	847,512	847,512	-	847,512	-
Current lease payables	325,230	325,230	-	325,230	-
Total financial liabilities	**54,527,890**	**54,527,890**	**-**	**54,527,890**	**-**

31 December 2023	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	3,832,865	3,832,865	365,889	3,466,976	-
Cash and other liquid assets	19,000,047	19,000,047	19,000,047	-	-
Total financial assets	**22,832,912**	**22,832,912**	**19,365,936**	**3,466,976**	**-**
Financial liabilities					
Non-current bank borrowings	9,734,877	9,734,877	-	9,734,877	-
Current bank borrowings	55,269,592	55,269,592		55,269,592	-
Non-current lease payables	1,032,604	1,032,604	-	1,032,604	-
Current lease payables	354,377	354,377	-	354,377	-
Total financial liabilities	**66,391,450**	**66,391,450**	**-**	**66,391,450**	**-**

The Company's management has verified that the fair value of financial assets and liabilities approximates the book value.

1.4.3 Revenue from contracts with customers

The Group deals with the contract development and manufacturing (contract development and manufacturing organization - CDMO) of oral solid forms for the pharmaceutical, nutraceutical and cosmetics industries.

Revenue from contracts with customers is recorded when control of the goods is transferred to the customer, generally upon delivery, for an amount corresponding to the Company's expected consideration in exchange for such assets.

The Company considers whether other promises in the contract represent contractual obligations on which a portion of the transaction consideration is to be allocated. In defining the product sale transaction price, the Company considers any effect of variable consideration and significant financial components.

If the consideration promised in the contract includes a variable amount, the Company estimates the variable consideration when the contract is signed. This amount is not recorded until it is highly probable that it will be paid considering what has been agreed.

1.4.4 Income taxes

Current taxes

Current tax assets and liabilities for the year are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are enacted or substantively enacted at the Financial Statements date in the countries where the Group operates and generates its taxable income.

Current taxes related to items booked directly in equity are recorded in equity and not in profit/(loss) for the year. Management periodically assesses the tax return position in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the Financial Statements date between the assets and liabilities tax values and their corresponding book values.

Deferred tax liabilities are recorded for all temporary taxable differences, with the following exceptions:

- deferred tax liabilities arising from the initial recording of goodwill or an asset or liability in a transaction that is not a business combination and, at the transaction time, affects neither The Financial Statements result nor the tax result;

- the reversal of temporary taxable differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it will probably not occur in the foreseeable future.

Deferred tax assets are recorded for temporary deductible differences and unused tax receivables and losses carried forward to the extent that it is probable sufficient future taxable profit will be available against which the temporary deductible differences and tax receivables and losses carried forward can be used. Unless:

- the deferred tax asset associated with deductible temporary differences arises from the initial recording of an asset or liability in a transaction that is not a business combination and, at the transaction time, affects neither the Financial Statements result nor the tax result;
- for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recorded to see if it is probable that they will shift in the foreseeable future and there will be sufficient taxable income to allow for temporary differences to be recovered.

The book value of deferred tax assets is reviewed at each Financial Statements date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow that credit's use. Unrecorded deferred tax assets are reviewed at each Financial Statements date and recorded to the extent that it is probable sufficient taxable income will be available to allow the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied when the assets are realised or liabilities settled, considering the rates that have been enacted or substantively enacted at the Financial Statements date.

Deferred taxes for items recorded outside the income statement are recorded outside the income statement, in the equity or the comprehensive income statement, alongside the item they relate.

Tax benefits acquired due to a business combination but do not meet the criteria for separate recording at the acquisition date are recorded when new information about changes in facts and circumstances is obtained. If recorded during the valuation period, the adjustment is booked as a reduction in goodwill (up to the goodwill amount). If recorded later it is booked in the income statement.

The Group offsets deferred tax assets and liabilities only if there is a legal right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes owed to the same taxation authority by the same taxpayer or different taxpayers who intend to settle current tax assets and liabilities on a net basis.

<u>Indirect taxes</u>

Costs, revenue, assets and liabilities shall be recorded net of indirect taxes, such as value-added tax, with the following exceptions:

- the tax applied to goods or services purchase is non-deductible; in this case, it is recorded as part of the asset purchase cost or part of the cost booked in the income statement;
- trade receivables and payables include the applicable indirect tax.
  The net amount of indirect taxes to be recovered or paid to the tax authorities was included in the Financial Statements under receivables or payables.

1.4.5 Foreign currency transactions and balances

Any foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the transaction's date.

Monetary foreign currency assets and liabilities are translated into the functional currency at the exchange rate at the Financial Statements date.

Exchange differences or those arising from the translation of monetary items are recorded in the income statement. Taxes attributable to exchange differences on monetary items are recorded in the statement of comprehensive income. Non-monetary items valued using foreign currency historical costs are translated at the exchange rates at the transaction's initial recording date. Non-monetary items valued using foreign currency fair value are translated at the exchange rates at the date this value was determined. A gain or loss that arises from the translation of non-monetary items is treated consistently with the recording of gains and losses based on the fair value change of those items (i.e. translation differences on items whose fair value change is recorded in the comprehensive income statement or income statement and are respectively booked in the comprehensive income statement or income statement).

1.4.6 Dividends

The Parent Company books a liability for a dividend payment when the distribution is authorised and is not at the Company's discretion. Under European corporate law, distribution is authorised when shareholders approve it. Recording under liabilities is offset by a reduction in shareholders' equity to the reserve indicated in the shareholders' meeting minutes.

1.4.7 Property, plant and machinery

Property under construction is recorded at historical cost net of any accumulated impairment losses. Property, plant and machinery are recorded at historical cost net of accumulated depreciation and accumulated impairment losses. This cost includes expenses for replacing part of the plant and machinery when they are incurred if they meet the booking criteria. When it is necessary to replace plant and machinery significant parts regularly, the Group depreciates them separately over their useful life. Similarly, during major overhauls, the cost is included in the plant or machinery book value as in replacements, if booking criteria are met. All other repair and maintenance costs are recorded in the income statement when incurred. The costs for dismantling and removing an asset at the end of its useful life were included in the asset cost, if the criteria for recognising a provision were met.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life as follows:

Table of depreciation rates			
	Nutra	**Pharma**	**Cosmetics**
Industrial buildings based on their type	3%	5.50%	5.5%
Light construction	10%	10%	
Generic plant, based on their type	7.50%	10%	10%
Specific plant and machinery, based on their type	14%	12%	12.5%
Industrial and commercial equipment, based on their type	20%	40%	35%
Other assets: Furniture and furnishings	12%	-	12%
Other assets: Electronic office machines	20%	-	20%
Other assets: Transport vehicles	20%	-	20%
Other assets: Cars	25%	-	25%

The book value of a property, plant and machinery item and any significant component initially recorded is cancelled at the time of its disposal or when no future financial benefit is expected from its use or disposal. The gain or loss arising on the asset cancellation (calculated as the difference between the asset's net book value and the consideration received) is recorded in the income statement when the item is cancelled.

The property, plant and machinery residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and, where appropriate, prospectively adjusted.

1.4.8 Leases

At each contract stipulation, the Group assesses whether the contract meets a lease's definition under the standard. The definition of a contractual agreement as a lease (or containing a lease transaction) is based on the substance of the agreement and requires an assessment of whether the agreement performance depends on the use of one or more specific assets, or transfers financial benefits arising from the asset's use to another party.

<u>The Group as lessee</u>

For each contract that meets the lease definition or contains a lease, the Group accounts for a Right of Use and a Financial Liability, equal to the current value of the future lease payments plus the initial direct costs, obligations to return the asset to its original condition less any incentive paid to the supplier.

Financial charges are allocated to the income statement.

Leased assets are depreciated over the lease duration.

The Group records the following in its Financial Statements:

- a financial liability, equal to the current value of residual future payments at the transition date, which are discounted using the incremental borrowing rate applicable at the transition date for each contract;
- a right of use equal to the financial liability value net of any accruals and deferrals referring to the lease and recorded in the balance sheet at the date of these Financial Statements.

Although their value is negligible, the Group has recorded the expenses for improvement works carried out on leased properties, when they meet the requirements to be capitalised, within the right of use, depreciating them based on the residual useful life of each contract.

In adopting IFRS 16, the Group used the exemption granted by the standard for short-term leases (contracts lasting less than a year) for all classes of assets and low-value assets, i.e. lease contracts for which the unit value of the underlying assets does not exceed € 5,000 when new.

The contracts for which the exemption has been applied fall mainly within the forklift category, as they were purchased during 2019 and are considered to be short-term contracts.

For these contracts, adopting IFRS 16 will not result in booking the lease financial liability and related right of use. Instead lease payments will be recorded in the income statement on a straight-line basis over the relevant contract duration.

The Group as lessor

Lease agreements that substantially leave the Company with all the asset ownership risks and benefits are classified as operating leases. Lease income from operating leases is recorded on a straight-line basis over the lease duration and is included in other income in the Income Statement due to its operating nature. Initial trading costs are added to the leased asset's book value and recorded over the lease duration on the same basis as rental income.

1.4.9 Financial charges

Financial charges directly attributable to the acquisition, construction or production of an asset that requires a substantial period before it is available for use are capitalised on the asset cost. All other financial charges are recorded as an expense in the period in which they are incurred. Financial charges consist of interest and other costs that an entity incurs to obtain financing.

1.4.10 Intangible assets

Intangible assets are initially recorded at cost. After the initial recording, intangible assets are recorded at cost net of accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, other than development costs that meet specific requirements as defined by IAS 38, are not capitalised and are booked in the income statement for the period in which they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with finite useful lives are amortised over their useful lives and tested for impairment whenever there are indications of possible impairment. A finite useful life intangible asset amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or how future financial benefits associated with the asset will be realised are recorded through changes in the amortisation period or method, as appropriate, and are considered changes in accounting estimates. Amortisation of intangible assets with finite useful lives is recorded in profit/(loss) for the year in the cost category consistent with the intangible asset function.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment, either at the individual or cash-flow generating unit level (IAS 36). The indefinite useful life assessment is reviewed annually to determine whether this attribution continues to be sustainable; otherwise, the change from "indefinite useful life" to "finite useful life" is prospectively applied.

An intangible asset is cancelled at the time of its disposal (i.e. on the date when the acquirer obtains control of it) or when no future financial benefits are expected from its use or disposal.

Any gain or loss arising from the asset cancellation (calculated as the difference between the net disposal proceeds and the asset book value) is included in the income statement.

Industrial patent and intellectual property rights are amortised at an annual rate of 20 per cent.

1.4.11 Financial Instruments - Recording and valuation

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another.

i) Financial assets Initial recording and valuation

Upon initial recording, financial assets are classified using the following measurement methods, i.e. amortised cost, fair value through other comprehensive income (hereafter OCI) and fair value in the income statement, as appropriate.

When initially recorded, the classification of financial assets, in addition to the instrument nature, depends on the financial assets' contractual cash flow features and the business model that the Group uses to manage them. Except for trade receivables, the Group initially measures a financial asset at its fair value plus any transaction costs. Trade receivables are measured at the transaction price defined under IFRS 15.

For a financial asset to be classified and valued at amortised cost or fair value through the OCI, it must generate cash flows that depend solely on principal and interest on the principal amount to be repaid (the" solely payments of principal and interest – SPPI"). This assessment is referred to as the SPPI test and is performed at the instrument level.

Financial assets with cash flows that do not meet the above requirements (e.g. SPPI) are classified and measured at fair value in the income statement.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model defines whether cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both.

Subsequent valuation

For subsequent valuation, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value in the other comprehensive income with the reclassification of accumulated profits and losses (debt instruments);
- Financial assets at fair value in the other comprehensive income without reclassification of cancelled accumulated profits and losses (equity instruments);
- Financial assets at fair value in the income statement.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets to collect contractual cash flows

and

- the financial asset contractual terms provide for cash flows at specified dates that consist solely of principal and interest payments on the principal amount to be repaid, better known as the SPPI (solely payments of principal and interest) test.

Financial assets at amortised cost are subsequently valued using the effective interest method and are subject to impairment. Profits and losses are recorded in the income statement when the asset is cancelled, modified or revalued.

Financial assets at fair value through OCI (debt instruments)

The Group values assets from debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held as part of a business model whose objective is achieved by collecting the contractual cash flows and selling the financial assets

and

- the financial asset contractual terms provide for cash flows at specified dates that consist solely of principal payments and interest defined on the amount of principal to be repaid.

For debt instruments, assets measured at fair value through OCI, interest income, changes in foreign exchange rates and impairment losses, together with recoveries, are recorded in the income statement and are calculated in the same way as for financial assets measured at amortised cost. The remaining changes in fair value are recorded in OCI. Upon cancellation, the cumulative change in fair value recorded in OCI is reclassified in the income statement.

The Company's debt instrument assets measured at fair value through OCI include investments in listed debt instruments included in other non-current financial assets.

Investments in equity instruments

Upon initial recording, the Group may irrevocably elect to classify its equity investments as equity instruments recorded at fair value in OCI when they meet the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is defined for each individual instrument.

Profits and losses incurred on such financial assets are never re-entered in the income statement. Dividends are recorded as other income in the income statement when the right to payment has been established. Equity instruments booked at fair value in OCI are not subject to impairment testing.

Cancellation
A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled in the first instance (i.e. removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset are expired, or
- the Group transfers the right to receive cash flows from the asset to a third party or assumes a contractual obligation to pay them in full and without delay and (a) transfers the risks and benefits of financial asset's ownership substantially, or (b) neither transfers nor retains the asset's risks and benefits substantially but transfers control of it.

If the Group transfers the rights to receive cash flows from an asset or enters into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), it assesses whether and to what extent it retains the ownership risks and benefits. If it neither transfers nor substantially retains the risks and benefits or does not lose control over it, the asset is booked in the Group's Financial Statements to the extent of its continuing involvement in the asset. In this case, the Group records an associated liability. The transferred asset and the associated liability are measured to reflect the rights and obligations that remain with the Group.

When the entity's continuing involvement guarantees the transferred asset, the involvement is measured at the lower of the asset amount and the received consideration maximum amount that the entity could be required to repay.

At the date of these Financial Statements, the Group holds an investment portfolio that includes financial and liquidity instruments, transferred and managed through a primary credit institution, measured at fair value in the income statement. For further details, please refer to paragraph 3.12 "Current financial assets."

ii) Financial liabilities

Recording and initial measurement

Financial liabilities are classified, upon initial recording, among financial liabilities at fair value in the Income Statement, among mortgages and loans, or derivatives designated as hedging instruments.

All financial liabilities are initially recorded at fair value plus directly attributable transaction costs in case of loans and borrowings.

The Group's financial liabilities include mortgages and loans, and derivative financial instruments.

Subsequent valuation

The valuation of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value in the income statement
Financial liabilities at fair value with changes recorded in the income statement include liabilities held for trading and financial liabilities initially recorded at fair value with changes recorded in the income statement.

Held-for-trading liabilities are all those liabilities that are assumed with the intention to settle or transfer them in the short term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as held-for-trading unless they are designated as effective hedging instruments.

Profits or losses on liabilities held for trading are recorded in Profit/(loss) for the financial year.

Financial liabilities are allocated at fair value with changes recorded in the income statement from the date of initial recording, only if the IFRS 9 criteria are met. Upon initial recording, the Group did not allocate financial liabilities at fair value with changes recorded in the income statement.

Loans and receivables
After the initial recording, loans are measured at amortised cost using the effective interest rate method. Profits and losses are recorded in the income statement when the liability is settled and through the amortisation process.

Amortised cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial charges in the profit/(loss) for the year.

Cancellation

A financial liability is cancelled when the obligation underlying the liability is extinguished, cancelled or settled. When an existing financial liability is replaced by another financial liability of the same lender on substantially different terms, or the terms of a current liability are substantially modified, such exchange or modification is treated as cancelling the original liability. A new liability is booked, with any difference between the book values recorded in the profit/(loss) for the year.

1.4.12 Inventories

Inventories are valued at the lower between the cost and estimated net realisable value. The valuation criteria adopted is the weighted average cost method.

The costs incurred to bring each asset to its present location and condition are recorded as follows:

- Raw materials: purchase cost calculated using the weighted average cost method, adjusted if necessary if the last purchase price is lower than the raw material market value.
- Finished and semi-finished goods: direct cost of materials and labour plus a share of production overheads, defined based on expected production capacity, excluding financial expenses, through a bill of materials;

The estimated net realisable value is the estimated normal selling price during the business performance, less estimated completion costs and estimated costs to make the sale.

1.4.13 Impairment of non-financial assets

At each Financial Statements date, the Group assesses whether there are any asset impairment indicators. In this case, or when an annual impairment test is required, the Group estimates the recoverable amount. Recoverable amount is the higher of the asset or cash-generating unit's fair value, less sales costs, and its use-value. The recoverable amount is defined for each individual asset, except when that asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If an asset's book value is greater than its recoverable amount, that asset is impaired and is written down to its recoverable amount accordingly.

When defining use-value, the Group discounts estimated future cash flows at present value using a pre-tax discount rate that reflects market assessments of the present money value and the asset's risks. Recent market transactions are considered when defining the fair value net of sales costs. The Group bases its impairment test on detailed budgets and forecast calculations prepared separately for the Group's cash-generating unit to which individual assets are allocated. These budgets and forecast calculations generally cover four years. A long-term growth rate (terminal value) is calculated to project future cash flows beyond the fifth year.

Impairment losses of operating assets are recorded in profit/(loss) for the financial year in the cost categories consistent with the intended use of the asset that resulted in the impairment loss. An exception is made for revalued fixed assets, where the revaluation has been recorded in other comprehensive income. In such cases, the impairment loss is recorded in other comprehensive income up to the amount of the previous revaluation.

For assets other than goodwill, at each reporting date, the Group assesses whether any indicators of ceased (or decreased) recorded impairment losses exist and, if such indicators exist, estimates the recoverable amount of the asset or cash-generating unit (CGU). An already impaired asset's value may be revalued only if there have been changes in the assumptions underlying the recoverable amount calculation after the recording of the last impairment loss. The revaluation may not exceed the defined book value, net of amortisation, assuming that no impairment loss was recorded in past financial years. Such revaluation is recorded in profit/(loss) for the financial year unless the fixed asset is accounted for at a revalued amount. In this case the revaluation is treated as a revaluation increase.

1.4.14 Cash and short-term deposits

Cash and short-term deposits comprise cash on hand, in domestic and foreign currencies, stamps, and cash holdings resulting from the Group's accounts with credit institutions. They are all expressed at their nominal value.

For cash flow statement presentation purposes, liquid assets and equivalents are represented by liquid assets as defined above.

1.4.15 Treasury shares

Repurchased treasury shares are recognised at cost and deducted from equity. The buyback, sale or cancellation of treasury shares do not give rise to any gain or loss in the Income Statement. If there is a reissue, the difference between the buyback price and consideration is recognised in the share premium reserve.

1.4.16 Provisions for risks

Provisions for risks and charges are made when the Group has a current obligation (legal or implied) because of a past event, an outflow of resources will probably be required to settle the obligation, and a reliable amount estimate can be made. When the Group considers that a provision for risks and charges will be partly or fully reimbursed, for example for risks covered by insurance policies, the indemnity is recorded separately as an asset only if it is certain. If so, the provision cost is booked in profit/(loss) for the financial year net of the amount recorded for the indemnity.

If the effect of money value over time is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When the liability is discounted, the provision's increase over time is recorded as a financial charge.

1.4.17 Employee benefit liabilities

The cost of expected benefits under the defined benefit plan is defined using the actuarial projected unit credit method.

Revaluations, which include actuarial profits and losses, changes in the effect of the asset limit, excluding amounts included in net interest on the net defined benefit liability, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recorded immediately in the statement of financial position by debiting or crediting profits carried forward through other comprehensive income components in the financial year when they arise.

Revaluations are not reclassified to the income statement in subsequent financial years.

Past service cost is recorded in the income statement at the earliest of the following dates:

- the date on which a plan amendment or reduction occurs, and
- the date on which the Company records the related restructuring costs or employee termination benefits.

Net interest on the net defined benefit liability/asset is defined by multiplying the net liability/asset by the discount rate. The Group records the following changes in the net defined benefit obligation in sales cost, administrative expenses and sales and distribution costs in the income statement (by nature):

- Service costs, including current and past service costs, profits and losses on non-routine reductions and settlements;
- Net interest income or expense.

New accounting standards, interpretations and amendments adopted by the Company

For the first time, the Group has applied certain standards or amendments that are effective from 1 January 2024. The Group has not adopted any new standards, interpretations or amendments early, which have been issued but are not effective.

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

The amendments to IFRS 16 clarify the requirements for a seller-lessor in determining the lease liability arising from a sale and leaseback transaction. These changes ensure that the seller-lessor does not recognise a gain or loss on the right of use retained by the lessor.

This amendment had no impact on the Group's Financial Statements.

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

The amendments to IAS 1 set out the requirements for classifying a liability as either current or non-current. The amendments clarify:

- The meaning of a right to defer the due date;
- The right to defer must exist at the end of the financial year;
- Classification is not affected by the probability that the entity will exercise its right to defer;
- Only if a derivative embedded in a convertible liability is an equity instrument does the liability due date not impact its classification.

It is required to disclose situations where a liability from a loan agreement is categorised as non-current, and the entity's deferral right is contingent upon fulfilling covenants within a 12-month period.

This amendment had no impact on the Group's Financial Statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*, clarify the supply finance arrangements and require additional disclosures. The new disclosure requirements help users of Financial Statements understand the impact of supply finance arrangements on an entity's liabilities, cash flows, and its exposure to liquidity risk.

This amendment had no impact on the Group's Financial Statements.

Standards issued but not yet effective

Other approved or unapproved standards, interpretations or amendments which were not effective at the date of preparation of these Financial Statements are listed below.

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which supersedes IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the Income Statement, including specific totals and subtotals. Entities are required to classify expenses and revenue within the Income Statement into four categories: operating, investing, financing, income taxes, and discontinued operations. The first three categories are new.

The standard mandates disclosures based on the new definition of management-defined performance measures (MPMs), along with subtotals for expenses and revenue. It includes new provisions for the aggregation and disaggregation of financial information, based on the identified roles of the Primary Financial Statements (PFS) and accompanying notes.

Additionally, IAS 7 - Statement of Cash Flows amendments modify the starting point for determining cash flows from operations using the indirect method. The new starting point will be operating profit or loss, rather than profit or loss, and the option to classify cash flows from dividends and interest has been removed. Further consequential changes have been made to several other accounting standards.

IFRS 18 and related amendments will apply for annual periods starting on or after 1 January 2027, although early adoption is permitted with appropriate disclosure. IFRS 18 will be applied retrospectively.

The Group is evaluating the impact these amendments will have on its Financial Statements and notes.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to reduce their disclosure obligations while adhering to the recognition, measurement, and presentation requirements of other IFRS standards. To qualify, an entity must be a subsidiary (as defined in IFRS 19) at the end of the financial year, must not have "public accountability," and must have a parent (either ultimate or intermediate) that prepares consolidated Financial Statements, publicly available, under IFRS standards.

IFRS 19 will be effective for financial years commencing on or after 1 January 2027, with early adoption permitted.

1.5 Operating sectors: disclosure

For management and production purposes, the Group is organised into business units based on the products and services provided and has three operating sectors, which are described below:

- Pharma sector: Fine Foods & Pharmaceuticals N.T.M. S.p.A. manufactures pharmaceuticals at its 26,100 sqm plant in Brembate, in the province of Bergamo. The plant produces powders and granules, tablets, film-coated tablets and hard gelatine capsules, packaged in sachets, blisters and pillboxes.
- Nutra sector: Fine Foods & Pharmaceuticals N.T.M. S.p.A. produces nutraceuticals at its 45,600 sqm plant in Zingonia, in the province of Bergamo. The Zingonia plant produces soluble and effervescent powders and granules, soluble, effervescent

and chewable tablets, film-coated tablets and hard gelatine capsules, packaged in pouches, sticks, sachets, jars, pillboxes, blisters and strips.

- Cosmetics sector: The subsidiary Euro Cosmetic is active in the contract manufacturing and trading of cosmetic products (hair, skin, and oral care).

The directors monitor the business units' results separately to make decisions on resource allocation and performance review. Sector performance is assessed based on the operating result. Financial management and income taxes are managed at the Company level and are not allocated to the operating sectors.

31/12/2024	Nutra	Pharma	Cosmetics	Total sectors
Revenue and income				
Revenue from contracts with customers	142,206,355	75,765,229	25,781,247	243,752,830
Other revenue and income	641,100	422,587	253,754	1,317,440
Total revenue	**142,847,455**	**76,187,815**	**26,035,000**	**245,070,270**
Operating costs				
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	87,767,887	37,032,632	16,336,165	141,136,684
Personnel costs	20,874,588	20,587,059	6,162,151	47,623,798
Costs for services	11,142,762	8,942,737	3,685,231	23,770,730
Other operating costs	779,849	1,030,966	307,869	2,118,683
Amortisation, depreciation, and impairment losses	7,011,143	6,301,074	2,464,154	15,776,371
Total operating costs	**127,576,230**	**73,894,468**	**28,955,570**	**230,426,267**
OPERATING RESULT	**15,271,225**	**2,293,348**	**(2,920,570)**	**14,644,003**

31/12/2023	Nutra	Pharma	Cosmetics	Total sectors
Revenue and income				
Revenue from contracts with customers	152,432,303	67,932,316	31,447,173	251,811,791
Other revenue and income	406,451	293,534	395,211	1,095,196
Total revenue	**152,838,754**	**68,225,849**	**31,842,384**	**252,906,988**
Operating costs				
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	104,186,715	34,056,933	19,944,776	158,188,424
Personnel costs	19,979,389	17,239,939	7,211,943	44,431,271
Costs for services	11,827,979	8,543,503	5,516,788	25,888,270
Other operating costs	688,096	492,444	949,037	2,129,576
Amortisation, depreciation, and impairment losses	7,056,129	6,743,067	7,404,246	21,203,442
Total operating costs	**143,738,308**	**67,075,885**	**41,026,789**	**251,840,983**
OPERATING RESULT	**9,100,446**	**1,149,964**	**(9,184,405)**	**1,066,005**

31/12/2024	Nutra	Pharma	Cosmetics	Non-sector	Total
Assets					
Non-current assets					
Property, plant and machinery	48,030,175	61,708,822	15,343,136	1,057,806	126,139,938
Goodwill	-	-	11,507,954	-	11,507,954
Other intangible fixed assets	860,675	445,753	249,654	-	1,556,083
Rights of use	99,171	44,562	2,762,628	-	2,906,361
Other non-current assets	-	-	-	597,853	597,853
Deferred tax assets	-	-	-	3,451,347	3,451,347

Total non-current assets	**48,990,022**	**62,199,137**	**29,863,372**	**5,107,006**	**146,159,536**
Current assets					
Inventories	14,762,030	12,935,039	4,211,543	-	31,908,612
Trade receivables	19,278,745	13,365,900	4,891,832	-	37,536,476
Tax receivables	-	-	-	17,998	17,998
Other current assets	295,001	171,612	171,417	7,120,275	7,758,304
Cash and other liquid assets	-	-	-	19,210,213	19,210,213
Total current assets	**34,335,775**	**26,472,551**	**9,274,792**	**26,348,486**	**96,431,604**
Total assets	**83,325,797**	**88,671,688**	**39,138,163**	**31,455,492**	**242,591,140**
Shareholders' equity					
Share Capital	-	-	-	22,770,445	22,770,445
Other reserves	-	-	-	102,919,409	102,919,409
Employee benefit reserve	-	-	-	191,928	191,928
FTA reserve	-	-	-	(6,669,789)	(6,669,789)
Profits carried forward	-	-	-	4,691,909	4,691,909
Profit/(loss) for the financial year	-	-	-	8,155,879	8,155,879
Total Shareholders' Equity	**-**	**-**	**-**	**132,059,779**	**132,059,779**
Non-current liabilities					
Bonds	-	-	-	-	-
Non-current bank borrowings	-	-	-	34,987,777	34,987,777
Employee benefits	391,428	397,007	1,355,191	-	2,143,626
Provisions for risks and charges	833,638	766,362	-	-	1,600,000
Provision for deferred taxes	-	-	-	284,042	284,042
Non-current lease payables	67,109	30,155	750,249	-	847,512
Total non-current liabilities	**1,292,175**	**1,193,523**	**2,105,440**	**35,271,819**	**39,862,958**
Current liabilities					
Current bank borrowings	-	-	-	18,367,370	18,367,370
Trade payables	16,166,964	16,897,288	3,490,892	-	36,555,144
Taxes payable	-	-	-	219,112	219,112
Current lease payables	33,871	15,219	276,140	-	325,230
Other current liabilities	5,626,936	4,319,003	1,363,865	3,891,744	15,201,547
Total current liabilities	**21,827,770**	**21,231,511**	**5,130,897**	**22,478,226**	**70,668,403**
Total Shareholders' equity and Liabilities	**23,119,945**	**22,425,034**	**7,236,337**	**189,809,824**	**242,591,140**

31/12/2023					
	Nutra	**Pharma**	**Cosmetics**	**Non-sector**	**Total**
Assets					
Non-current assets					
Property, plant and machinery	48,301,493	41,885,726	15,751,071	980,832	106,919,123
Goodwill	-	-	11,507,954	-	11,507,954
Other intangible fixed assets	920,658	386,352	327,878	-	1,634,888
Rights of use	64,998	22,192	3,078,417	-	3,165,607

Other non-current assets	-	-	-	688,139	688,139
Deferred tax assets	-	-	-	6,234,232	6,234,232
Total non-current assets	**49,287,149**	**42,294,271**	**30,665,320**	**7,903,203**	**130,149,943**
Current assets					
Inventories	20,116,778	13,988,671	8,354,233	-	42,459,682
Trade receivables	17,760,067	12,238,069	8,059,629	-	38,057,766
Tax receivables	-	-	-	320,689	320,689
Other current assets	437,012	101,698	1,277,272	5,924,874	7,740,856
Current financial assets	-	-	-	3,832,865	3,832,865
Cash and other liquid assets	-	-	-	19,000,047	19,000,047
Total current assets	**38,313,857**	**26,328,438**	**17,691,135**	**29,078,475**	**111,411,905**
Total assets	**87,601,006**	**68,622,708**	**48,356,455**	**36,981,678**	**241,561,848**
Shareholders' equity					
Share Capital	-	-	-	22,770,445	22,770,445
Other reserves	-	-	-	114,167,028	114,167,028
Employee benefit reserve	-	-	-	181,073	181,073
FTA reserve	-	-	-	(6,669,789)	(6,669,789)
Profits carried forward	-	-	-	22,610	22,610
Profit/(loss) for the financial year	-	-	-	(3,522,098)	(3,522,098)
Total Shareholders' Equity	**-**	**-**	**-**	**126,949,268**	**126,949,268**
Non-current liabilities					
Non-current bank borrowings	-	-	-	9,734,877	9,734,877
Employee benefits	531,716	322,014	1,347,924	-	2,201,653
Provisions for risks and charges	-	-	-	2,105	2,105
Provision for deferred taxes	-	-	-	263,381	263,381
Non-current lease payables	25,076	10,504	997,025	-	1,032,604
Total non-current liabilities	**556,792**	**332,518**	**2,344,949**	**10,000,363**	**13,234,620**
Current liabilities					
Current bank borrowings	-	-	-	55,269,592	55,269,592
Trade payables	18,026,582	8,480,235	5,862,646	-	32,369,462
Taxes payable	-	-	-	575,488	575,488
Current lease payables	38,170	14,634	301,572	-	354,377
Other current liabilities	5,940,953	3,821,171	1,198,891	1,848,027	12,809,041
Total current liabilities	**24,005,705**	**12,316,039**	**7,363,109**	**57,693,106**	**101,377,960**
Total Shareholders' equity and Liabilities	**24,562,496**	**12,648,557**	**9,708,058**	**194,642,737**	**241,561,848**

Please note that it is not necessary to reconcile the revenue and operating result reported in the Financial Statements with sector disclosure as there are no reconciling items.

As for the aggregation of revenue, the Group generates a significant part of its turnover from a limited number of customers, the first five customers, in the year ended 31 December 2024, cumulatively accounting for approximately 63.3% of the turnover.

The breakdown of revenue by geographical area is shown in paragraph "2.1. Revenue from contracts with customers."

1.6 Capital management

For Group's capital managing purposes, capital is the issued share capital, convertible preferred shares, the share premium reserve and other capital reserves attributable to the Parent Company's shareholders. The capital management primary objective is to maximise its value for shareholders. The Company manages the capital structure and makes adjustments based on economic conditions and financial covenant requirements. To maintain or adjust the capital structure, the Parent Company may intervene on dividends paid to shareholders, repay the capital to shareholders or issue new shares. The Parent Company controls capital using a gearing ratio, which is the ratio of net debt to total capital plus net debt. The Group's policy is to maintain this ratio below 40%. In 2024, this ratio was around 21% (26% as of 31 December 2024).

	2024	2023
Interest-bearing loans and borrowings other than convertible preferred shares	53,355,147	65,004,469
Bonds payable	-	-
Payables from derivative instruments - warrants	-	-
Lease payables	1,172,743	1,386,981
Less: liquid assets and short-term deposits	(19,210,213)	(19,000,047)
Less: current financial assets	-	(3,832,865)
Net debt	**35,317,677**	**43,558,538**
Shareholders' equity	132,059,779	126,949,268
Equity and net debt	**167,377,456**	**170,507,806**
Gearing ratio	21%	26%

1.7 Financial risk management

1.7.1 Liquidity risk

The Group monitors the liquidity shortage risk using a liquidity planning tool. The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines and bank loans, mortgages and bonds. The Group's policy is to keep loan numbers due in the next 12 months around 60%. As of 31 December 2024, 34.3% of the Group's debt is due in less than one year (2023: 83.8%), calculated based on the book value of debts in the Consolidated Financial Statements.

If the Parent Company Fine Foods had not temporarily reclassified the medium/long-term debt to Intesa of the original € 70 million, for € 36.4 million, in current bank borrowings, the share of debt due in less than one year would have been 29.9% in the year ended 31/12/2023.

The table below summarises the Group's due date profile of financial liabilities based on undiscounted contractually agreed payments.

31 December 2024	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	34,987,777	-	33,378,530	1,609,247
Current bank borrowings	18,367,370	18,367,370	-	-
Non-current lease payables	847,512	-	831,668	15,844
Current lease payables	325,230	325,230	-	-
Total financial liabilities	**54,527,890**	**18,692,600**	**34,210,198**	**1,625,091**

31 December 2023	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	9,734,877	-	7,800,401	1,934,476
Current bank borrowings	55,269,592	55,269,592	-	-
Non-current lease payables	1,032,604	-	1,032,604	-

Current lease payables	354,377	354,377	-	-
Total financial liabilities	**66,391,450**	**55,623,969**	**8,833,005**	**1,934,476**

To support the significant ongoing investments, which were primarily covered by the cash generated from business operations in 2024, the Parent Company is considering securing a new bank loan to finance the remaining investments.

1.7.2 Interest rate risk

Interest rate risk is a function of interest rate trends and the company's related positions, identifiable in bond investments and debt transactions. The risk is the increase in borrowing costs associated with rising interest rates.

This risk may be indicated differently depending on the valuation parameter.

• Cash Flow Risk: this is related to the possibility of realising losses connected to a reduction in expected receipts or an increase in expected costs. It is linked to items with payment profiles indexed to market rates. As these rates change, the company's position will change (variable rate financing)

• Fair Value Risk: this is linked to the possibility of losses related to an unexpected change in the value of an asset or liability following a sudden change in rates.

1.7.3 Credit risk

This is the risk that a customer or a financial instrument counterparty causes a financial loss by failing to fulfil an obligation; the risk is mainly related to the failure to collect trade receivables. The Groups's main counterparties are major companies active in the nutraceutical and pharmaceutical sectors and multinational companies. The Group carefully evaluates its customers' credit standing, considering that, due to its business's nature, the relationships with its customers are long-term.

1.7.4 Price risk

The price risk is mitigated using a solid cost accounting procedure that can identify the production cost. In this way, remunerative and competitive prices are established and adopted with the customer.

1.7.5 Risk of changes in cash flows

The risk of changes in cash flows is not considered significant in view of the Company's balance sheet. It is considered that the risks to which the business activity is exposed are not higher than those physiologically connected to the overall business risk.

1.7.6 Tax risks

The Group companies are subject to the taxation system under applicable Italian tax laws. Unfavourable changes to this legislation, and any Italian tax authorities or Law orientation related to the application, interpretation of tax regulations to determine the tax burden (Corporate Income Tax "IRES", Regional Tax on Production Activities "IRAP") and the Value Added Tax "VAT", could have significant negative effects on the companies economic and financial situation.
The Group is exposed to the risk that the financial administration or law may adopt different interpretations or positions concerning tax and fiscal legislation from those adopted by Fine Foods Group in carrying out its business. Tax and fiscal legislation, and its interpretation, are complex elements due to the continuous legislation evolution and interpretation from administrative and jurisdictional bodies.
The Group will periodically undergo inspections to verify such regulations' correct application and the correct payment of taxes. Disputes with Italian or foreign tax authorities could involve the companies in lengthy proceedings, resulting in the payment of penalties or sanctions, with possible significant adverse effects on its business, economic and financial situation.
Due to the complexity and continuous changes in tax and fiscal regulations and their interpretation, it is impossible to exclude that the financial administration or law may make interpretations, or take positions, that contrast with those adopted by the Group. This might result in negative consequences on its economic and financial situation.

1.7.7 Risks related to the information system's reliability

The Group is exposed to the risk of accidental events or malicious actions to IT systems (hardware, software, databases, etc.) that impact their reliability, with potential negative effects on the Group's economic, capital and financial situation.

The Group implements security procedures and policies to ensure proper IT systems management. It has perimeter and internal security equipment. Infrastructures are equipped with high reliability techniques for critical systems and are checked annually. The IT department periodically conducts simulated external attacks to assess the robustness of the security system. The Group has a disaster recovery plan to ensure the reliability of its IT systems. The Group's IT systems comply with the General Data Protection Regulation.

The IT systems department is subject to internal audits, by Quality Assurance, and external audits, by certification bodies and customers.

1.7.8 Risks related to the concentration of revenue on major customers

The Group has a significant concentration of revenue on its main customers, amounting to approximately 63.3% on the top five customers as of 31 December 2024. The loss of one or more of these relationships would have a significant impact on Group revenue. As a rule, contracts with the Group's main customers do not have minimum guaranteed quantities. If these relationships continue, there is no certainty that the amount of revenue generated by the Group in subsequent years will be similar to or greater than those recorded in previous years. The possible occurrence of such circumstances could have significant adverse effects on the Group's business and economic, capital and financial situation.

The Group mitigates this risk by building stable and long-lasting relationships with its customers and customer loyalty, through commercial activities for acquiring new customers and M&A for identifying and acquiring target companies.

1.7.9 Risks related to production authorisations

The Group faces the risk of non-approval, by governmental or health authorities and institutions, of the individual production stages that characterise its activities, if it is found not to comply with the regulatory requirements applicable to plants and the production of pharmaceuticals and nutraceutical products, with potentially adverse effects on its economic and financial position.

During the many audits conducted by customers and authorities, the Group has never received any reports of critical non-compliance.

GMP compliance is ensured by applying strict quality procedures and periodic systemic internal audits.

In addition, the Group has a procedure for promptly handling any observations or deviations identified by the authorities.

1.7.10 Risks relating to environmental, occupational health and safety regulations

The Group is exposed to the risk of accidental contamination of the environment in which its employees work, and possible injuries in the workplace. Any violations of environmental regulations, and the adoption of prevention and protection systems in the field of safety that are not appropriate to the Group's needs, could lead to the application of administrative sanctions, including significant monetary sanctions or an injunction, including suspensions or interruptions of production, with potentially adverse effects on the Group's economic, capital and financial position.

To address these risks, the Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.11 Risks related to climate change: physical risks

Climate change can produce systemic effects that negatively affect financial activities.

Physical risks of climate change can be classified as "acute" if caused by extreme events such as droughts, floods, and storms, or "chronic" if caused by progressive changes like rising temperatures, sea-level rise, water stress, and resource depletion.

The Group faces potential operational disruptions due to extreme weather events that could damage critical infrastructure, plants, machinery, and facilities. These events may lead to increased repair and maintenance costs, and production delays or shutdowns, impacting business continuity, reputation, and profitability.

Extreme weather conditions, such as heavy rainfall and floods, could compromise the quality of water used in production processes, which will raise purification costs.

The Group is aware of potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures and is updating its risk assessment. The Group has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Group implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

1.7.12 Climate change risks: transition risks

These risks are tied to the challenges and costs associated with moving to a more sustainable and less carbon-dependent economic model. This situation is driven by the implementation of climate protection Directives and Regulations, advancements in technology, and shifts in market confidence and consumer preferences.

The absence of investments to reduce climate impact by lowering energy consumption may have a negative effect on the Group's Income Statement due to increases in operating costs and exposure to energy price fluctuations and possible regulatory measures e.g. introducing carbon taxes.

Water scarcity for industrial purposes, particularly following extended periods of drought, can negatively affect production efficiency. Similarly, extreme weather events can disrupt the supply chain, causing partial or complete interruptions in the supply chain.

The Group is aware of potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures and is assessing how to address these challenges through transition plans or business resilience analyses. The Group has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Group implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

1.7.13 Energy cost risk

Energy costs remain high compared to historical prices, with high volatility. The supply of energy available for the European market and domestic energy stocks are the reasons why the estimated negative impacts on the Group's economic, financial and capital position, and the likelihood of their occurrence, may be gradually reduced.

The Group assembled a team coordinated by an energy manager to monitor the energy market trend to minimise the impact of energy costs and implement appropriate measures to increase production sites' energy efficiency. Fine Foods installed two co-generators for self-generation of electricity from gas combustion, which eliminated its exposure to the risk of electricity component fluctuations and optimised the efficient use of the heat developed through co-generation. There are photovoltaic systems at three plants with a total power of 850 kW covering part of the energy requirements (approx. 1% of the total energy demand). To manage the fluctuation of energy costs, part of them will be rebilled during 2025.

1.7.14 Legal and reputational risks related to the mismanagement of Substances of Very High Concern

Exceeding pollution limits or mishandling hazardous chemicals that have long-term effects on human health or the environment (as listed in the REACH list and Annex VI of the CLP Regulation) can result in fines and operational restrictions and severely damage Fine Foods' reputation. The use of substances that hinder the recycling of safe, high-quality secondary materials or most harmful substances (as listed by ECHA) can expose the company to additional legal and reputational risks. This risk may arise from either direct impacts of business activities or regulatory requirements.

The Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.15 Operational risk from a shortage of virgin raw materials

The Company faces operational risks related to the scarcity of virgin raw materials, such as palm oil, coffee, and various natural extracts. These shortages can increase operational costs for Fine Foods due to competition for supply. As these commodities are subject to stricter regulations, their limited availability and rising costs may negatively impact the continuity of production and profitability.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Group maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market.

1.7.16 Economic and reputational risks due to accidents and injuries

Accidents involving employees could lead to operational disruptions and reputational damage, potentially slowing down company operations. If such incidents affect employee health and safety, the Company could face legal claims, compensation costs, and sanctions for non-compliance with regulations and organisation systems (OMC 231). An unsafe working environment could reduce the Company's appeal to potential investors and diminish employee motivation, leading to higher turnover rates.

To address these risks, the Group has a robust system for managing worker health and safety standards and environmental protection of the areas where the Group operates. The Group has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.17 Risks related to human capital management

The growing demand in the labour market for certain technical and specialised profiles makes them highly attractive, which exposes the Company to the risk of losing highly qualified personnel, who are in short supply. Failure to implement the necessary policies to successfully manage human capital can have a negative impact on the Company's economic, capital and financial position.

To address these risks, it is necessary to adopt new, more inclusive business models and policies to enhance and promote talent. The Company implemented human capital management policies and procedures designed to support employees throughout their lifecycle within the Company. This includes recruitment, onboarding, continuous training programmes, internal career development paths, work-life balance initiatives, workplace health promotion (WHP) measures, and the activation of various internal communication channels.

1.7.18 Risks related to salary adjustments claims

Fine Foods develops and manufactures contract products including food supplements, nutraceuticals, and pharmaceuticals, employing more than 650 staff under the National Collective Labour Agreement for the Food Industry. Workers in the production departments are required to clock in at turnstiles before proceeding to the changing rooms, where they change into company-issued attire such as trousers, tunics, caps, shoes, and, if necessary, beard covers. Once dressed, workers clock in again at the start of their shift and proceed to their workstations, with the same process being followed at the end of their work shift. Since the end of 2024, the Company has received claims, mainly from former employees, for salary adjustments relating to the time taken to change into and out of company-provided clothing in the changing rooms. Some of them request additional payment for salary differences for the time spent travelling between the external turnstiles and the changing room, and vice versa. The Company is defending itself in ongoing legal proceedings and is considering negotiating an agreed regulation with the trade unions. This would regulate the process of dressing for employees and offer a resolution for past claims. The Company allocated a special provision for the above risk as of 31 December 2024.

1.7.19 Risks related to supplier relationships: shortages of raw and packaging materials.

Considering the complex geopolitical situation and climatic risks that may jeopardise some harvests, the Group risks increased costs in 2025 for the purchase of raw and packaging materials necessary to carry out its business, and delays in production due to the more difficult availability of raw and packaging materials, with potential adverse effects on the Group's business, economic, capital and financial position. The Group's business is characterised, in certain cases, by a limited substitutability of suppliers, particularly in the pharmaceutical sector.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Group maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market. Additionally, mitigating actions are included in the Business Continuity Plan.

1.7.20 Reputational risk due to suppliers' non-compliance with equal opportunity and diversity laws

If suppliers fail to comply with principles of diversity and equal opportunity—particularly in relation to wages, career advancement, and other employment practices—the Company could suffer a potential loss of consumer confidence and a decrease in sales.

The Group implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Group adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

1.7.21 Reputational and legal risk for violating workers' human rights along the value chain

The Group faces reputational risk from potential human rights violations by suppliers within its value chains. If suppliers fail to protect the health and safety of their workers and fundamental human and labour rights, they could face increased legal claims and sanctions for regulatory non-compliance. Such incidents may disrupt supplier and Fine Foods operations, potentially forcing the Group to terminate relationships with non-compliant suppliers, with consequent operations slowdowns.

The Group implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Group adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

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1.7.22 Financial and reputational risk for violating employee safety conditions along the value chain

Violating safety conditions for workers along the value chain is a significant risk for the Group. If suppliers or subcontractors fail to implement appropriate safety measures, it can result in work accidents, operational disruptions, and legal sanctions for these entities. These events can lead to delays in delivery and increased procurement and project management costs for the Group. They may harm the Company's reputation and reduce stakeholder confidence, ultimately causing financial losses.

The Group implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Group adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

1.7.23 Legal and reputational risks related to damage to user health and safety due to unsafe products

The Group faces significant risks related to user health and safety due to unsafe products. Distributing products that fail to meet safety standards could cause physical harm or damage to user health, exposing the Group to potential lawsuits, product recalls, and regulatory penalties. Such incidents can lead to substantial costs for compensation and legal fees, and operational disruptions. Negative public and stakeholder perceptions may severely harm the Company's reputation, diminishing customer and investor confidence, and negatively impacting the Group's revenues and market position.

The Group has a reliable quality system and several certifications which guarantee compliance with good manufacturing practices.

All finished products and raw materials undergo thorough analysis to ensure they meet release specifications.

1.8 Discretionary evaluations and significant accounting estimates

The Group's Financial Statements' preparation requires the directors to make discretionary evaluations, estimates, and assumptions that affect the amounts of revenue, costs, assets and liabilities, their information and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that require a significant adjustment to the book value of these assets or liabilities in the future.

1.8.1 Discretionary evaluations

In applying the Group's accounting policies, the directors have made decisions based on the following discretionary evaluations (excluding those involving estimates).

Significant assessment in defining the lease term of contracts that contain an option to extend - The Group Companies as lessees

The Group defines the lease term as the lease non-cancellable period plus the periods covered by the option to extend the lease, if there is reasonable certainty of exercising that option, and the periods covered by the opportunity to terminate the lease when there is reasonable certainty of not exercising that option.

The Group has the option to extend the lease or terminate it early for some of its leases. The Group assesses whether there is reasonable certainty of exercising the renewal options. The Group considers all factors noted that may result in an economic incentive to exercise renewal options or terminate the lease. After the effective date, the Group revises its estimates of the lease term if a significant event or change occurs in the circumstances within the Company's control that may affect the ability to exercise (or not exercise) the renewal or early termination option (e.g. investment in leasehold improvements or significant specific changes to the leased asset) (see paragraph 3.4 "Leases").

1.8.2 Estimates and assumptions

The main assumptions concerning the future and other significant sources of estimation uncertainty that, at Financial Statements date, have a substantial risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are shown below. The Group has based its estimates and assumptions on available parameters when the Financial Statements were prepared. However, circumstances and assumptions about future events may change due to changes in the market or events beyond the Group's control. Such changes are reflected in the assumptions when they occur.

Provision for expected losses on trade receivables and provision for inventory write-downs

The Group uses a matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are defined primarily based on the probability of default in the relevant sector and the Group companies' historical default rate.

The historical default rates are updated at each reporting date, and changes in estimates are analysed on a forward-looking basis.

The assessment of the correlation between historical default rates, projected economic conditions, and ECLs is a meaningful estimate. The Expected Credit Loss (ECL) is sensitive to changes in circumstances and forecasted economic conditions. The Group companies' historical credit loss experience and projected future economic conditions may not represent actual customer future insolvency.

At each reporting date, the Group reviews inventories for impairment. This activity is carried out at the production batch level and refers to the material expiry date and any product non-conformity.

Defined benefit plans (pension funds)

The cost of defined benefit pension plans and other post-employment benefits and the current value of the defined benefit obligation are defined using actuarial valuations. Actuarial valuations require the use of various assumptions that may differ from actual future developments. These assumptions define the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are susceptible to assumption changes. All assumptions are reviewed annually.

Taxes

The Group companies are subject to the Italian tax and fiscal regime. The directors interpret these regulations when defining taxable income and quantifying the taxes to be paid. Deferred tax assets are recorded for unused tax losses to the extent that it is probable that taxable income will be available in the future to allow losses use. Significant estimation by management is required to determine the tax assets that can be booked based on the level of future taxable profits, the timing of their occurrence and the appropriate tax planning strategies.

With reference to the recoverability of the balance sheet assets recognised as deferred tax assets, the directors prepared a business plan at group and legal entity level structured on a 2024--2028 timeframe, approved by the Board of Directors' meeting held on 28 March 2024, from which it can be inferred that the tax profits generated under the plan are sufficient to recover the deferred tax assets recorded under tax losses.

Impairment of non-financial assets

Impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less the sales costs and its use-value. The use-value calculation is based on a discounted cash flow model. The recoverable amount depends significantly on the discounted cash flow model's discount rate, the expected future cash flows, and the growth rate used for the extrapolation. The key assumptions used to define the recoverable amount for the various cash-generating units, including a sensitivity analysis, are described in detail in Note 3.1, "*Property, plant and machinery*" and note 3.2 "*Goodwill*" of these notes.

Business combinations and goodwill

As explained in paragraph 1.4.1 on business combinations and goodwill accounting, when i) allocating the net assets acquired to the relevant cash-generating units (CGUs), ii) preparing multi-year plans, iii) performing impairment tests, the directors make complex assumptions and estimates, which are subject to their judgement. The main assumptions underlying this concern:

- allocation of assets and liabilities book values to individual CGUs;
- forecasting future cash flows, for the explicit period of the Group's business plan;
- defining normalised cash flows underlying the estimate of the final value;
- defining long-term growth rates and discount rates applied to future cash flow forecasts.

INCOME STATEMENT

2.1 Revenue from contracts with customers

Revenue as of 31 December 2024 was €243,752,830, compared to €251,811,791 in the previous year, with a slight decrease of 3,2%. A breakdown by business unit and geographical area is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Business Unit – Nutra	142,206,355	152,432,303
Business Unit - Pharma	75,765,229	67,932,316
Business Unit – Cosmetics	25,781,247	31,447,173
Total Revenue from contracts with customers	**243,752,830**	**251,811,791**

During 2024, the Group's Nutra sector turnover decreased from €152,432,303 as of 31 December 2023 to €142,206,355 as of 31 December 2024 (a decrease of 6.7%). The Nutra Business Unit turnover was 58.3% of the Group's total turnover.

The Pharma Business sector, which accounts for 31.1% of the total turnover, showed an expanding trend with a growth of 11.5%, from €67,932,316 at the end of the previous year to €75,765,229 as of 31 December 2024.

The Cosmetics Business Unit's revenue decreased from €31,447,173 as of 31 December 2023 to €25,781,247 as of the end of the financial year.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Italian Revenue	132,654,789	159,655,745
Foreign Revenue	111,098,041	92,156,047
Total Revenue from contracts with customers	**243,752,830**	**251,811,791**

As of 31 December 2024, turnover was mainly driven by sales to Italian VAT-registered customers, accounting for 54.4% of sales.

2.2 Other revenue and income

As of 31 December 2024, the Group's other revenue and income was €1,317,440 compared to €1,095,196 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
White Certificates	375,056	303,869
Other revenue and income	604,146	214,270
Contingencies	75,296	69,668
Write-down adjustments to receivables and liquid assets	25,673	56,719
Capital gains	189,265	332,340
Insurance reimbursements and indemnities	44,131	114,346
Allowances and rounding up	3,873	3,985
Total other revenue and income	**1,317,440**	**1,095,196**

Revenues from white certificates mainly derive from the recognition in current assets of energy efficiency certificates accrued by the Company in 2024 following the installation of co-generators at the Verdellino and Brembate plants. The number of Energy Efficiency Certificates (TEE) in 2024 was estimated by the Company, with the assistance of expert consultants. The value attributed to the certificates corresponds to the guaranteed minimum withdrawal amount, as stipulated in the agreement between Fine Foods and the General Energy Manager (GSE).

Other revenue and income mainly included the portion of grants received as tax credits for the year.

2.3 Costs for raw materials, change in inventories of finished goods and work in progress.

As of 31 December 2024, the cost of raw materials and consumables, net of change in inventories, was €141,136,684 compared to €158,188,424 in the previous year, with a decrease of 10.8%. The impact of costs of purchasing materials on revenue from customer contracts (57.9%) was down from the value recorded in 2023 (62.8%). During the past financial year, the Company benefited from the revised sales pricing strategy implemented in the second half of 2023.

A breakdown is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Goods on purchase account	127,345,186	157,557,438
Raw materials, ancillary materials, and consumables	3,249,398	2,912,900
Change in inventories of raw materials, ancillary materials, consumables, and goods	5,347,765	816,597
Change in inventories of finished goods and work in progress	5,194,336	(3,098,511)
Total costs for consumption of raw materials, change in inventories of finished goods and work in progress	**141,136,684**	**158,188,424**

The "Change in inventories of raw materials, ancillary materials, consumables and goods" item includes the effects on the income statement of changes in the inventory write-down provision. Please refer to note "3.8 Inventories".

2.4 Personnel costs

As of 31 December 2024, the Group's personnel costs were €47,623,798 compared to €44,431,271 in the previous year, with an increase of 7.2%. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Wages and salaries	28,901,526	27,778,755
Social security contributions	9,037,225	9,085,284
Severance indemnity	1,815,396	1,771,190
Temporary employment	6,369,651	5,791,055
Provision for salary adjustments	1,500,000	-
Other costs	-	4,987
Total personnel costs	**47,623,798**	**44,431,271**

The increase in personnel costs was due to the recruitment of new employees, a higher reliance on temporary staff, the estimated provision for salary adjustments (€1.5 million), and expenses related to the termination of employment for certain Parent Company executives (€0.5 million).

2.4.1 Employment data

The following table shows the number of Group employees, broken down by category:

Employment data (expressed in units)	**31 December 2024**	**31 December 2023**
Executives	20	18
White-collar employees	284	255
Blue-collar employees	475	480
Total employees	**779**	**753**

The average number of employees in the Group during 2024 was 766.

2.5 Costs for services

As of 31 December 2024, the Group's service costs were €23,770,730 compared to €25,888,270 in the previous year, with a decrease of 8.2%. A breakdown is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Other costs	846,886	635,211
External and ecological analyses	882,271	739,225
Insurance	650,908	675,489
Electronic Data Processing fees	829,688	770,095
Bank fees	92,034	207,400
Statutory auditors and directors remuneration	1,469,070	2,189,650
Rental, lease and miscellaneous costs	826,175	1,059,305
Trade fair and advertising costs	580,558	605,760
Costs for processing goods on behalf of third parties	785,289	1,403,207
Ordinary maintenance costs	3,804,941	3,399,129
Cleaning, pest control and surveillance costs	1,999,040	1,924,949
Transport, fuel and tolls costs	872,461	1,363,976
Temporary employment	1,085,037	970,954
Sales commissions	291,413	205,541
Qualifications and Calibration	213,866	200,987
Waste, effluent and solid waste disposal	1,432,955	1,866,353
One-off legal expenses for personnel legal disputes	100,000	-
Non-competition agreement:	700,000	-
Consultancy costs	2,345,344	2,418,841
Ticket	850,206	828,446
Various utilities	3,112,588	4,423,752
Total service costs	**23,770,730**	**25,888,270**

The "Rental, lease and miscellaneous costs" item refers to short term and low-value contracts for which the Group took advantage of the exemption granted by the principle, as reported in paragraph "3.4 Leases." The "Various Utilities" item decreased compared to the figure recorded as of 31 December 2023. In 2023, the item showed the significant effects of increased electricity and methane costs.

The "Directors' remuneration" item for 2024 saw a notable decrease compared to 2023, primarily due to lower bonuses allocated on an accrual basis.

Additionally, some one-off expenses were incurred in 2024, including costs associated with the non-competition agreement signed with the former CEO, Ferraris.

2.6 Other operating costs

Other operating costs as of 31 December 2024 were €2,118,683 compared to €2,129,576 in the previous financial year.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Penalties and indemnities	762,754	210,498
Duties and taxes	479,537	516,911
Contingency liabilities	6,767	170,966
Capital losses	71,066	306,092
Membership Fees	203,972	168,063
Entertainment costs and gifts	38,231	19,456
Waste and reclamation costs	29,240	31,767
Costs for certifications, endorsements and Chamber of Commerce fees	27,645	30,625
Donations	35,680	43,820
Bad debt provision	248,932	396,338

Other operating costs	214,860	235,039
Total other operating costs	**2,118,683**	**2,129,576**

In 2023, the "Capital Losses" item included the effects of the disposal of Pharmatek's plant, machinery and non-strategic production lines.
The "Other operating costs" item includes various residual expenses, such as vehicle tax, fines, courier and corporate social expenses.

2.7 Amortisation, depreciation, and impairment losses

As of 31 December 2024, the Company's amortisation, depreciation and impairment losses were €15,776,371 compared to €21,203,442 in the previous financial year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Depreciation of tangible assets	14,394,213	14,081,154
Amortisation of intangible assets	978,400	1,594,363
Amortisation of rights of use	400,735	452,452
Tangible fixed assets write-downs	3,023	675,472
Goodwill impairment	-	4,400,000
Total amortisation, depreciation, and impairment losses	**15,776,371**	**21,203,442**

The "Tangible Fixed Assets Write-downs" item as of 31 December 2023 included the demolition of a Parent Company building in Brembate for € 675,472 which took place in October 2023.
The goodwill impairment recognised as of 31 December 2023 was attributable to the "Pharmatek" CGU goodwill.

2.8 Changes in Fair Value of financial assets and liabilities

As of 31 December 2024, changes in the fair value of financial assets and liabilities showed a negative balance of €12,881 compared to a positive balance of €1,703,519 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Change in fair value of other securities	(12,881)	1,703,519
Total changes in fair value of financial assets and liabilities	**(12,881)**	**1,703,519**

The "*Changes in fair value of other securities*" item mainly shows the change in fair value of securities held with a major credit institution, as mentioned in paragraph 3.12 "Current financial assets." The securities portfolio was completely and permanently disposed of in H1 2024, making the charges recognised in the Income Statement for this period final. From opening to closure, the asset management generated a total positive cash flow of € 5.7 million.

2.9 Financial income

As of 31 December 2024, the Company's financial income was €699,711 compared to €339,524 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Foreign exchange gains	34,352	62,565
Bank interest income	5,473	276,960

Leakage receivable interest	659,886	-
Total financial income	**699,711**	**339,524**

During the second half of 2024, the Parent Company received payment for a financial receivable previously recorded under current assets as a Leakage Receivable. Only upon collection was the accrued interest—from the receivable's due date—recognised in the Income Statement.

2.10 Financial charges

As of 31 December 2024, the Company's financial charges were €3,498,895 compared to €4,964,248 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Interest expenses on bonds	-	68,353
Interest expenses on financing and bank loans	2,935,613	4,051,755
Interest expenses on bank accounts	202,283	604,265
Foreign exchange losses	139,068	82,660
Financial charges on severance indemnity discounting	63,098	74,032
Interest expenses (Factoring)	99,881	35,639
Interest on financial liabilities for lease	58,951	47,544
Total financial charges	**3,498,895**	**4,964,248**

The decrease in financial charges was mainly attributable to lower debt exposure to credit institutions.

This was accompanied by a reduction in interest rates.

2.11 Income taxes

Total income taxes for 2024 were €3,676,060 compared to €1,666,899 in the previous year.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Current taxes	952,274	549,729
Deferred tax assets and liabilities	2,793,517	1,061,400
Taxes from previous years	(69,732)	55,771
Total income tax	**3,676,060**	**1,666,899**

As of 31 December 2024, the subsidiary Euro Cosmetic did not recognise current IRES or IRAP taxes and prudentially did not allocate deferred tax assets on the negative IRES tax base. Taxes from previous years referred to the adjustments in IRAP and IRES estimates, made for the Financial Statements when preparing tax returns.

As of 31 December 2024, the Parent Company Fine Foods accrued a current tax liability for IRAP purposes and used part of its deferred tax assets allocated on past tax losses and on the ACE benefit against a positive IRES tax base.

The reconciliation between the income taxes recorded and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the years ended 31 December 2024 and 2023 is as follows:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Pre-tax profit/(loss) from operations on a going concern basis	11,831,939	(1,855,199)
Pre-tax profit/(loss) from discontinued operations	-	-

Accounting profit/(loss) before tax	**11,831,939**	**(1,855,199)**
Theoretical income tax	**3,301,111**	**(517,601)**
Tax effect on permanent differences	141,233	1,699,071
Tax effect on temporary differences	(160,165)	218,692
Effect on tax benefits	(672,379)	(1,061,900)
Effect of negative IRAP tax base + non-allocation of advance payments on negative IRES tax base	1,103,903	1,583,862
Income taxes	**3,713,703**	**1,922,124**
Effective income tax rate:	**(31%)**	**(104%)**

For details on deferred taxes, see 3.6 Deferred tax assets and note 3.7 Deferred tax provision.

2.12 Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing the profit for the year attributable to the Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year.

Diluted earnings/(loss) per share are calculated by dividing the profit attributable to the Company's ordinary shareholders by the weighted average number of outstanding ordinary shares during the year and those potentially arising from converting all convertible equity instruments.
The result and share information used in calculating basic and diluted earnings per share are shown below.

	2024	**2023**
Profit attributable to the Company's ordinary shareholders for basic earnings per share	**8,155,879**	**(3,522,098)**
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share purposes*	**25,560,125**	**25,560,125**
Ordinary Shares	22,060,125	22,060,125
Redeemable Shares	-	-
Multiple-voting Shares	3,500,000	3,500,000
Weighted average number of ordinary shares adjusted for dilution effect*	**25,560,125**	**25,560,125**
Ordinary Shares	22,060,125	22,060,125
Redeemable Shares	-	-
Multiple-voting Shares	3,500,000	3,500,000
Special Shares *	-	-
Convertible warrants	-	-
Basic ESP	0.32	(0.14)
Diluted EPS	0.32	(0.14)

BALANCE SHEET

ASSETS

3.1 Property, plant and machinery

The net book value of tangible fixed assets as of 31 December 2024 was €126,139,938 compared to €106,919,123 as of 31 December 2023. Changes in tangible fixed assets and their respective accumulated depreciation are shown below.

(Amounts in Euro units)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances to suppliers	Total property, plant and machinery
Historical cost - 31 December 2023	**75,962,178**	**127,872,376**	**13,653,445**	**10,914,660**	**5,665,328**	**234,067,988**
Increases	681,334	2,653,339	1,228,950	918,554	28,414,734	33,896,911
Decreases	-	(731,417)	(220,180)	(551,707)	-	(1,503,303)
Reclassifications	67,511	3,270,437	37,013	25,685	(3,400,644)	-
Write-down	-	(3,500)	-	-	-	(3,500)
Other changes	2	(2,109)	(17,680)	(34,656)	(270)	(54,713)
Historical cost - 31 December 2024	**76,711,024**	**133,059,126**	**14,681,549**	**11,272,537**	**30,679,149**	**266,403,383**
Amortisation provision - 31 December 2023	**26,488,490**	**81,370,504**	**11,559,342**	**7,730,529**	**-**	**127,148,864**
Increases	2,740,251	9,303,903	1,219,771	1,129,633	-	14,393,558
Decreases	-	(603,921)	(214,582)	(412,991)	-	(1,231,494)
Reclassifications	-	-	-	-	-	-
Write-down	-	(477)	-	-	-	(477)
Other changes	-	-	(17,683)	(29,322)	-	(47,005)
Amortisation provision - 31 December 2024	**29,228,740**	**90,070,009**	**12,546,848**	**8,417,849**	**-**	**140,263,446**
Net book value - 31 December 2023	**49,473,689**	**46,501,872**	**2,094,103**	**3,184,132**	**5,665,328**	**106,919,123**
Net book value - 31 December 2024	**47,482,284**	**42,989,117**	**2,134,701**	**2,854,687**	**30,679,149**	**126,139,938**

The main capital expenditures made in the period referred to advances to suppliers for the purchase of plant and machinery and expansion of the Brembate pharmaceutical manufacturing facility.

3.2 Goodwill

The net book value of goodwill as of 31 December 2024 was €11,507,954.

(Amounts in Euro units)	31 December 2024	31 December 2023
Segment reporting: Cosmetics		
Euro Cosmetic Goodwill	11,507,954	11,507,954
Total Goodwill	**11,507,954**	**11,507,954**

As required by the international accounting standard IAS 36, the Group performs an impairment test at least once a year and in circumstances where an impairment indicator becomes apparent. Among the various impairment indicators, the Group considered elements such as i) the relationship between its market capitalisation and shareholders' equity (which, as of 31 December 2024, did not show any impairment indicators), ii) the results achieved during the financial year, iii) other factors such as strategic business decisions or iv) sudden changes in the competitive environment or main economic variables.

The Cosmetics CGU, which is now Euro Cosmetic, showed negative financial indicators (EBITDA and EBIT) as of 31 December 2024. Based on the above, the directors have subjected the Cosmetics CGU to an impairment test.

The directors determined the recoverable amount of the Cosmetics Cash Generating Unit by discounting its expected cash flows and comparing its result with the related Net Invested Capital.

According to the reference accounting principles, the estimate of the use-value is made by discounting the operating cash flows, i.e. the flows available before the repayment of the financial debts and the shareholders' remuneration at a rate equal to the weighted average of the debt cost and the shareholders' equity (WACC).

The main assumptions used to determine the value-in-use of the CGU referred to the cash flows deriving from the business plan, the discount rate and long-term growth rate.

The directors estimated the value-in-use of the Cosmetics CGU using the unlevered discounted cash flow method based on the following:

- For cautious valuation, the projections in the business plan were adjusted by reducing the detailed forecast period to three years, up to 2027, and by considering the Group's usual practice of using a five-year timeframe for its financial planning;
- A weighted average cost of capital (WACC) of 9.65%;
- A long-term growth rate (g) for determining the terminal value of 2%.

The impairment tests and their underlying business plans were approved by the Board of Directors at its 07 March 2025 meeting.

During the impairment test, the directors were supported by an expert who provided a fairness opinion on: (i) the valuation methodology used to determine the recoverable value of Euro Cosmetic and (ii) the valuation parameters adopted by management.

Tests do not indicate any impairment of the capital invested in the Cosmetics CGU.

A sensitivity analysis was carried out, concerning:

- 1% WACC increase/decrease
- Increase/Decrease in the growth rate of 0.5%

As a result of this assessment, the impairment test using a three-year explicit cash flow projection showed a difference between the Recoverable Amount and the Carrying Amount ranging from +€17,167,000 to -€874,000 approximately. In contrast, the impairment test using a five-year explicit cash flow projection showed a difference between the Recoverable Amount and the Carrying Amount ranging from +€28,376,000 to +€6,700,000 approximately, depending on changes in the underlying variables.

3.3 Other intangible fixed assets

The net book value of intangible assets as of 31 December 2024 was €1,556,083 compared to €1,634,888 as of 31 December 2023.

Changes in intangible fixed assets and their respective amortisation provisions are shown below.

(Amounts in Euro units)	**Industrial patents and intellectual property rights**	**Total intangible fixed assets**
Historical cost - 31 December 2023	**6,516,494**	**6,516,494**
Increases	838,325	838,325
Decreases	-	-
Revaluations	-	-
Write-downs	-	-
Historical cost - 31 December 2024	**7,354,819**	**7,354,819**
Amortisation provision - 31 December 2023	**4,881,606**	**4,881,606**
Increases	917,131	917,131
Decreases	-	-

Write-downs	-	-
Amortisation provision - 31 December 2024	**5,798,737**	**5,798,737**
Net book value - 31 December 2023	**1,634,888**	**1,634,888**
Net book value - 31 December 2024	**1,556,083**	**1,556,083**

Intangible fixed assets mainly refer to software licences.

3.4 Leases

The breakdown of the right of use by nature of the underlying assets is shown below:

(Amounts in Euro units)	Property	Plant and Machinery	Equipment	Cars and vehicles	Total
Right of use as of 31 December 2023	**7,801,000**	**2,049,345**	**154,939**	**124,552**	**10,129,836**
Increase	205,175	120	-	-	205,295
Decreases	-	-	-	-	-
Other changes	(2,537)	-	-	-	(2,537)
Right of use as of 31 December 2024	**8,003,638**	**2,049,465**	**154,939**	**124,552**	**10,332,595**
Amortisation provision as of 31 December 2023	**5,174,309**	**1,516,907**	**151,735**	**121,278**	**6,964,229**
Increase	326,093	132,221	3,204	3,022	464,541
Decreases	-	-	-	-	-
Other changes	(2,537)	-	-	-	(2,537)
Amortisation provision as of 31 December 2024	**5,497,866**	**1,649,128**	**154,939**	**124,300**	**7,426,234**
Net book value as of 31 December 2023	**2,626,691**	**532,438**	**3,204**	**3,274**	**3,165,607**
Net book value as of 31 December 2024	**2,505,772**	**400,337**	**-**	**252**	**2,906,361**

The Group's main lease relates to a building located in Trenzano at Euro Cosmetic.

Below is a breakdown of the current and non-current liabilities arising from applying IFRS 16 as the Right of use as of 31 December 2024.

Financial liability	
Financial liability as of 1 January 2024	**1,386,981**
Increases	166,362
Decreases	-
Interest	22,430
Fees	(400,493)
Other changes	(2,537)
Financial liability as of 31 December 2024	**1,172,742**
Short-term financial liability	325,230
Long-term financial liability	847,512

Under the IFRS 16 international accounting standard - "Leases" - an incremental borrowing rate (IBR) was considered as the sum of the risk-free rate (Swap Standard rate swap vs six-month Euribor for each due date), recorded at the transition date to the international accounting standards and a pure risk component corresponding to the "credit risk" attributable to the Company (1%).

The Company has some lease contracts that include options for extension or early termination. Management negotiates these options to flexibly administer the leased assets portfolio and align management to the Company's operational needs. Management exercises significant professional assessment to define which extension or early termination options will be exercised with reasonable certainty. Renewal for contracts that did not provide for it or for contracts already being considered for early termination was not considered.

3.5 Other non-current assets

The value of other non-current assets as of 31 December 2024 was €597,853 compared to €688,139 in the previous year.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Tax credit for subsidised assets – amount after 12 months	597,853	688,139
Total other non-current assets	**597,853**	**688,139**

This related to the portion after 12 months of the tax credit for capital goods 4.0.

3.6 Deferred tax assets

Deferred tax assets as of 31 December 2024 were €3,451,347 compared to €6,234,232 as of 31 December 2023, and are calculated on the portions of costs subject to deferred taxation under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a breakdown.

(Amounts in Euro units)	**31 December 2023**	**2024 EC taxes**	**31 December 2024**
Deferred tax assets for inventory write-down	381,029	(18,097)	362,932
Deferred tax assets for goodwill amortisation	135,415	(27,084)	108,331
Deferred tax assets on IRES tax loss	5,697,542	(3,171,057)	2,526,486
Deferred tax assets on salary adjustments	-	446,400	446,400
Deferred tax assets for other items	20,246	(13,047)	7,199
Total deferred tax assets	**6,234,232**	**(2,782,885)**	**3,451,347**

The change in deferred tax assets for tax losses recorded in 2024 derived from their use due to the Parent Company Fine Foods attaining a positive taxable income (IRES) in the tax estimation as of 31/12/24. Fine Foods benefits from accumulated ACE tax relief, but no longer fully offsets the IRES tax due, resulting in a minor IRES liability as of 31 December 2024.

Euro Cosmetic has prudentially not recognised deferred tax assets on tax losses accrued in 2024.

As of 31 December 2024, the directors believe that it is reasonable to fully recover deferred tax assets recognised in tax losses generated by the Group during previous years from the taxable profits that the Group Companies will earn in the future, as provided for in the long-term plan (2025-2029) approved by the Board of Directors on 07 March 2025.

Deferred tax assets on salary adjustments refer to the provision for risks recorded as of 31 December 2024.

3.7 Provision for deferred taxes

As of 31 December 2024, the deferred tax provision was €284,042 compared to €263,381 as of 31 December 2023, and was calculated under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a detail of the transactions that generated deferred taxes and their impact on the Income Statement and Shareholders' equity as of 31 December 2024.

(Amounts in Euro units)	**31 December 2023**	**2024 financial year**	**OCI**	**31 December 2024**
Deferred taxes lease IFRS 16	245,007	20,545	-	265,552
Deferred taxes IAS 19	18,374	(3,311)	3,428	18,491
Total deferred taxes	**263,381**	**17,234**	**3,428**	**284,042**

3.8 Inventories

Inventories net of the related write-down provision for finished products and goods as of 31 December 2024 were €31,908,612 compared to €42,459,682 as of 31 December 2023.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Raw materials, ancillary materials, and consumables	24,135,322	29,556,922
Inventory write-down provision	(1,300,830)	(1,365,695)
Work in progress and semi-finished products	4,014,787	4,680,855
Finished products and goods	5,059,332	9,587,600
Total inventories	**31,908,612**	**42,459,682**

Inventories decreased by €10,551,000, mainly due to a reduction in stocks of raw, packaging materials, and finished products.

Asset inventories are valued at the lower of purchase or production cost and realisable value based on market trends. The purchase cost includes any directly attributable ancillary charges.

Changes in the obsolescence provision are shown below:

Balance as of 31 December 2023	**1,365,695**
Provision allocation	302,486
Provision Use	(367,351)
Balance as of 31 December 2024	**1,300,830**

The inventory obsolescence provision set aside as of 31 December 2024 was €1,300,830 and was mainly intended to cover write-downs made due to goods expiring or non-compliant. Uses for the year are those disposals made in 2024 concerning expired or non-conforming batches set aside as of 31 December 2023.

3.9 Trade receivables

As of 31 December 2024, trade receivables were €37,536,476 (€38,057,766 as of 31 December 2023), net of the related bad debt provision of €990,188 (€1,199,597 as of 31 December 2023). On a like-for-like basis, trade receivables, gross of the provision for bad debts, showed a decrease of €521,000. As of 31 December 2024 (and 31 December 2023), the Parent Company had put in place a non-recourse credit assignment transaction (factoring) for €4.9 million (€3.6 million as of 31 December 2023). Under IFRS 9, the assignment was deemed conclusive due to the significant transfer of all risks and benefits to the factoring company, resulting in the formal derecognition of the receivable.

The table below shows the distribution by geographical area of the trade receivables amount, which does not consider the bad debt provision.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
ITALY trade receivables	21,773,899	25,869,279
EEC trade receivables	15,295,328	11,147,615
NON-EEC trade receivables	1,457,437	2,240,469
Total trade receivables	**38,526,664**	**39,257,363**

The first five customers represent 50.5% of the trade receivables (gross of the bad debt provision) reported in the Financial Statements for approximately €19.5 million.

Changes in the bad debt provision are summarised below:

Balance as of 31 December 2023	**1,199,597**
Provision allocation	248,932
Provision Use	(458,341)
Balance as of 31 December 2024	**990,188**

The bad debt provision mainly covered some overdue receivables from the subsidiary Euro Cosmetic. A write-down had been recorded as of 31 December 2023, and in 2024, a definitive agreement was reached.

Trade receivables, net of bad debt provision, are shown in the table below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
ITALY trade receivables	21,459,866	25,105,140
EEC trade receivables	14,863,898	10,974,236
NON-EEC trade receivables	1,212,712	1,978,390
Total trade receivables	**37,536,476**	**38,057,766**

Customer credit quality is assessed based on a generic sector assessment. Individual credit limits are established for all customers based on this assessment. Open trade receivables and assets arising from contracts are monitored regularly. An impairment analysis is performed on receivables at each Financial Statements date, using a matrix to measure expected losses.

The calculation is based on the receivable recovery probability and historical analysis of losses on receivables that have never been of a significant amount. The assessment considers the money time factor and information on past events available at the reporting date, current conditions and expected market scenarios.

The following table shows the ageing of trade receivables:

(Amounts in Euro units)

31 December 2024	**Total receivables**	**Not due**	**Overdue 0-30**	**Overdue 30-60**	**Overdue 60-90**	**Overdue 90-180**	**Overdue +180**
Italy	21,915,762	18,628,012	2,721,191	145,558	23,759	3,733	393,509
EEC	15,328,206	10,790,009	3,895,255	234,962	211,080	2,612	194,288
Non-EEC	1,282,696	405,169	714,274	122,679	176	420	39,978
Gross trade receivables	**38,526,664**	**29,823,190**	**7,330,721**	**503,199**	**235,015**	**6,765**	**627,775**
% write-down of receivables	2.6%	0.0%	0%	24.0%	100.0%	100.0%	100.0%
Bad debt provision	990,188	-	-	120,633	235,015	6,765	627,775
Net trade receivables	**37,536,476**	**29,823,190**	**7,330,721**	**382,566**	**-**	**-**	**-**

3.10 Tax receivables

As of 31 December 2024, tax receivables were €17,998 compared to €320,689 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
IRES receivables	17,998	218,384
IRAP receivables	-	102,305
Total tax receivables	**17,998**	**320,689**

As of 31 December 2023, the Parent Company had an IRAP debt, and an IRES credit. As of 31 December 2024, a liability was recognised for IRAP and IRES tax purposes.

Euro Cosmetic made no tax advance payments in 2024 and holds an IRES credit balance on IRAP from previous years, pending a refund.

3.11 Other current assets

Total other current assets as of 31 December 2024 were €7,758,304 compared to €7,715,036 as of 31 December 2023. The table below provides a breakdown.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
White Certificates	333,630	444,959

Tax receivables for tax benefits	1,370,260	891,366
Other receivables	281,517	509,032
VAT receivables	4,233,479	4,581,999
Receivables from social security and welfare institutions	35,625	37,216
Receivables for energy account withholdings	4,836	4,281
Receivables for withholding tax on collected coupons, dividends and realised capital gains	1,178,069	1,195,794
Accrued income and prepaid expenses	320,887	50,390
Total other current assets	**7,758,304**	**7,715,036**

The VAT receivable mainly linked to the Parent Company Fine Foods, will be offset in 2025 following the submission of the VAT Form 2025.

The "Receivables for withholding tax on collected coupons, dividends and capital gains" item mainly referred to the amounts withheld from the Fine Foods asset management, which will be recovered by submitting specific reimbursement requests to the relevant tax authorities or by offsetting the IRES payable.

The "Other receivables" balance is composed of advances to suppliers for goods and services.

3.12 Current financial assets

As of 31 December 2024, the Group had no current financial assets, compared to a balance of €3,832,865 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Other Fine Foods securities	-	154,624
Directors' Severance Pay (TFM) receivables	-	211,265
Leakage receivable	-	3,466,976
Total current financial assets	**-**	**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 included financial instruments and liquidity. As required by IFRS 9 - Financial Instruments - these instruments were recorded at Fair value at the reporting date.

- As of 31 December 2023, the portfolio Fair Value was € 154,600.
- In February 2024, the Company definitively closed the position, recording a negative change in Fair Value in the Income Statement for € 13,000.

The Company's business model was to hold these securities for trading purposes. For this reason, the securities portfolio has been classified as financial assets measured at fair value with changes recorded directly in the income statement, in the "Changes in fair value of financial assets and liabilities" item.

On 9 July 2024, the presiding Judge of the Leakage Receivable case, having noted the absence of evidence demonstrating any manifest error or unfairness in the Expert's determination regarding the price adjustment and recognising the binding nature of such determination on both parties, granted provisional enforcement of the opposed court order. A hearing has been scheduled for 17 February 2026 for the closing arguments. During the second half of 2024, the Leakage Receivable was fully collected, along with the accrued interest up to the collection date.

3.13 Cash and other liquid assets

As of 31 December 2024, the Group's cash and other liquid assets were €19,210,213 compared to € 19,000,047 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Bank and postal deposits	19,208,969	18,997,210
Cash and cash equivalents on hand	1,244	2,837
Total cash and other liquid assets	**19,210,213**	**19,000,047**

SHAREHOLDERS' EQUITY

4.1 Shareholders' equity

For the share capital please refer to the following paragraph "Categories of shares issued by the Parent Company."
All subscribed shares have been fully paid up.
Other reserves are detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Legal reserve	5,000,000	5,000,000
Negative reserve for treasury shares in the portfolio	(14,139,356)	(14,021,029)
Merger surplus reserve	19,366,185	29,741,389
Share premium reserve	86,743,750	86,743,750
Extraordinary reserve	1,532,549	2,286,637
First Euro Cosmetic consolidation reserve	(6,928,892)	(6,928,892)
IRS derivative hedging reserve	33,384	33,384
Warrant conversion reserve	11,311,789	11,311,789
Total reserves	**102,919,409**	**114,167,028**

Categories of shares issued by the Parent Company
The following table shows the number and nominal value of Company's shares. No movements occurred during the period.

Type	**Final number**
Ordinary Shares	22,060,125
Redeemable Shares	-
Multiple-voting Shares	3,500,000
Special Shares	-
Total	**25,560,125**

The Parent Company is engaged in buy-back activities (repurchase of its shares on the market), which indicates that the Parent Company believes in its own structural and market growth and that its value is reflected in the negative reserve for the treasury shares in the portfolio. The objective of the buy-back plan is to prepare for upcoming acquisitions and synergies, to enhance the planned expansion phase.

LIABILITIES

4.2 Non-current bank borrowings

As of 31 December 2024, non-current bank borrowings were €34,987,777 compared to €9,734,877 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
MedioCredito mortgage loan	2,489,863	4,141,720
Intesa loan	28,309,906	-
Subsidiary loans	4,188,008	5,593,157
Total non-current bank borrowings	**34,987,777**	**9,734,877**

MedioCredito mortgage loan

The debt for the mortgage loan taken out in 2016 by Fine Foods, due on 30 June 2027, with payment of interest and related costs, was valued at amortised cost using the effective interest rate method, under the provisions of international accounting standard IFRS 9 "Financial Instruments."

Below are the 06/08/2016 mortgage loan contract main features:

- Total amount € 15,000,000;
- Amount disbursed at signing € 5,000,000;
- Amount disbursed during 2017 € 5,000,000;
- Amount disbursed during 2018 € 3,500,000;
- Amount disbursed during 2019 € 1,500,000;
- Rate: Six-month Euribor + 1%.
- There are no financial constraints on the loan

Intesa loan

On 25 February 2022, Intesa Sanpaolo and Fine Foods have signed a € 70 million financing deal to support growth and development projects. In 2023, Fine Foods made an early repayment of € 20 million in capital, coinciding with the closure of its securities portfolio. The loan provides for financial covenants based on the following indicators to be calculated on the Group's consolidated financial statements:

➢ NFP / EBITDA

➢ NFP / EQUITY

➢ EBITDA/Financial charges

As of 31 December 2024, all financial covenants were met. Based on the Group's 2025–2029 business plan, approved on 7 March 2025, these covenants are expected to remain compliant throughout the loan's duration.

The financial parameter EBITDA/Financial charges on 31 December 2023, calculated as contractually stipulated, exceeded the limit. On 12 March 2024, the bank consented to include in the ratio calculation the income from the fair value measurement of financial assets, mainly related to the securities portfolio closure mentioned above. Using this calculation method ensured compliance with the covenant.

The medium- and long-term financing had been reclassified to short-term as of 31 December 2023 under IAS 1.74. Starting from the quarterly report as of 31 March 2024, the classification of the bank loan was reinstated based on the original amortisation schedule.

4.3 Current bank borrowings

As of 31 December 2024, current bank borrowings were €18,367,370 compared to €55,269,592 as of 31 December 2023, broken down as follows:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**

Invoice advances	6,900,000	6,900,000
Accrued expenses Interest	9,482	306,396
Factor	424,887	-
Loans and mortgages - amount due within 12 months	11,033,001	48,063,196
Total current bank borrowings	**18,367,370**	**55,269,592**

For the change in the portion of loans and mortgages within the financial year, please refer to the previous paragraph.

The "Factor" balance is the debt accrued by the Parent Company to the bank acting as Factor for customer receivables assigned without recourse, which remained unreimbursed as of 31 December 2024.

4.4 Employee benefits

As of 31 December 2024, the "Employee benefits" item was €2,143,626 compared to € 2,201,653 as of 31 December 2023. This item refers to provisions set aside for severance and end-of-office indemnities.

Balance as of 31 December 2023	**2,201,653**
Provision Use	(307,297)
Discounting interest current year	63,098
Service cost	200,453
Actuarial profits and losses current year	(14,282)
Balance as of 31 December 2024	**2,143,626**

As required by the international accounting standard, IAS19, the valuation of the Severance indemnity fund follows the method of projecting the present value of the defined benefit obligation with the estimate of the benefits accrued by employees.

Following the changes introduced by Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing decrees and regulations, the severance indemnities accrued up to 31 December 2006 will continue to be held by the Company as a defined benefit plan (obligation for accrued benefits subject to actuarial valuation). Amounts accruing from 1 January 2007, due to the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the Company to the treasury fund managed by INPS, from when the employee makes their choice, thus becoming defined contribution plans (no longer subject to actuarial valuation).

Defining the employee severance indemnity is the result of applying an actuarial model based on various demographic and economic assumptions.

The table below shows the financial technical bases used:

	31 December 2024	**31 December 2023**
Annual discount rate	3.18%	3.08%
Annual inflation rate	2.00%	2.00%
Severance indemnity increase annual rate	3.00%	3.00%

The annual discount rate used to define the obligation present value was based on paragraph 83 of IAS 19, concerning market yields of primary companies' bonds at the financial year closing date.

As required by the accounting standard IAS19 "Employee benefits", the sensitivity analysis for each actuarial assumption at the year-end is shown below:

Sensitivity analysis of the main valuation parameters	**DBO as of 31 December 2024**	**DBO as of 31 December 2023**
Turnover rate +1%	1,938,222	1,995,780
Turnover rate -1%	1,925,834	1,984,402

Inflation rate +0.25%	1,957,221	2,017,458
Inflation rate -0.25%	1,908,042	1,963,926
Discount rate +0.25%	1,898,958	1,953,697
Discount rate -0.25%	1,966,904	2,028,372

Service cost and duration	2024	2023
Fine Foods future annual service cost	-	-
Fine Foods plan duration	7.7	8.4
Euro Cosmetic future annual service cost	216,508	201,590
Euro Cosmetic plan duration	11.7	12.3

Estimated future disbursements – Years	2024	2023
1	312,924	248,906
2	219,081	212,307
3	175,703	226,059
4	181,997	183,335
5	187,655	187,885

4.5 Provisions for risks and charges

Provisions for risks and charges as of 31 December 2024 were €1,600,000 compared to €2,105 at the end of the previous year. This item as of 31 December 2023 referred exclusively to Euro Cosmetic's potential liabilities.

(Amounts in Euro units)	31 December 2024	31 December 2023
Risk provision for salary adjustments	1,600,000	-
IMU Risk Provision	-	2,105
Total Provisions for risks and charges	**1,600,000**	**2,105**

As of 31 December 2024, Fine Foods allocated €1,600,000 to the risk provision for ongoing assessments for potential negotiations with trade unions to settle claims related to employee dressing time. This included €1,500,000 for wages and Social Security contributions, and €100,000 for legal expenses. The estimate is based on an average annual cost per employee, applied to the number of active employees for each year of employment. The same calculation was used for former employees who left within the past five years and temporary staff employed as of 31 December 2024.

4.6 Trade payables

Trade payables as of 31 December 2024 were €36,555,143, compared to €32,369,462 as of 31 December 2023, broken down geographically as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
Trade payables in ITALY	31,303,986	25,752,552
EEC trade payables	4,103,040	4,875,661
NON-EEC trade payables	1,148,117	1,741,249
Total trade payables	**36,555,143**	**32,369,462**

The increase in trade payables mainly reflects investments in fixed assets made by the Parent Company in the last quarter of 2024, or which either an invoice was recorded as payable or a liability was recognised for invoices yet to be received.

4.7 Taxes payable

Total tax payables as of 31 December 2024 were €219,112, compare to €575,488 as of 31 December 2023, and are broken down as follows:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Payables for IRES	16,044	-
Payables for IRAP	203,068	575,488
Total taxes payable	**219,112**	**575,488**

Tax payables referred exclusively to the Parent Company and concerned the allocation of current taxes.

4.8 Other current liabilities

Total other current liabilities as of 31 December 2024 were €15,201,547, compared to €12,783,221 as of 31 December 2023, and are broken down as follows:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Payables due to social security and welfare institutions	3,282,460	2,955,570
Payables to employees for production bonuses and accrued thirteenth month's pay, fourteen month's pay, holidays	5,150,974	4,883,086
Payables for withholding taxes on employees	1,019,689	984,384
Payables for withholding taxes on self-employment	47,850	9,580
Substitute tax on severance indemnity	612	9,778
Accrued expenses and deferred income	3,891,744	1,848,027
Advances from customers	301,223	147,213
Other payables	1,506,996	1,945,584
Total other current liabilities and payables	**15,201,547**	**12,783,221**

The "Other payables" item includes payables to the insurance company, to directors for unpaid remuneration (including accrued bonuses).

The accrued expenses and deferred income item included deferred income related to tax credits for investments in capital goods to align them over the useful life of the related assets. Additionally, as of 31 December 2024, it included deferred income from invoiced revenue that largely pertained to future years.

5. Other information

5.1 Commitments and guarantees

	Amount
Guarantees	**25,000,000**
Collateral securities (mortgage on the property of Verdellino in favour of Mediocredito)	25,000,000
Sureties	**41,000**

No commitments and guarantees were reported for Euro Cosmetic.

5.2 Contingent liabilities

At the date of this document's preparation, there were no liabilities and contingent liabilities to be reported in the financial position or to be disclosed.

5.3 Grants, contributions and similar

The Group has nothing to report on its obligation to disclose in the Explanatory Notes any sums of money received during the year as grants, contributions, remunerated appointments and any financial advantages from public administrations.

5.4 Related party transaction information

Other than the remuneration of directors and specific employee categories, during 2024, the Company did not enter into any transactions with related parties that were under unusual market conditions.

(Amounts in Euro units)	**31 December 2024**
Directors' remuneration	1,359,939
Board of Statutory Auditors	109,131

The statutory auditors' remuneration is shown below:

(Amounts in Euro units)		**31/12/2024**
Auditing Company remuneration for audit services		**116,340**
	to the Parent Company	88,350
	to subsidiaries	28,080
Auditing Company remuneration for audit services for certification purposes		**64,630**
	to the Parent Company	59,500
	to subsidiaries	5,130
Auditing Company remuneration for other services		**30,000**
	to the Parent Company	30,000
	to subsidiaries	-

5.5 Events after the Financial Statements date

On 28 February 2025, the Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A., held on a single call, confirmed the appointment of Pietro Oriani as a member of the Company's Board of Directors. Oriani was previously appointed by co-optation under Article 2386 of the Italian Civil Code and will serve until the approval of the Financial Statements as of 31 December 2026.

Following the Shareholders' Meeting, the Board of Directors, having verified that Oriani meets the necessary requirements for the role of Director, unanimously resolved to appoint him as Fine Foods Managing Director, granting him the relevant powers and authority. Oriani assumed the roles of Chief Executive Officer, Investor Relations Officer, and member of the ESG Committee.

5.6 Business outlook

Throughout 2024, the global economy continued to face challenges driven by macroeconomic factors, including restrictive monetary policies, persistently high inflation in many regions, and geopolitical uncertainties such as the war in Ukraine and Israeli-Palestinian conflict.

Against this backdrop of persistent uncertainty, global economic growth in 2024 stood at 3.2%, down from 3.3% in 2023, according to the International Monetary Fund (IMF).

Major advanced economies experienced a slowdown: the US grew by 2.8%, while growth in the Euro area was limited to 0.8%. High inflation and elevated interest rates continued to restrain investment and domestic demand in these regions.

Among emerging economies, China recorded GDP growth of 4.8% in 2024, supported by domestic economic stimulus policies, despite structural challenges in the real estate sector and an ongoing transition towards a more internal consumption-driven economy. However, geopolitical uncertainty and public debt management remain key concerns for the country. India, by contrast, maintained growth rates above 6%, bolstering the broader emerging economies.

The IMF projects global growth in 2025 and 2026 to remain consistent with 2024, at 3.3%, below the historical average of 3.7% (2000-2019). The US economy is expected to grow by 2.7% in 2025 and 2.1% in 2026, supported by domestic demand and favourable financial conditions. In contrast, the Euro area is forecast to expand by just 1.0% in 2025 and 1.4% in 2026, constrained by political uncertainty and a slowdown in manufacturing. Emerging economies are anticipated to continue their expansion, with China projected to grow at 4.6% and India at approximately 6.5%.

Global inflation is on a downward trajectory, with a forecast of 4.2% for 2025, bringing it closer to the targets set by major central banks, although disparities between advanced and emerging economies persist. While global financial conditions remain relatively accommodative, the strengthening of the US dollar, driven by persistently high interest rates, could impact emerging economies and global trade balances.

The key risks to the global economy include the potential resurgence of geopolitical tensions, the possible escalation of protectionist measures, and fluctuations in financial markets, which could negatively affect growth dynamics in the coming months.

The market segments in which the Group operates are expected to grow in the coming years, in Europe and globally. The trend of major industry players outsourcing nutraceutical, pharmaceutical, and cosmetics production to subcontractors was confirmed. Fine Foods & Pharmaceuticals N.T.M. S.p.A. aims to strengthen its competitive position by expanding its market share across its three core business units—Nutra, Pharma, and Cosmetics—enhancing their synergies. The Group is attentive to potential growth opportunities through acquisitions.

The Nutra BU will maintain its focus on quality, innovation, and the development of advanced services to support its customers. The planned production capacity expansion, initiated in 2024 with the purchase of land, was confirmed, with initial investments scheduled for 2025 to extend the production facility.

In 2025, the Pharma BU will continue to focus on managing the anticipated strong growth from significant multi-year agreements signed with key international customers. The production plant expansion initiated in late 2023 is progressing as planned and expected to be completed in 2025, and generate revenue in 2026. The first positive results are emerging in the Cosmetics BU, following the integration, reorganisation, and optimisation phase, supported by investments and the appointment of experienced industry managers. A gradual improvement in revenue and profit margins is anticipated in 2025, contributing positively to the Group's overall performance.

While, due to the nature of the business, top line growth may not be consistently visible on a quarterly basis, a strong order backlog for the current year and existing multi-year agreements support the expectation of maintaining historical revenue and margins growth trends. This is underpinned by an increasingly strong and reliable organisational structure.

The Group will continue its commitment to sustainability, reinforcing its position as a trusted partner by offering solutions that align with rising market expectations.

Verdellino, 13 March 2025

for the Board of Directors
Chairman

Marco Francesco Eigenmann

Certification of the 31 December 2024 Consolidated Financial Statements under Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned, Pietro Oriani, in his capacity as Managing Director, and Pietro Bassani, in his capacity as Manager responsible for preparing the Company accounts of Fine Foods & Pharmaceuticals N.T.M. S.p.A. certify the following, under art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the Financial Statements' adequacy in relation to the Company features;
- the practical application of the administrative and accounting procedures to prepare the Consolidated Financial Statements from 1 January to 31 December 2024.

The undersigned declare that:

- the Consolidated Financial Statements
  a) have been prepared under applicable International Accounting Standards, as adopted by the European Union through the (EC) Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002, the measures issued to implement Article 9 of Legislative Decree no. 38/2005, and the (EU) Commission Delegated Regulation no. 2019/815 of 17 December 2018 ("ESEF Regulation");
  b) reflect the accounting books and records;
  c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

- The Report on Operations includes a reliable analysis of the progress and results of operations, the situation of the issuer and the companies included in the consolidation area, and a description of the principal risks and uncertainties to which it is exposed.

Verdellino-Zingonia, 13 March 2025

Managing Director
Pietro Oriani

The Manager preparing the corporate accounts
Pietro Bassani

Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Consolidated financial statements as at 31 December 2024

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

EY S.p.A.
Viale Papa Giovanni XXIII, 48
24121 Bergamo

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Fine Foods Group (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Fine Foods & Pharmaceuticals N.T.M. S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of Goodwill The goodwill recognized as of 31 December 2024, and included within intangible assets, amounted to Euro 11,5 million and it was allocated to Cosmetic Cash Generating Unit (CGU). The processes and methodologies used to determine the recoverable amount of each CGU, in terms of value in use, are based on complex assumptions that, due to their nature, imply the use of judgement by the Directors, in particular with reference to the allocation of the carrying value of assets and liabilities to each CGUs, the future cash flow forecasts during the period of the Group business plan, the determination of the normalized cash flows used to estimate terminal value and the long term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of goodwill, we considered that this area represents a key audit matter. The disclosures related to the valuation of goodwill is given in note "3.2 Goodwill" in the sections "1.4.1 Business combinations and goodwill" and lastly in paragraph "1.8.2 Estimates and assumptions".	Our audit procedures in response to this key audit matter included, among others: • understanding of the processes adopted by the Group in relation to the valuation of goodwill; • validation of the CGUs perimeter and the allocation of the carrying value of assets and liabilities to each CGUs; • assessment of future cash flows for the explicit period of Group business plan and the assumption used for the identification of normalized cash flows, including the consistency of the future cash flows forecasts of each CGU with the Group business plan; • assessing discount and long-term growth rates. The procedures described above also include the analysis of the valuations prepared by the expert appointed by management. In performing our analysis, we involved our experts in valuation techniques, who have independently performed their own calculation and sensitivity analyses of key assumptions in order to determine which changes in assumptions could materially impact the valuation of recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes and related to these matters.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair

presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Fine Foods & Pharmaceuticals N.T.M. S.p.A., in the general meeting held on 30 April 2020, engaged us to perform the audits of the consolidated financial statements for each of the years ending 31 December 2020 to 31 December 2028.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the consolidated financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Fine Foods Group as at 31 December 2024, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations, excluding the section related to the consolidated sustainability information, and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the consolidated financial statements of Fine Foods Group as at 31 December 2024.

Furthermore, in our opinion, the Report on Operations, excluding the section related to the consolidated sustainability information, and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Report on Operations related to consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Bergamo, 24 March 2025

EY S.p.A.
Signed by: Nome Cognome, Auditor

As disclosed by the Directors on page 115, the accompanying consolidated financial statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Fine Foods & Farmaceuticals N.T.M. S.p.A.

Registered office in Verdellino (BG) Via Berlino 39

Share capital € 22,770,445.02 fully paid-up

Bergamo Companies Register no. 09320600969

Board of Statutory Auditors Report under Art. 2429 of the Italian Civil Code and Art. 153 of Legislative Decree no. 58/1998

to the Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Dear Shareholders,

With this Report, drawn up under Art. 153 of Legislative Decree no. 58/98 and Art. 2429 of the Italian Civil Code, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Statutory Auditors reported on its activities during the financial year ended 31 December 2024.

The Board of Statutory Auditors, in office at today's date, was appointed by the Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A. held on 29 May 2024 for a three-year term and is composed of:

- Statutory Auditors: Guido Croci (Chairman), Ottavia Alfano, Massimo Pretelli;
- Alternate Auditors: Marco Giuliani and Marco Antonio Manzoni.

The Board of Statutory Auditors serves as the Internal Control and Audit Committee, under Art. 19 of Legislative Decree no. 39/2010. In this capacity, it is entrusted with supervisory and monitoring tasks concerning financial reporting and auditing matters, given that the Company has adopted a traditional governance model.

Under Art. 144-*quinduiesdecies* of the Issuers' Regulations, the list of offices held by members of the Board of Statutory Auditors at the companies referred to in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, is published by CONSOB on its website, provided that disclosure obligations apply (Article 144-*quaterdecies*, final paragraph).

The Board of Statutory Auditors composition complies with the requirements for gender and generational diversity laid down in Art. 148 of Legislative Decree no. 58/98.

The Board has assessed its compliance with the criteria of independence, professionalism, and integrity applicable to its members, under Art. 148 of Legislative Decree no. 58/1998. This was carried out through a self-assessment process, to evaluate the soundness and effectiveness of its operations. The outcome of this assessment was submitted to the Board of Directors.

1. **Regulatory and ethical framework**

During the financial year ended 31 December 2024, the Board of Statutory Auditors performed its supervisory duties under Art. 149 of Legislative Decree no. 58/1998, following the Rules of Conduct of the Board of Statutory Auditors of Listed Companies issued by the National Council of Chartered Accountants and Accounting Professionals, and CONSOB recommendations regarding corporate control systems and the role of the Board of Statutory Auditors, as Fine Foods & Pharmaceuticals N.T.M. S.p.A. is an issuing company listed on the Euronext Milan STAR segment of Borsa Italiana.

2. **Supervision of compliance with sound management principles**

Throughout the 2024 financial year, since its appointment, the Board of Statutory Auditors has fulfilled its legal and regulatory duties, monitoring compliance with the law, Company's articles of association, and sound management principles.

The Board attended the Shareholders' Meeting held on 28 February 2025, the four meetings of the Board of Directors held in 2024 in its new composition after appointment, and the four Board meetings held so far in 2025. It acquired information on the general management and outlook of the business, and the most significant economic, financial, and capital transactions carried out by the Company and its subsidiary.

The Board participated in the meetings of the Control, Risk and Related Party Transactions Committee, Remuneration Committee, and Environmental, Social and Governance (ESG) Committee.

In its current composition, the Board of Statutory Auditors held six meetings in 2024 (with four held by the previous Board) and four meetings in 2025 to date.

Based on the information obtained during our supervision, we acknowledge that the actions of the Board of Directors appeared to be guided by informed judgement. The transactions resolved were not manifestly imprudent, risky, or inconsistent with the resolutions of the Shareholders' Meeting, and did not jeopardise the integrity of corporate assets. The most significant transactions undertaken during the period are appropriately detailed, including the methods and rationale, in the Report on Operations, to which we refer.

We monitored the application of the criteria and procedures adopted by the Board of Directors in assessing the independence of directors, implementation of gender diversity requirements, under the Corporate Governance Code promoted by Borsa Italiana S.p.A..

The Company adopted a Procedure for Related Party Transactions, which includes establishing a Control, Risk and Related Party Transactions Committee, under regulatory requirements. No transactions were identified with third parties, Group companies or related parties that, by their nature or size, could be considered atypical or non-recurring. For ordinary intra-group and related party transactions, we verified the existence of, and compliance with, appropriate procedures to ensure they were carried out under normal market conditions and in the Company's best interests.

During its supervisory activities, the Board of Statutory Auditors did not encounter any omissions, objectionable facts, irregularities or significant issues that would warrant reporting in this document.

The Board of Statutory Auditors did not receive any complaints under Art. 2408 of the Italian Civil Code, or reports.

Following the entry into force of Legislative Decree no. 125/2024, which implements EU Directive 2022/2464, the Sustainability Report is included in a dedicated section of the Report on Operations. This requires certification of compliance with reporting standards by an appointed Sustainability Auditor. To this end, on 28 February 2025, the Shareholders' Meeting, acting on a reasoned suggestion by the Board of Statutory Auditors, resolved to appoint EY S.p.A. as the Auditing Company responsible for certifying the Sustainability Report for three years.

3. Adequacy of the organisational structure, administrative-accounting and internal control systems

Within the limits of our responsibilities, we monitored the adequacy of the Company's organisational structure, corporate risk assessment system, and compliance with the principles of sound management. This was carried out through direct observation, the acquisition of information from department heads, and meetings with the Auditing Company to enable an exchange of relevant data and insights.

We evaluated the effectiveness of the internal control system and administrative-accounting framework, and its reliability in accurately representing management events. This was based on direct observation, interviews with relevant personnel, including the Head of Internal Control, and meetings with the Auditing Company to enable an exchange of relevant data and insights. We reviewed the reports issued by the Supervisory Body and the activities conducted to verify compliance with the "Organisation, Management and Control System" requirements and operation under Legislative Decree no. 231/2001. No critical issues requiring disclosure have emerged.

No significant events emerged during the supervisory activity that would require reporting.

We did not submit any reports to the governing body under Art. 15 of Decree Law no. 118/2021, or Art. 25-octies of Legislative Decree no. 14 of 12 January 2019. We did not receive any reports from public creditors under Art. 25-novies of Legislative Decree no. 14 of 12 January 2019 or Art. 30-sexies of Decree Law no. 152 of 6 November 2021, converted into Law no. 233 of 29 December 2021, as amended.

4. Observations on the Financial Statements and Consolidated Financial Statements

The Board of Statutory Auditors examined the draft separate and consolidated Financial Statements for the financial year ending 31 December 2024, which were made available within the legal deadlines. We report as follows:

- since we are not responsible for a detailed review of the content of the draft separate and consolidated Financial Statements, we have monitored compliance with procedural requirements relating to their preparation, and the general approach adopted, within the limits of our responsibilities under Art. 149 of Legislative Decree no. 58/98. We verified compliance of the separate Financial Statements with the legal provisions governing their preparation and presentation. The Board of Statutory Auditors checked that they matched the facts and information of which it became aware due to the performance of its duties. We have no remarks to report;
- we acknowledged what stated by the Managing Director and Manager responsible for preparing the Company's accounting and corporate documents on the adequacy of the administrative and accounting procedures for the preparation of the separate and consolidated Financial Statements;

- during our meetings with the independent auditors, we were not informed of any facts that could be considered objectionable in relation to the statutory audit of the separate and consolidated Financial Statements;
- under Art. 6, paragraph 2, letter a) of Regulation (EU) no. 537/2014, we received the annual independence letter from EY S.p.A.;
- we verified compliance with the statutory requirements concerning the preparation of the Report on Operations. We note that, following the entry into force of Legislative Decree no. 125 of 6 September 2024 implementing EU Directive 2022/2464, the Sustainability Report has been included as a dedicated section within the Report on Operations. The Board of Statutory Auditors monitored the organisational process for its preparation through discussions with the relevant internal department, Environment, Social and Governance (ESG) Committee, and Auditing Company, overseeing compliance with the above decree.

The appointed Auditing Company, EY S.p.A. has today issued its audit report on the separate and consolidated Financial Statements for the year ended 31 December 2024 and the related Report on Operations. This confirms that the Financial Statements comply with International Financial Reporting Standards (IFRS) without requests of information and provide a true and fair view of the Company's capital and financial position, performance, and cash flows. The report identified the Key Audit Matters.

In its additional role as sustainability auditor, EY S.p.A. has today issued its report on the consolidated sustainability report for the financial year ended 31 December 2024. This confirms that the document is compliant with the sustainability reporting standards adopted by the European Commission under Directive 2013/34/EU. It attests to the conformity of the information disclosed under the "Disclosure under Art. 8 of Regulation (EU) 2020/852" paragraph within the consolidated sustainability report, and the EU Taxonomy Regulation of 18 June 2020.

5. Conclusions

Considering the conclusions drawn by the Auditing Company in its report on the separate and consolidated Financial Statements, and the summary of the supervisory activities carried out during the 2024 financial year, the Board of Statutory Auditors did not identify any concerns, omissions, objectionable facts, or irregularities. Within the limits of our responsibilities, we have no comments or suggestions to make under Art. 153 of Legislative Decree no. 58/98 regarding the separate and consolidated Financial Statements for the year ended 31 December 2024, and related Reports on Operations. There are no reasons to oppose the approval of the Financial Statements as of 31 December 2024 or the proposed allocation of the financial year's result, as presented by the Board of Directors.

Milan, 24 March 2025.

The Board of Statutory Auditors

Guido Croci

Ottavia Alfano

Massimo Pretelli

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 Registration no. 09320600969
Registered in the Bergamo REA no. 454184
Subscribed share capital € 22,770,445.02 fully paid-up
VAT no. 09320600969

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2024

Prepared under the International Accounting Standards issued by the IASB, and the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which have been endorsed under the procedure set out in Article 6 of (EC) Regulation no. 1606 of 19 July 2002

Unless otherwise specified, amounts shown in the tables and explanatory notes are stated in Euro and rounded to the nearest Euro.

Table of contents

Income Statement

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Revenue and income			
Revenue from contracts with customers	*2.1*	217,971,583	220,364,619
Other revenue and income	*2.2*	1,063,687	699,985
Total revenue		**219,035,270**	**221,064,604**
Operating costs			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	*2.3*	124,800,519	138,243,648
Personnel costs	*2.4*	41,461,647	37,219,328
Costs for services	*2.5*	20,085,499	20,371,482
Other operating costs	*2.6*	1,810,815	1,180,540
Amortisation, depreciation, and impairment losses	*2.7*	13,312,217	13,799,196
Total operating costs		**201,470,697**	**210,814,193**
Operating result		**17,564,573**	**10,250,411**
Changes in fair value of financial assets and liabilities	*2.8*	(12,881)	1,703,519
Equity investment income and charges	*2.9*	-	(13,922,188)
Financial income	*2.10*	1,261,200	593,428
Financial charges	*2.11*	(3,128,364)	(4,411,200)
Income before taxes		**15,684,527**	**(5,786,030)**
Income taxes	*2.12*	3,647,029	1,651,280
Profit/(loss) for the financial year		**12,037,498**	**(7,437,309)**

Comprehensive income statement

		Year ended 31 December 2024	Year ended 31 December 2023
Profit /(loss) for the financial year (A)	**Notes**	**12,037,498**	**(7,437,309)**
Components that will not be subsequently reclassified to profit/(loss) for the financial year			
Revaluation of net employee benefit liabilities/assets	*4.4*	9,319	(15,158)
Tax effect		(2,237)	3,638
Other comprehensive income components (B)		**7,082**	**(11,520)**
Comprehensive profit/(loss) (A+B)		**12,044,580**	**(7,448,829)**

Statement of financial position

(amounts in € units)	Notes	As of 31 December 2024	As of 31 December 2023
Assets			
Non-current assets			
Property, plant and machinery	*3.1*	110,796,803	91,168,051
Other intangible fixed assets	*3.2*	1,306,429	1,307,010
Rights of use	*3.3*	143,733	87,190
Investments	*3.4*	24,951,994	24,951,994
Non-current financial assets	*3.5*	11,000,000	11,000,000
Other non-current assets	*3.6*	583,749	425,315
Deferred tax assets	*3.7*	2,551,438	5,324,991
Total non-current assets		**151,334,146**	**134,264,551**
Current assets			
Inventories	*3.9*	27,697,069	34,105,448
Trade receivables	*3.10*	32,644,644	29,998,136
Tax receivables	*3.11*	-	86,473
Other current assets	*3.12*	7,243,968	6,353,192
Current financial assets	*3.13*	786,107	3,888,082
Cash and other liquid assets	*3.14*	15,506,069	17,047,578
Total current assets		**83,877,856**	**91,478,911**
Total assets		**235,212,002**	**225,743,463**
Shareholders' equity			
Share Capital	*4.1*	22,770,445	22,770,445
Other reserves	*4.1*	109,814,917	120,308,448
Employee benefit reserve	*4.1*	23,990	16,908
FTA reserve	*4.1*	(6,669,789)	(6,669,789)
Profits carried forward	*4.1*	-	-
Profit/(loss) for the financial year	*4.1*	12,037,498	(7,437,309)
Total Shareholders' Equity		**137,977,061**	**128,988,702**
Non-current liabilities			
Non-current bank borrowings	*4.2*	30,799,769	4,141,720
Employee benefits	*4.4*	788,435	853,729
Provision for risks and charges	*4.5*	1,600,000	-
Provision for deferred taxes	*3.8*	9,213	9,441
Non-current lease payables	*3.3*	97,263	35,580
Total non-current liabilities		**33,294,680**	**5,040,471**
Current liabilities			
Current bank borrowings	*4.3*	17,028,200	53,335,668
Trade payables	*4.6*	33,064,252	26,506,816
Taxes payable	*4.7*	219,112	575,488
Current lease payables	*3.3*	49,090	52,804
Other current liabilities	*4.8*	13,579,607	11,243,513
Total current liabilities		**63,940,261**	**91,714,289**
Total Shareholders' equity and Liabilities		**235,212,002**	**225,743,463**

Cash Flow Statement

		Year ended 31 December	
(amounts in € units)	**Notes**	**2024**	**2023**
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**12,037,498**	**(7,437,309)**
Adjustments to reconcile profit after tax with net cash flows:			
Depreciation and impairment of property, plant and machinery	*2.7*	12,561,544	13,048,935
Amortisation and impairment of intangible fixed assets	*2.7*	701,440	695,058
Amortisation of rights of use	*2.7*	49,233	55,204
Investment write-down	*2.9*	-	13,922,188
Financial income	*2.10*	(1,261,200)	(593,428)
Financial charges	*2.11*	3,122,932	4,412,087
Changes in fair value of financial assets and liabilities	*2.8*	12,881	(1,703,519)
Financial charges on financial liabilities for leases	*3.3*	5,433	(887)
Income taxes	*2.12*	952,274	549,729
Gains on the disposal of property, plant and machinery	*2.2*	8,820	(113,745)
Current assets write-downs	*3.9,3.10*	374,268	367,270
Net change in severance indemnity and pension funds	*4.4*	(82,526)	(36,290)
Net change in provisions for risks and charges	*4.5*	1,600,000	-
Net change in deferred tax assets and liabilities	*3.7,3.8*	2,771,088	1,101,551
Interest paid	*2.11*	(1,840,619)	(3,787,253)
Income taxes paid		(1,259,340)	-
Changes in working capital:			
(Increase)/decrease in inventories	*3.9*	6,182,437	(819,503)
(Increase)/decrease in trade receivables	*3.10*	(2,794,833)	(99,292)
(Increase)/decrease in other non-financial assets and liabilities	*3.6,3.11,3.12,4.7,4.8*	1,324,048	2,287,600
Increase/(decrease) in trade payables	*4.6*	6,557,436	28,904
NET CASH FLOWS FROM OPERATING ACTIVITIES		**41,022,813**	**21,877,299**
Investments:			
Investments in tangible fixed assets	*3.1*	(32,344,993)	(12,461,210)
Disposal of tangible fixed assets	*3.1*	145,880	289,432
Investments in intangible fixed assets	*3.2*	(700,856)	(530,560)
Net (investments)/disposals in financial assets	*3.13*	3,089,095	53,116,756
NET CASH FLOWS FROM INVESTMENTS		**(29,810,874)**	**40,414,417**
Financing:			
New financing	4.2,4.3	424,887	2,117,638
Funding repayment and bonds	4.2,4.3	(10,074,306)	(50,766,321)
Principal payments - lease liabilities	3.3	(47,807)	(57,638)
Dividends paid to the parent company's shareholders	4.1	(2,937,895)	(2,452,708)
Sale/(purchase) of treasury shares	4.1	(118,327)	(340,575)
CASH FLOWS FROM FINANCING		**(12,753,449)**	**(51,499,335)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(1,541,510)**	**10,792,382**
Cash and short-term deposits as of 1 January		**17,047,578**	**6,255,196**
Cash and short-term deposits as of 31 December		**15,506,069**	**17,047,578**

Shareholders' equity changes

	Notes	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 31 December 2022	*4.1*	**22,770,445**	**5,000,000**	**(13,680,454)**	**29,741,389**	**86,743,750**	**11,569,401**	**11,311,789**	**(6,669,789)**	**28,428**	**-**	**(7,584,144)**	**139,230,815**
Profit/(loss) for the financial year												(7,437,309)	**(7,437,309)**
Other income statement components										(11,520)			**(11,520)**
Comprehensive profit/(loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,520)**	**-**	**(7,437,309)**	**(7,448,829)**
Dividends							(2,452,708)						**(2,452,708)**
Stock Grant													**-**
Purchase of treasury shares				(340,575)									**(340,575)**
Warrant exercise													**-**
Allocation of the 2022 financial year result							(7,584,144)					7,584,144	**-**
Balance as of 31 December 2023	*4.1*	**22,770,445**	**5,000,000**	**(14,021,029)**	**29,741,389**	**86,743,750**	**1,532,549**	**11,311,789**	**(6,669,789)**	**16,908**	**-**	**(7,437,309)**	**128,988,702**
Profit/(loss) for the financial year												12,037,498	**12,037,498**
Other income statement components										7,082			**7,082**
Comprehensive profit/(loss)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,082**	**-**	**12,037,498**	**12,044,580**
Dividends					(2,937,895)								**(2,937,895)**
Stock Grant													**-**
Purchase of treasury shares				(118,327)									**(118,327)**
Warrant exercise													**-**
Allocation of the 2023 financial year result					(7,437,309)							7,437,309	**-**
Balance as of 31 December 2024	*4.1*	**22,770,445**	**5,000,000**	**(14,139,356)**	**19,366,185**	**86,743,750**	**1,532,549**	**11,311,789**	**(6,669,789)**	**23,990**	**-**	**12,037,498**	**137,977,061**

31 December 2024 FINANCIAL STATEMENTS

1. Corporate information

Fine Foods & Pharmaceuticals N.T.M. S.p.A. 31 December 2024 Financial Statements were approved by the Board of Directors on 13 March 2025.

Fine Foods & Pharmaceuticals N.T.M. S.p.A. (hereafter referred to as "Fine Foods" or the "Company"), registered and domiciled in Bergamo, is a joint-stock company, with its registered office in Via Berlino 39, Verdellino - Zingonia (BG) in Italy. Fine Foods, listed on the STAR segment of the MTA of Borsa Italiana, is an Italian independent Contract Development & Manufacturing Organisation (CDMO).

These Financial Statements have been drawn up in Euro.

The accompanying financial statements of Foods & Pharmaceuticals N.T.M. S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.

1.1 Significant events for the period

On 25 July 2024, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Directors appointed Pietro Oriani as Company General Manager, granting him ordinary management powers, effective as of 2 August 2024. During the same Board meeting, Giorgio Ferraris announced his resignation from his roles as Director and Chief Executive Officer due to personal reasons. The resignation took effect on 13 September 2024.

On 02/08/2024, the Parent Company signed a preliminary contract for the purchase of approximately 21,000 sqm located in the municipality of Zingonia-Verdellino (BG), via Madrid 1, bordering the current Fine Foods nutraceutical plant. The total value of the investment is anticipated to be approximately € 4 million, of which € 3,270,000 has already been paid as an advance.

1.2 Going concern

These Financial Statements have been prepared on a going concern basis.

1.3 Accounting principles

1.3.1 Principles followed when preparing the Financial Statements

The Financial Statements for the year ended 31 December 2024 have 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 and effective at the end of the financial year. All of the above standards and interpretations are hereafter referred to as "IAS/IFRS".

1.3.2 Financial Statements content and format

The formats adopted by the Company and under IAS 1 are as follows:

- ***Statement of financial position***: through the separate presentation of current/non-current assets and liabilities, as specified in paragraph 1.7 below. "Classification criteria"
- ***Income statement***: it shows the items by nature and provides the most explanatory information.
- ***Comprehensive Income Statement***: includes other income and charge items allowed to be booked in equity under IAS/IFRS.
- ***Cash flow statement:*** shows the cash flows of operating, investing and financing activities as required by IAS 7.
- ***Shareholders' equity changes***: shows the overall result for the year and further movements in the Company's risk capital.

1.4 Classification criteria

1.4.1 Current/non-current classification

Assets and liabilities in the Company's Financial Statements are classified as current/non-current. An asset is current when:

- it is expected to be realised or held for sale or used as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be realised within 12 months after the end of the reporting period or
- consists of cash or cash equivalents unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- is expected to be settled as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be settled within 12 months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company classifies other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

The income statement is classified by nature, as it is considered that this representation is the one that best provides a fair view of the Company's operations.

The Company has decided to present two separate statements, an income statement and other comprehensive income statement (OCI), rather than a single statement combining the two.

The statement of cash flows is presented using the indirect method.

1.5 Summary of significant accounting policies

1.5.1 Fair value measurement

The Company measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the valuation date during an ordinary transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place:

- in the main market for the asset or liability;

or

- in the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Company.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they are acting in their best economic interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset to its highest and best use or by selling it to another market participant who would use it to its highest and best use.

The Company uses valuation techniques appropriate for the circumstances and for which there is sufficient available data to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the inputs are not observable for the asset or liability.

The fair value measurement is classified entirely at the same level of the fair value hierarchy in which the input of the lowest level of the hierarchy used for the measurement is classified.

The Company's Financial Statements show financial assets and financial liabilities, and derivative instruments at fair value. For these items, the Company defines whether transfers have occurred between the hierarchy levels by reviewing the categorisation (based on the lowest level input, which is significant for the entire fair value measurement) at each reporting date.

At each balance sheet date, the Company's management analyses changes in the value of assets and liabilities for which revaluation or restatement is required under the Company's accounting policies.

For this analysis, the most recent valuation's main inputs are verified, linking the information used in the valuation to contracts and other relevant documents.

With external experts' support, Management compares each change in each asset and liability fair value with the relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Company defines the classes of assets and liabilities based on the asset or liability nature, characteristics and risks and the fair value hierarchy level outlined above.

The following table sets out the fair value measurement hierarchy for the Company's assets and liabilities as of 31 December 2024 and 31 December 2023.

31/12/2024	**Total**	**Book value**	**Fair value level 1**	**Fair value level 2**	**Fair value level 3**
Financial assets					
Non-current financial assets	11,000,000	11,000,000	11,000,000		
Current financial assets	786,107	786,107	786,107		
Cash and other liquid assets	15,506,069	15,506,069	15,506,069		
Total financial assets	**27,292,175**	**27,292,175**	**27,292,175**	**-**	**-**
Financial liabilities					
Non-current bank borrowings	30,799,769	30,799,769		30,799,769	
Current bank borrowings	17,028,200	17,028,200		17,028,200	
Non-current lease payables	97,263	97,263		97,263	
Current lease payables	49,090	49,090		49,090	
Total financial liabilities	**47,974,322**	**47,974,322**	**-**	**47,974,322**	

31/12/2023	**Total**	**Book value**	**Fair value level 1**	**Fair value level 2**	**Fair value level 3**
Financial assets					
Non-current financial assets	11,000,000	11,000,000	11,000,000		
Current financial assets	3,888,082	3,888,082	421,106	3,466,976	
Cash and other liquid assets	17,047,578	17,047,578	17,047,578		
Total financial assets	**31,935,661**	**31,935,661**	**28,468,685**	**3,466,976**	**-**
Financial liabilities					
Non-current bank borrowings	4,141,720	4,141,720		4,141,720	
Current bank borrowings	53,335,668	53,335,668		53,335,668	
Non-current lease payables	35,580	35,580		35,580	
Current lease payables	52,804	52,804		52,804	
Total financial liabilities	**57,565,772**	**57,565,772**	**-**	**57,565,772**	**-**

The Company's management has verified that the fair value of financial assets and liabilities approximates the book value.

1.5.2 Revenue from contracts with customers

Fine Foods & Pharmaceuticals N.T.M. S.p.A., deals with the contract development and manufacturing (contract development and manufacturing organization - CDMO) of oral solid forms for the pharmaceutical and nutraceutical industries.

Revenue from contracts with customers is recorded when control of the goods is transferred to the customer, generally upon delivery, for an amount corresponding to the Company's expected consideration in exchange for such assets.

The Company considers whether other promises in the contract represent contractual obligations on which a portion of the transaction consideration is to be allocated. In defining the product sale transaction price, the Company considers any effect of variable consideration and significant financial components.

If the consideration promised in the contract includes a variable amount, the Company estimates the variable consideration when the contract is signed. This amount is not recorded until it is highly probable that it will be paid considering what has been agreed.

1.5.3 Income taxes

Current taxes

Current tax assets and liabilities for the year are measured at the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are enacted or substantively enacted at the Financial Statements date in the country where the Company operates and generates its taxable income.

Current taxes related to items booked directly in equity are recorded in equity and not in profit/(loss) for the year. Management periodically assesses the tax return position in cases where tax rules are subject to interpretation and, where appropriate, makes provisions.

Deferred taxes

Deferred taxes are calculated by applying the liability method to temporary differences at the Financial Statements date between the assets and liabilities tax values and their corresponding book values.

Deferred tax liabilities are recorded for all temporary taxable differences, with the following exceptions:

- deferred tax liabilities arising from the initial recording of goodwill or an asset or liability in a transaction that is not a business combination and, at the transaction time, affects neither The Financial Statements result nor the tax result;
- the reversal of temporary taxable differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it will probably not occur in the foreseeable future.

Deferred tax assets are recorded for temporary deductible differences and unused tax receivables and losses carried forward to the extent that it is probable sufficient future taxable profit will be available against which the temporary deductible differences and tax receivables and losses carried forward can be used. Unless:

- the deferred tax asset associated with deductible temporary differences arises from the initial recording of an asset or liability in a transaction that is not a business combination and, at the transaction time, affects neither the Financial Statements result nor the tax result;
- for deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recorded to see if it is probable that they will shift in the foreseeable future and there will be sufficient taxable income to allow for temporary differences to be recovered.

The book value of deferred tax assets is reviewed at each Financial Statements date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future to allow that credit's use. Unrecorded deferred tax assets are reviewed at each Financial Statements date and recorded to the extent that it is probable sufficient taxable income will be available in the future to allow the recovery of those deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied when the assets are realised or liabilities settled, considering the rates that have been enacted or substantively enacted at the Financial Statements date.

Deferred taxes for items recorded outside the income statement are recorded outside the income statement, in the equity or the comprehensive income statement, alongside the item they relate.

Tax benefits acquired due to a business combination but do not meet the criteria for separate recording at the acquisition date are recorded when new information about changes in facts and circumstances is obtained. If recorded during the valuation period, the adjustment is booked as a reduction in goodwill (up to the goodwill amount). If recorded later it is booked in the income statement.

The Company offsets deferred tax assets and liabilities only if there is a legal right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes owed to the same taxation authority by the same taxpayer or different taxpayers who intend to settle current tax assets and liabilities on a net basis.

Indirect taxes

Costs, revenue, assets and liabilities shall be recorded net of indirect taxes, such as value-added tax, with the following exceptions:

- the tax applied to goods or services purchase is non-deductible; in this case, it is recorded as part of the asset purchase cost or part of the cost booked in the income statement;
- trade receivables and payables include the applicable indirect tax.
- The net amount of indirect taxes to be recovered or paid to the tax authorities was included in the Financial Statements under receivables or payables.

1.5.4 Foreign currency transactions and balances

Any foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the transaction's date.

Monetary foreign currency assets and liabilities are translated into the functional currency at the exchange rate at the Financial Statements date.

Exchange differences or those arising from the translation of monetary items are recorded in the income statement. Taxes attributable to exchange differences on monetary items are recorded in the statement of comprehensive income. Non-monetary items valued using foreign currency historical costs are translated at the exchange rates at the transaction's initial recording date. Non-monetary items valued using foreign currency fair value are translated at the exchange rates at the date this value was determined. A gain or loss that arises from the translation of non-monetary items is treated consistently with the recording of gains and losses based on the fair value change of those items (i.e. translation differences on items whose fair value change is recorded in the comprehensive income statement or income statement and are respectively booked in the comprehensive income statement or income statement).

1.5.5 Dividends

The Company books a liability for a dividend payment when the distribution is authorised and is not at the Company's discretion. Under European corporate law, distribution is authorised when shareholders approve it. Recording under liabilities is offset by a reduction in shareholders' equity to the reserve indicated in the shareholders' meeting minutes.

1.5.6 Property, plant and machinery

Property under construction is recorded at historical cost net of any accumulated impairment losses. Property, plant and machinery are recorded at historical cost net of accumulated depreciation and accumulated impairment losses. This cost includes expenses for replacing part of the plant and machinery when they are incurred if they meet the booking criteria. When it is necessary to replace plant and machinery significant parts regularly, the Company depreciates them separately over their useful life. Similarly, during major overhauls, the cost is included in the plant or machinery book value as in replacements, if booking criteria are met. All other repair and maintenance costs are recorded in the income statement when incurred. The costs for dismantling and removing an asset at the end of its useful life were included in the asset cost, if the criteria for recognising a provision were met.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life as follows:

Table of depreciation rates		
	Nutra	**Pharma**
Industrial buildings based on their type	3%	5.50%
Light construction	10%	10%
Generic plant, based on their type	7.50%	10%
Specific plant and machinery, based on their type	14%	12%
Industrial and commercial equipment, based on their type	20%	40%
Other assets: Furniture and furnishings	12%	12%
Other assets: Electronic office machines	20%	20%
Other assets: Transport vehicles	20%	20%
Other assets: Cars	25%	25%

The book value of a property, plant and machinery item and any significant component initially recorded is cancelled

at the time of its disposal or when no future financial benefit is expected from its use or disposal. The gain or loss arising on the asset cancellation (calculated as the difference between the asset's net book value and the consideration received) is recorded in the income statement when the item is cancelled.
The property, plant and machinery residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and, where appropriate, prospectively adjusted.

1.5.7 Leases

At each contract stipulation, the Company assesses whether the contract meets a lease's definition under the standard. The definition of a contractual agreement as a lease (or containing a lease transaction) is based on the substance of the agreement and requires an assessment of whether the agreement performance depends on the use of one or more specific assets, or transfers financial benefits arising from the asset's use to another party.

The Company as lessee

For each contract that meets the lease definition or contains a lease, the Company accounts for a Right of Use and a Financial Liability, equal to the current value of the future lease payments plus the initial direct costs, obligations to return the asset to its original condition less any incentive paid to the supplier.
Financial charges are allocated to the income statement.
Leased assets are depreciated over the lease duration.
The entity records the following in its Financial Statements:

- a financial liability, equal to the current value of residual future payments at the transition date, which are discounted using the incremental borrowing rate applicable at the transition date for each contract;
- a right of use equal to the financial liability value net of any accruals and deferrals referring to the lease and recorded in the balance sheet at the date of these Financial Statements.

Although their value is negligible, the Company has recorded the expenses for improvement works carried out on leased properties, when they meet the requirements to be capitalised, within the right of use, depreciating them based on the residual useful life of each contract.

In adopting IFRS 16, the Company used the exemption granted by the standard for short-term leases (contracts lasting less than a year) for all classes of assets and low-value assets, i.e. lease contracts for which the unit value of the underlying assets does not exceed € 5,000 when new.

The contracts for which the exemption has been applied fall mainly within the forklift category, as they were purchased during 2019 and are considered to be short-term contracts.

For these contracts, adopting IFRS 16 will not result in booking the lease financial liability and related right of use. Instead lease payments will be recorded in the income statement on a straight-line basis over the relevant contract duration.

The Company as lessor

Lease agreements that substantially leave the Company with all the asset ownership risks and benefits are classified as operating leases. Lease income from operating leases is recorded on a straight-line basis over the lease duration and is included in other income in the Income Statement due to its operating nature. Initial trading costs are added to the leased asset's book value and recorded over the lease duration on the same basis as rental income.

1.5.8 Financial charges

Financial charges directly attributable to the acquisition, construction or production of an asset that requires a substantial period before it is available for use are capitalised on the asset cost. All other financial charges are recorded as an expense in the period in which they are incurred. Financial charges consist of interest and other costs that an entity incurs to obtain financing.

1.5.9 Intangible assets

Intangible assets are initially recorded at cost. After the initial recording, intangible assets are recorded at cost net of accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, other than development costs that meet specific requirements as defined by IAS 38, are not capitalised and are booked in the income statement for the period in which they are incurred.

The useful life of intangible assets is assessed as finite or indefinite.

Intangible assets with finite useful lives are amortised over their useful lives and tested for impairment whenever there are indications of possible impairment. A finite useful life intangible asset amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or how future financial benefits associated with the asset will be realised are recorded through changes in the amortisation period or method, as appropriate, and are considered changes in accounting estimates. Amortisation of intangible assets with finite useful lives is recorded in profit/(loss) for the year in the cost category consistent with the intangible asset function.

Intangible assets with indefinite useful lives are not amortised but are tested annually for impairment, either at the individual or cash-flow generating unit level (IAS 36). The indefinite useful life assessment is reviewed annually to determine whether this attribution continues to be sustainable; otherwise, the change from "indefinite useful life" to "finite useful life" is prospectively applied.

An intangible asset is cancelled at the time of its disposal (i.e. on the date when the acquirer obtains control of it) or when no future financial benefits are expected from its use or disposal.

Any gain or loss arising from the asset cancellation (calculated as the difference between the net disposal proceeds and the asset book value) is included in the income statement.

Industrial patent and intellectual property rights are amortised at an annual rate of 20 per cent.

1.5.10 Financial Instruments - Recording and valuation

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another.

i) Financial assets Initial recording and valuation

Upon initial recording, financial assets are classified using the following measurement methods, i.e. amortised cost, fair value through other comprehensive income (hereafter OCI) and fair value in the income statement, as appropriate.

When initially recorded, the classification of financial assets, in addition to the instrument nature, depends on the financial assets' contractual cash flow features and the business model that the Company uses to manage them. Except for trade receivables, the Company initially measures a financial asset at its fair value plus any transaction costs. Trade receivables are measured at the transaction price defined under IFRS 15.

For a financial asset to be classified and valued at amortised cost or fair value through the OCI, it must generate cash flows that depend solely on principal and interest on the principal amount to be repaid (the" solely payments of principal and interest – SPPI"). This assessment is referred to as the SPPI test and is performed at the instrument level.

Financial assets with cash flows that do not meet the above requirements (e.g. SPPI) are classified and measured at fair value in the income statement.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model defines whether cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both.

Subsequent valuation

For subsequent valuation, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value in the other comprehensive income with the reclassification of accumulated profits and losses (debt instruments);
- Financial assets at fair value in the other comprehensive income without reclassification of cancelled accumulated profits and losses (equity instruments);
- Financial assets at fair value in the income statement.

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets to collect contractual cash flows

and

- the financial asset contractual terms provide for cash flows at specified dates that consist solely of principal and interest payments on the principal amount to be repaid, better known as the SPPI (solely payments of principal and interest) test.

Financial assets at amortised cost are subsequently valued using the effective interest method and are subject to impairment. Profits and losses are recorded in the income statement when the asset is cancelled, modified or revalued.

Financial assets at fair value through OCI (debt instruments)

The Company values assets from debt instruments at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held as part of a business model whose objective is achieved by collecting the contractual cash flows and selling the financial assets

and

- the financial asset contractual terms provide for cash flows at specified dates that consist solely of principal payments and interest defined on the amount of principal to be repaid.

For debt instruments, assets measured at fair value through OCI, interest income, changes in foreign exchange rates and impairment losses, together with reclassifications, are recorded in the income statement and are calculated in the same way as for financial assets measured at amortised cost. The remaining changes in fair value are recorded in OCI. Upon cancellation, the cumulative change in fair value recorded in OCI is reclassified in the income statement.

The Company's debt instrument assets measured at fair value through OCI include investments in listed debt instruments included in other non-current financial assets.

Investments in equity instruments

Upon initial recording, the Company may irrevocably elect to classify its equity investments as equity instruments recorded at fair value in OCI when they meet the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is defined for each individual instrument.

Profits and losses incurred on such financial assets are never re-entered in the income statement. Dividends are recorded as other income in the income statement when the right to payment has been established. Equity instruments booked at fair value in OCI are not subject to impairment testing.

Cancellation

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled in the first instance (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset are expired, or
- the Company transfers the right to receive cash flows from the asset to a third party or assumes a contractual obligation to pay them in full and without delay and (a) transfers the risks and benefits of financial asset's ownership substantially, or (b) neither transfers nor retains the asset's risks and benefits substantially but transfers control of it.

If the Company transfers the rights to receive cash flows from an asset or enters into an agreement under which it retains the contractual rights to receive the cash flows from the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients (pass-through), it assesses whether and to what extent it retains the ownership risks and benefits. If it neither transfers nor substantially retains the risks and benefits or does not lose control over it, the asset is booked in the Company's Financial Statements to the extent of its continuing involvement in the asset. In this case, the Company records an associated liability. The transferred asset and the associated liability are measured to reflect the rights and obligations that remain with the Company.

When the entity's continuing involvement guarantees the transferred asset, the involvement is measured at the lower of the asset amount and the received consideration maximum amount that the entity could be required to repay.

At the date of these Financial Statements, the Company holds an investment portfolio that includes financial and liquidity instruments, transferred and managed through a primary credit institution, measured at fair value in the income statement. For further details, please refer to paragraph 3.12 "Current financial assets."

ii) Financial liabilities

Recording and initial measurement

Financial liabilities are classified, upon initial recording, among financial liabilities at fair value in the Income Statement, among mortgages and loans, or derivatives designated as hedging instruments.

All financial liabilities are initially recorded at fair value plus directly attributable transaction costs in case of morgages, loans and borrowings.

The Company's financial liabilities include mortgages and loans, and derivative financial instruments.

Subsequent valuation

The valuation of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value in the income statement

Financial liabilities at fair value with changes recorded in the income statement include liabilities held for trading and financial liabilities initially recorded at fair value with changes recorded in the income statement.

Held-for-trading liabilities are all those liabilities that are assumed with the intention to settle or transfer them in the short term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as held-for-trading unless they are designated as effective hedging instruments.

Profits or losses on liabilities held for trading are recorded in Profit/(loss) for the financial year.

Financial liabilities are allocated at fair value with changes recorded in the income statement from the date of initial recording, only if the IFRS 9 criteria are met. Upon initial recording, the Company did not allocate financial liabilities at fair value with changes recorded in the income statement.

Loans and receivables

After the initial recording, loans are measured at amortised cost using the effective interest rate method. Profits and losses are recorded in the income statement when the liability is settled and through the amortisation process.

Amortised cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form part of the effective interest rate. Amortisation at the effective interest rate is included in financial charges in the profit/(loss) for the year.

Cancellation

A financial liability is cancelled when the obligation underlying the liability is extinguished, cancelled or settled. When an existing financial liability is replaced by another financial liability of the same lender on substantially different terms, or the terms of a current liability are substantially modified, such exchange or modification is treated as cancelling the original liability. A new liability is booked, with any difference between the book values recorded in the profit/(loss) for the year.

1.5.11 Inventories

Inventories are valued at the lower between the cost and estimated net realisable value. The valuation criteria adopted is the weighted average cost method.

The costs incurred to bring each asset to its present location and condition are recorded as follows:

- Raw materials: purchase cost calculated using the weighted average cost method, adjusted if necessary if the last purchase price is lower than the raw material market value.
- Finished and semi-finished goods: direct cost of materials and labour plus a share of production overheads, defined based on expected production capacity, excluding financial expenses, through a bill of materials;

The estimated net realisable value is the estimated normal selling price during the business performance, less estimated completion costs and estimated costs to make the sale.

1.5.12 Impairment of non-financial assets

At each Financial Statements date, the Company assesses whether there are any asset impairment indicators. In this case, or when an annual impairment test is required, the Company estimates the recoverable amount. Recoverable amount is the higher of the asset or cash-generating unit's fair value, less sales costs, and its use-value. The recoverable amount is defined for each individual asset, except when that asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If an asset's book value is greater than its recoverable amount, that asset is impaired and is written down to its recoverable amount accordingly.

When defining use-value, the Company discounts estimated future cash flows at present value using a pre-tax discount rate that reflects market assessments of the present money value and the asset's risks. Recent market transactions are considered when defining the fair value net of sales costs. The Company bases its impairment test on detailed budgets and forecast calculations prepared separately for the Company's cash-generating unit to which individual assets are allocated. These budgets and forecast calculations generally cover four years. A long-term growth rate (terminal value) is calculated to project future cash flows beyond the fifth year.

The Company bases its impairment test on the most recent budgets and forecast calculations, prepared separately for each cash-generating unit to which individual assets are allocated. These budgets and forecast calculations generally cover three years. A long-term growth rate is calculated to project future cash flows beyond the third year.

Impairment losses of operating assets are recorded in profit/(loss) for the financial year in the cost categories consistent with the intended use of the asset that resulted in the impairment loss. An exception is made for revalued fixed assets, where the revaluation has been recorded in other comprehensive income. In such cases, the impairment loss is recorded in other comprehensive income up to the amount of the previous revaluation.

For assets other than goodwill, at each reporting date, the Company assesses whether any indicators of ceased (or decreased) recorded impairment losses exist and, if such indicators exist, estimates the recoverable amount of the asset or cash-generating unit (CGU). An already impaired asset's value may be revalued only if there have been changes in the assumptions underlying the recoverable amount calculation after the recording of the last impairment loss. The revaluation may not exceed the defined book value, net of amortisation, assuming that no impairment loss was recorded in past financial years. Such revaluation is recorded in profit/(loss) for the financial year unless the fixed asset is accounted for at a revalued amount. In this case the revaluation is treated as a revaluation increase.

1.5.13 Cash and short-term deposits

Cash and short-term deposits comprise cash on hand, in domestic and foreign currencies, stamps, and cash holdings resulting from the Company's accounts with credit institutions. They are all expressed at their nominal value.

For cash flow statement presentation purposes, liquid assets and equivalents are represented by liquid assets as defined above.

1.5.14 Treasury shares

Repurchased treasury shares are recognised at cost and deducted from equity. The buyback, sale or cancellation of treasury shares do not give rise to any gain or loss in the Income Statement. If there is a reissue, the difference between the buyback price and consideration is recognised in the share premium reserve.

1.5.15 Provisions for risks

Provisions for risks and charges are made when the Company has a current obligation (legal or implied) because of a past event, an outflow of resources will probably be required to settle the obligation, and a reliable amount estimate can be made. When the Company considers that a provision for risks and charges will be partly or fully reimbursed, for example for risks covered by insurance policies, the indemnity is recorded separately as an asset only if it is certain. If so, the provision cost is booked in profit/(loss) for the financial year net of the amount recorded for the indemnity.

If the effect of money value over time is significant, provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. When the liability is discounted, the provision's increase over time is recorded as a financial charge.

1.5.16 Employee benefit liabilities

The cost of expected benefits under the defined benefit plan is defined using the actuarial projected unit credit method.

Revaluations, which include actuarial profits and losses, changes in the effect of the asset limit, excluding amounts included in net interest on the net defined benefit liability, and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recorded immediately in the statement of financial position by debiting or crediting profits carried forward through other comprehensive income components in the financial year when they arise.

Revaluations are not reclassified to the income statement in subsequent financial years.

Past service cost is recorded in the income statement at the earliest of the following dates:

- the date on which a plan amendment or reduction occurs, and
- the date on which the Company records the related restructuring costs or employee termination benefits.

Net interest on the net defined benefit liability/asset is defined by multiplying the net liability/asset by the discount rate. The Company records the following changes in the net defined benefit obligation in sales cost, administrative expenses and sales and distribution costs in the income statement (by nature):

- Service costs, including current and past service costs, profits and losses on non-routine reductions and settlements;
- Net interest income or expense.

1.5.17 Investments

Investments are recorded at cost, adjusted for impairment losses and any variable amounts, such as earn-outs or leakage. The positive difference, arising at the time of purchase, between the acquisition cost and the Company's share of the investee's equity at current values is included in the investment book value. Investments are subject to an impairment test, where impairment indicators have been identified. If there is evidence that these investments have suffered an impairment loss, this is recognised in the Income Statement as a write-down. If the Company's share of the investee's losses exceeds the investment book value, and the Company has the obligation or intention to account for it, the investment value is written off and the share of further losses is recorded as a provision in liabilities. If the impairment loss ceases to exist or is reduced, a value reversal of the impairment loss is recorded in the Income Statement within the cost limits.

1.5.18 New accounting standards, interpretations and amendments adopted by the Company

For the first time, the Company has applied certain standards or amendments that are effective from 1 January 2024.

The Company has not adopted any new standards, interpretations or amendments early, which have been issued but are not effective.

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

The amendments to IFRS 16 clarify the requirements for a seller-lessor in determining the lease liability arising from a sale and leaseback transaction. These changes ensure that the seller-lessor does not recognise a gain or loss on the right of use retained by the lessor.

This amendment had no impact on the Company's Financial Statements.

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

The amendments to IAS 1 set out the requirements for classifying a liability as either current or non-current. The amendments clarify:

- The meaning of a right to defer the due date;
- The right to defer must exist at the end of the financial year;
- Classification is not affected by the probability that the entity will exercise its right to defer;
- Only if a derivative embedded in a convertible liability is an equity instrument does the liability due date not impact its classification.

It is required to disclose situations where a liability from a loan agreement is categorised as non-current, and the entity's deferral right is contingent upon fulfilling covenants within a 12-month period.

This amendment had no impact on the Company's Financial Statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, clarify the supply finance arrangements and require additional disclosures. The new disclosure requirements help users of Financial Statements understand the impact of supply finance arrangements on an entity's liabilities, cash flows, and its exposure to liquidity risk.

This amendment had no impact on the Company's Financial Statements.

1.5.19 Standards issued but not yet effective

Other approved or unapproved standards, interpretations or amendments which were not effective at the date of preparation of these Financial Statements are listed below.

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which supersedes IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation of the Income Statement, including specific totals and subtotals. Entities are required to classify expenses and revenue within the Income Statement into four categories: operating, investing, financing, income taxes, and discontinued operations. The first three categories are new.

The standard mandates disclosures based on the new definition of management-defined performance measures (MPMs), along with subtotals for expenses and revenue. It includes new provisions for the aggregation and disaggregation of financial information, based on the identified roles of the Primary Financial Statements (PFS) and accompanying notes.

Additionally, IAS 7 - Statement of Cash Flows amendments modify the starting point for determining cash flows from operations using the indirect method. The new starting point will be operating profit or loss, rather than profit or loss, and the option to classify cash flows from dividends and interest has been removed. Further consequential changes have been made to several other accounting standards.

IFRS 18 and related amendments will apply for annual periods starting on or after 1 January 2027, although early adoption is permitted with appropriate disclosure. IFRS 18 will be applied retrospectively.

The Company is evaluating the impact these amendments will have on its financial statements and notes.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to reduce their disclosure obligations while adhering to the recognition, measurement, and presentation requirements of other IFRS standards. To qualify, an entity must be a subsidiary (as defined in IFRS 19) at the end of the financial year, must not have “public accountability,” and must have a parent (either ultimate or intermediate) that prepares consolidated Financial Statements, publicly available, under IFRS standards.

IFRS 19 will be effective for financial years commencing on or after 1 January 2027, with early adoption permitted.

1.6 Capital management

For Company's capital managing purposes, capital is the issued share capital, convertible preferred shares, the share premium reserve and other capital reserves attributable to the Company's shareholders. The capital management primary objective is to maximise its value for shareholders. The Company manages the capital structure and makes adjustments based on economic conditions and financial covenant requirements. To maintain or adjust the capital structure, the Company may intervene on dividends paid to shareholders, repay the capital to shareholders or issue new shares. The Company controls capital using a gearing ratio, which is the ratio of net debt to total capital plus net debt. The Company's policy is to maintain this ratio below 40%. In 2019 and 2020, as the Company's net financial position is positive (net cash), this target is achieved by definition. In 2024, this ratio was around 19%

	2024	2023
Interest-bearing loans and borrowings other than convertible preferred shares	47,827,969	57,477,388
Bonds payable	-	-
Lease payables	146,353	88,384
Less: liquid assets and short-term deposits	(15,506,069)	(17,047,578)
Less: current financial assets	(786,107)	(3,888,082)
Net debt	**31,682,147**	**36,630,112**
Shareholders' equity	137,977,061	128,988,702
Equity and net debt	**169,659,208**	**165,618,814**
Gearing ratio	19%	22%

1.7 Financial risk management

1.7.1 Liquidity risk

The Company monitors the liquidity shortage risk using a liquidity planning tool. The Company's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines, bank loans, and mortgages. The Company's policy is to keep loan numbers due in the next 12 months around 60%. As of 31 December 2024, 35.6% of the Company's debt is due in less than one year (2023: 92.7%), calculated based on the debts' book value on the Financial Statements. The Parent Company Fine Foods temporarily reclassified the medium/long-term debt to Intesa of the original €70 million, for €36.4 million, in current bank borrowings, for the year ended 31/12/2023.

The table below summarises the Company's due date profile of financial liabilities based on undiscounted contractually agreed payments.

31 December 2024	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	30,799,769	-	30,799,769	-
Current bank borrowings	17,028,200	17,028,200	-	-
Non-current lease payables	97,263	-	97,263	-
Current lease payables	49,090	49,090	-	-
Total financial liabilities	**47,974,322**	**17,077,290**	**30,897,032**	**-**

31 December 2023	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Non-current bank borrowings	4,141,720	-	4,141,720	-
Current bank borrowings	53,335,668	53,335,668	-	-
Non-current lease payables	35,580	-	35,580	-
Current lease payables	52,804	52,804	-	-
Total financial liabilities	**57,565,772**	**53,388,472**	**4,177,300**	**-**

To support the significant ongoing investments, which were primarily covered by the cash generated from business operations in 2024, the Company is considering securing a new bank loan to finance the remaining investments.

1.7.2 Interest rate risk

Interest rate risk is a function of interest rate trends and the company's related positions, identifiable in bond investments and debt transactions. The risk is the increase in borrowing costs associated with rising interest rates.

This risk may be indicated differently depending on the valuation parameter.

- Cash Flow Risk: this is related to the possibility of realising losses connected to a reduction in expected receipts or an increase in expected costs. It is linked to items with payment profiles indexed to market rates. As these rates change, the company's position will change (variable rate financing)
- Fair Value Risk: this is linked to the possibility of losses related to an unexpected change in the value of an asset or liability following a sudden change in rates.

1.7.3 Credit risk

This is the risk that a customer or a financial instrument counterparty causes a financial loss by failing to fulfil an obligation; for the Company, the risk is mainly related to the failure to collect trade receivables. Fine Foods' main counterparties are major companies active in the nutraceutical and pharmaceutical sectors. The Company carefully evaluates its customers' credit standing, considering that, due to its business's nature, the relationships with its customers are long-term.

1.7.4 Price risk

The price risk is mitigated using a solid cost accounting procedure that can identify the production cost. In this way, remunerative and competitive prices are established and adopted with the customer.

1.7.5 Risk of changes in cash flows

The risk of changes in cash flows is not considered significant in view of the Company's balance sheet. It is considered that the risks to which the business activity is exposed are not higher than those physiologically connected to the overall business risk.

1.7.6 Tax risks

The Company is subject to the taxation system under applicable Italian tax laws. Unfavourable changes to this legislation, and any Italian tax authorities or Law orientation related to the application, interpretation of tax regulations to determine the tax burden (Corporate Income Tax "IRES", Regional Tax on Production Activities "IRAP") and the Value Added Tax "VAT", could have significant negative effects on the Company's economic, capital and financial situation.
The Company is exposed to the risk that the financial administration or law may adopt different interpretations or positions concerning tax and fiscal legislation from those adopted by Fine Foods in carrying out its business. Tax and fiscal legislation, and its interpretation, are complex elements due to the continuous legislation evolution and interpretation from administrative and jurisdictional bodies.
The Company will periodically undergo inspections to verify such regulations' correct application and the correct payment of taxes. Disputes with Italian or foreign tax authorities could involve the Company in lengthy proceedings, resulting in the payment of penalties or sanctions, with possible significant adverse effects on its business, economic, capital and financial situation.
Due to the complexity and continuous changes in tax and fiscal regulations and their interpretation, it is impossible to exclude that the financial administration or law may make interpretations, or take positions, that contrast with those adopted by the Company. This might result in negative consequences on its economic, capital and financial situation.

1.7.7 Risks related to the information system's reliability

The Company is exposed to the risk of accidental events or malicious actions to computer systems (hardware, software, databases, etc.) that impact their reliability, with potential negative effects on the Group's economic, capital and financial situation.

The Company implements security procedures and policies to ensure proper IT systems management. It has perimeter and internal security equipment. Infrastructures are equipped with high reliability techniques for critical systems and are checked annually. The IT department periodically conducts simulated external attacks to assess the robustness of the security system. The Group has a disaster recovery plan to ensure the reliability of its IT systems. The Group's IT systems comply with the General Data Protection Regulation.

The IT systems department is subject to internal audits, by Quality Assurance, and external audits, by certification bodies and customers.

1.7.8 Risks related to the concentration of revenue on major customers

The Company has a significant concentration of revenue on its main customers, amounting to approximately 68.9% on the top five customers as of 31 December 2024. The loss of one or more of these relationships would have a significant impact on Company revenue. As a rule, contracts with the Company's main customers do not have minimum guaranteed quantities. If these relationships continue, there is no certainty that the amount of revenue generated by the Company in subsequent years will be similar to or greater than those recorded in previous years. The possible occurrence of such circumstances could have significant adverse effects on the Company's business and economic, capital and financial situation.

The Company mitigates this risk by building stable and long-lasting relationships with its customers and customer loyalty, through commercial activities for acquiring new customers and M&A for identifying and acquiring target companies.

1.7.9 Risks related to production authorisations

The Company faces the risk of non-approval, by governmental or health authorities and institutions, of the individual production stages that characterise its activities, if it is found not to comply with the regulatory requirements applicable to plants and the production of pharmaceuticals and nutraceutical products, with potentially adverse effects on its economic, financial and capital position.

During the many audits conducted by customers and authorities, the Company has never received any reports of critical non-compliance.

GMP compliance is ensured by applying strict quality procedures and periodic systemic internal audits.

In addition, the Company has a procedure for promptly handling any observations or deviations identified by the authorities.

1.7.10 Risks relating to environmental, occupational health and safety regulations

The Company faces the risk of accidental contamination of the environment in which its employees work, and possible injuries in the workplace. Any violations of environmental regulations, and the adoption of prevention and protection systems in the field of safety that are not appropriate to the Company's needs, could lead to the application of administrative sanctions, including significant monetary sanctions or an injunction, including suspensions or interruptions of production, with potentially adverse effects on the its economic, capital and financial position.

To address these risks, the Company has a robust system for managing worker health and safety standards and environmental protection of the areas where the Company operates. The Company has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.11 Risks related to climate change: physical risks

Climate change can produce systemic effects that negatively affect financial activities.

Physical risks of climate change can be classified as "acute" if caused by extreme events such as droughts, floods, and storms, or "chronic" if caused by progressive changes like rising temperatures, sea-level rise, water stress, and resource depletion.

The Company faces potential operational disruptions due to extreme weather events that could damage critical infrastructure, plants, machinery, and facilities. These events may lead to increased repair and maintenance costs, and production delays or shutdowns, impacting business continuity, reputation, and profitability.

Extreme weather conditions, such as heavy rainfall and floods, could compromise the quality of water used in production processes, which will raise purification costs.

The Company is updating its risk assessment to account for potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures. The Company has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Company implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

1.7.12 Climate change risks: transition risks

These risks are tied to the challenges and costs associated with moving to a more sustainable and less carbon-dependent economic model. This situation is driven by the implementation of climate protection Directives and Regulations, advancements in technology, and shifts in market confidence and consumer preferences.

The absence of investments to reduce climate impact by lowering energy consumption may have a negative effect on the Company's income statement due to increases in operating costs and exposure to energy price fluctuations and possible regulatory measures. introducing carbon taxes.

Water scarcity for industrial purposes, particularly following extended periods of drought, can negatively affect production efficiency. Similarly, extreme weather events can disrupt the supply chain, causing partial or complete interruptions in the supply chain.

The Company is aware of potential climate change effects on infrastructure from extreme events and the possible rise in energy usage due to increasing temperatures and is assessing how to address these challenges through transition plans or resilience strategies. The Company has insurance coverage for "catastrophic risks." The Group is continually updating its expertise and capabilities in handling "transition risks" also through its association with Farmindustria, to align its energy efficiency with international standards.

The Company implemented a dedicated team coordinated by an energy manager which implements measures to increase all Group sites' energy efficiency.

It carries out operations to reduce water consumption and an internal task force meets periodically to monitor improvements and the implemented measures effectiveness.

1.7.13 Energy cost risk

Energy costs remain high compared to historical prices, with high volatility. The supply of energy available for the European market and domestic energy stocks are the reasons why the estimated negative impacts on the Company's economic, financial and capital position, and the likelihood of their occurrence, may be gradually reduced.

The Company assembled a team coordinated by an energy manager to monitor the energy market trend to minimise the impact of energy costs and implement appropriate measures to increase production sites' energy efficiency. Fine Foods installed two co-generators for self-generation of electricity from gas combustion, which eliminated its exposure to the risk of electricity component fluctuations and optimised the efficient use of the heat developed through co-generation. There are photovoltaic systems at three plants with a total power of 850 kW covering part of the energy requirements (approx. 1% of the total energy demand). To manage the fluctuation of energy costs, part of them will be rebilled during 2025.

1.7.14 Legal and reputational risks related to the mismanagement of Substances of Very High Concern

Exceeding pollution limits or mishandling hazardous chemicals that have long-term effects on human health or the environment (as listed in the REACH list and Annex VI of the CLP Regulation) can result in fines and operational restrictions and severely damage Fine Foods' reputation. The use of substances that hinder the recycling of safe, high-quality secondary materials or most harmful substances (as listed by ECHA) can expose the company to additional legal and reputational risks. This risk may arise from either direct impacts of business activities or regulatory requirements.

The Company has a robust system for managing worker health and safety standards and environmental protection of the areas where it operates. The Company has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.15 Operational risk from a shortage of virgin raw materials

The Company faces operational risks related to the scarcity of virgin raw materials, such as palm oil, coffee, and various natural extracts. These shortages can increase operational costs for Fine Foods due to competition for supply. As these commodities are subject to stricter regulations, their limited availability and rising costs may negatively impact the continuity of production and profitability.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Company maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market.

1.7.16 Economic and reputational risks due to accidents and injuries

Accidents involving employees could lead to operational disruptions and reputational damage, potentially slowing down company operations. If such incidents affect employee health and safety, the Company could face legal claims, compensation costs, and sanctions for non-compliance with regulations and organisation systems (OMC 231). An unsafe working environment could reduce the Company's appeal to potential investors and diminish employee motivation, leading to higher turnover rates.

To address these risks, the Company has a robust system for managing worker health and safety standards and environmental protection of the areas where the Company operates. The Company has ISO45001:2018 (OH&S) and ISO14001:2015 (environment) certifications attesting to the proper system structuring and application and is subject to annual certified bodies' and internal audits.

1.7.17 Risks related to human capital management

The growing demand in the labour market for certain technical and specialised profiles makes them highly attractive, which exposes the Company to the risk of losing highly qualified personnel, who are in short supply. Failure to implement the necessary policies to successfully manage human capital can have a negative impact on the Company's economic, capital and financial position.

To address these risks, it is necessary to adopt new, more inclusive business models and policies to enhance and promote talent. The Company implemented human capital management policies and procedures designed to support employees throughout their lifecycle within the Company. This includes recruitment, onboarding, continuous training programmes, internal career development paths, work-life balance initiatives, workplace health promotion (WHP) measures, and the activation of various internal communication channels.

1.7.18 Risks related to salary adjustments claims

Fine Foods develops and manufactures contract products including food supplements, nutraceuticals, and pharmaceuticals, employing more than 650 staff under the National Collective Labour Agreement for the Food Industry. Workers in the production departments are required to clock in at turnstiles before proceeding to the changing rooms, where they change into company-issued attire such as trousers, tunics, caps, shoes, and, if necessary, beard covers. Once dressed, workers clock in again at the start of their shift and proceed to their workstations, with the same process being followed at the end of their work shift. Since the end of 2024, the Company has received claims, mainly from former employees, for salary adjustments relating to the time taken to change into and out of company-provided clothing in the changing rooms. Some of them request additional payment for salary differences for the time spent travelling between the external turnstiles and the changing room, and vice versa. The Company is defending itself in ongoing legal proceedings and is considering negotiating an agreed regulation with the trade unions. This would regulate the process of dressing for employees and offer a resolution for past claims. The Company allocated a special provision for the above risk as of 31 December 2024.

1.7.19 Risks related to supplier relationships: shortages of raw and packaging materials.

Considering the complex geopolitical situation and climatic risks that may jeopardise some harvests, the Company risks increased costs in 2025 for the purchase of raw and packaging materials necessary to carry out its business, and delays in production due to the more difficult availability of raw and packaging materials, with potential adverse effects on the Company's business, economic, capital and financial position. The Company's business is characterised, in certain cases, by a limited substitutability of suppliers, particularly in the pharmaceutical sector.

Fine Foods can adjust its selling prices if there are raw material cost increases. The purchasing department informs the sales department of raw material price increases, the sales department assesses its impact on the pricing of products that include this raw material and shares it with the customer.

The Company maintains a stock-pile of continuously used raw materials which is sufficient to cover a sudden lack on the market. Additionally, mitigating actions are included in the Business Continuity Plan.

1.7.20 Reputational risk due to suppliers' non-compliance with equal opportunity and diversity laws

If suppliers fail to comply with principles of diversity and equal opportunity—particularly in relation to wages, career advancement, and other employment practices—the Company could suffer a potential loss of consumer confidence and a decrease in sales.

To mitigate this, the Company implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Company adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

1.7.21 Reputational and legal risk for violating workers' human rights along the value chain

The Company faces reputational risk from potential human rights violations by suppliers within its value chains. If suppliers fail to protect the health and safety of their workers and fundamental human and labour rights, they could face increased legal claims and sanctions for regulatory non-compliance. Such incidents may disrupt supplier and Fine Foods operations, potentially forcing the Company to terminate relationships with non-compliant suppliers, with consequent operations slowdowns.

To mitigate this, the Company implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Company adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

1.7.22 Financial and reputational risk for violating employee safety conditions along the value chain

Violating safety conditions for workers along the value chain is a significant risk for the Company. If suppliers or subcontractors fail to implement appropriate safety measures, it can result in work accidents, operational disruptions, and legal sanctions for these entities. These events can lead to delays in delivery and increased procurement and project management costs for the Company. They may harm the Company's reputation and reduce stakeholder confidence, ultimately causing financial losses.

To mitigate this, the Company implemented procedures for supplier selection based on Environmental, Social, and Governance criteria (ESG), assessing their environmental, ethical and social performance, and compliance with health, safety, and human rights regulations. Suppliers are evaluated through audits, document analysis, and questionnaires based on their risk level.

The Company adopted a Supplier Code of Conduct, which must be signed when entering into commercial contracts,

and a monitoring system to ensure compliance with requirements. This system consists of four phases: 1) Annual risk assessment, by establishing three different risk matrices (chemical, packaging and service suppliers) to assign a criticality index to each supplier. 2) Planning and implementation of monitoring audits 3) Distribution of questionnaires to update requirements and data, monitoring ESG criteria. 4) Performance evaluation.

1.7.23 Legal and reputational risks related to damage to user health and safety due to unsafe products

The Company faces significant risks related to user health and safety due to unsafe products. Distributing products that fail to meet safety standards could cause physical harm or damage to user health, exposing the Company to potential lawsuits, product recalls, and regulatory penalties. Such incidents can lead to substantial costs for compensation and legal fees, and operational disruptions. Negative public and stakeholder perceptions may severely harm the company's reputation, diminishing customer and investor confidence, and negatively impacting the Company's revenue and market position.

The Company has a reliable quality system and several certifications which guarantee compliance with good manufacturing practices. All finished products and raw materials undergo thorough analysis to ensure they meet release specifications.

1.8 Discretionary evaluations and significant accounting estimates

The Company's Financial Statements' preparation requires the directors to make discretionary evaluations, estimates, and assumptions that affect the amounts of revenue, costs, assets and liabilities, their information and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could lead to outcomes that require a significant adjustment to the book value of these assets or liabilities in the future.

1.8.1 Discretionary evaluations

In applying the Company's accounting policies, the directors have made decisions based on the following discretionary evaluations (excluding those involving estimates).

Significant assessment in defining the lease term of contracts that contain an option to extend - The Company as lessee

The Company defines the lease term as the lease non-cancellable period plus the periods covered by the option to extend the lease, if there is reasonable certainty of exercising that option, and the periods covered by the opportunity to terminate the lease when there is reasonable certainty of not exercising that option.

The Company has the option to extend the lease or terminate it early for some of its leases. The Company assesses whether there is reasonable certainty of exercising the renewal options. The Company considers all factors noted that may result in an economic incentive to exercise renewal options or terminate the lease. After the effective date, the Company revises its estimates of the lease term if a significant event or change occurs in the circumstances within the Company's control that may affect the ability to exercise (or not exercise) the renewal or early termination option (e.g. investment in leasehold improvements or significant specific changes to the leased asset) (see paragraph 3.3 "Leases").

1.8.2 Estimates and assumptions

The main assumptions concerning the future and other significant sources of estimation uncertainty that, at Financial Statements date, have a substantial risk of causing a material adjustment to the book values of assets and liabilities within the next financial year are shown below. The Company has based its estimates and assumptions on available parameters when the Financial Statements were prepared. However, circumstances and assumptions about future events may change due to changes in the market or events beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Provision for expected losses on trade receivables and provision for inventory write-downs

The Company uses a matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are defined primarily based on the probability of default in the relevant sector and the Company's historical default rate.

The historical default rates are updated at each reporting date, and changes in estimates are analysed on a forward-looking basis.

The assessment of the correlation between historical default rates, projected economic conditions, and ECLs is a meaningful estimate. The Expected Credit Loss (ECL) is sensitive to changes in circumstances and forecasted economic conditions. The Company's historical credit loss experience and projected future economic conditions may not represent actual customer future insolvency.

At each reporting date, the Company reviews inventories for impairment. This activity is carried out at the production batch level and refers to the material expiry date and any product non-conformity.

Defined benefit plans (pension funds)

The cost of defined benefit pension plans and other post-employment benefits and the current value of the defined benefit obligation are defined using actuarial valuations. Actuarial valuations require the use of various assumptions that may differ from actual future developments. These assumptions define the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, these estimates are susceptible to assumption changes. All assumptions are reviewed annually.

Taxes

The Company is subject to the Italian tax and fiscal regime. The directors interpret these regulations when defining taxable income and quantifying the taxes to be paid. Deferred tax assets are recorded for unused tax losses to the extent that it is probable that taxable income will be available in the future to allow losses use. Significant estimation by management is required to determine the tax assets that can be booked based on the level of future taxable profits, the timing of their occurrence and the appropriate tax planning strategies.
With reference to the recoverability of the balance sheet assets recognised as deferred tax assets, the directors prepared a business plan at group and legal entity level structured on a 2025-2029 timeframe, approved by the Board of Directors' meeting held on 07 March 2025, from which it can be inferred that the tax profits generated under the plan are sufficient to recover the deferred tax assets recorded under tax losses.

Impairment of non-financial assets

Impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less the sales costs and its use-value. The use-value calculation is based on a discounted cash flow model. The recoverable amount depends significantly on the discounted cash flow model's discount rate, the expected future cash flows, and the growth rate used for the extrapolation. Since the directors did not identify any impairment indicators for the Nutra and Pharma BUs as of 31 December 2024, no impairment test was conducted on the related invested capital.

Verification of the investments' book value

As detailed in the paragraph on accounting principles for equity investments, directors use complex assumptions and estimates when performing an impairment test which are subject to their judgement. The main assumptions underlying this concern:

- forecasting future cash flows, for the explicit period of the Group's business plan;
- defining normalised cash flows underlying the estimate of the final value;
- defining long-term growth rates and discount rates applied to future cash flow forecasts.

INCOME STATEMENT

2.1 Revenue from contracts with customers

Revenue as of 31 December 2024 was €217,971,583, compared to €220,634,619 in the previous year, with a decrease of 1,1%. A breakdown by business unit and geographical area is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Business Unit – Nutra	142,206,355	152,432,303
Business Unit – Pharma	75,765,229	67,932,316
Total Revenue from contracts with customers	**217,971,583**	**220,364,619**

The Nutra sector, which accounts for 65.2% of the Company's turnover, saw a decrease compared to the same period last year, dropping from €152.4 to €142.2 million, with a decrease of 6.7%. The Pharma sector grew in 2024, with an increase of 11.6% compared to 31 December 2023 (+ €7.8 million).

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Italian Revenue	118,621,102	135,693,021
Foreign Revenue	99,350,481	84,671,597
Total Revenue from contracts with customers	**217,971,583**	**220,364,619**

As of 31 December 2024, turnover was mainly driven by sales to Italian VAT-registered customers, accounting for 54.4% of sales.

2.2 Other revenue and income

As of 31 December 2024, the Company's other revenue and income was €1,063,687 compared to €699,985 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
White Certificates	895,435	303,869
Write-down adjustments to receivables and liquid assets	25,673	56,719
Capital gains	57,612	221,066
Allowances and rounding up	3,873	3,985
Damage compensation	44,131	114,346
Contingent assets	36,962	-
Total other revenue and income	**1,063,687**	**699,985**

Revenues from white certificates mainly derive from the recognition in current assets of energy efficiency certificates accrued by the Company in 2024 following the installation of co-generators at the Verdellino and Brembate plants. The number of Energy Efficiency Certificates (TEE) in 2024 was estimated by the Company, with the assistance of expert consultants. The value attributed to the certificates corresponds to the guaranteed minimum withdrawal amount, as stipulated in the agreement between Fine Foods and the General Energy Manager (GSE).

Other revenue and income mainly included the portion of grants received as tax credits for the year. Revenue from claims mainly included reimbursements of claims from insurance companies. In 2023, the indemnity from Zurich related to the fire occurred at the Brembate plant for €101,000 was recorded.

2.3 Costs for raw materials, change in inventories of finished goods and work in progress.

As of 31 December 2024, the cost of raw materials and consumables, net of change in inventories, was €124,800,519 compared to €138,243,648 in the previous year, with a decrease of 9.7%. The impact of costs of purchasing materials on revenue from customer contracts (57.3%) is down from the value recorded in 2023 (62.7%).
A breakdown is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Goods on purchase account	115,568,806	136,379,989
Raw materials, ancillary materials, and consumables	2,823,334	2,470,349
Change in inventories of raw materials, ancillary materials, consumables, and goods	3,610,776	954,517
Change in inventories of finished goods and work in progress	2,797,604	(1,561,207)
Total costs for consumption of raw materials, change in inventories of finished goods and work in progress	**124,800,519**	**138,243,648**

The "Change in inventories of raw materials, ancillary materials, consumables and goods" item includes the effects on the income statement of changes in the inventory write-down provision. Please refer to note "3.9 Inventories".

2.4 Personnel costs

As of 31 December 2024, the Company's personnel costs were €41,461,647 compared to €37,219,328 in the previous year, with an increase of 11.4%. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Wages and salaries	25,238,419	23,731,520
Social security contributions	8,053,536	7,896,099
Severance indemnity	1,580,786	1,499,323
Temporary employment	5,088,907	4,092,385
Provision for salary adjustments	1,500,000	-
Total personnel costs	**41,461,647**	**37,219,328**

The increase in personnel expenses is due to the recruitment of new employees, a higher reliance on temporary staff, the estimated provision for salary adjustments (€1.5 million), and expenses related to the termination of employment for certain executives (€0.5 million).

2.4.1 Employment data

The following table shows the number of Company employees, broken down by category:

Employment data (expressed in units)	**31 December 2024**	**31 December 2023**
Executives	17	17
White-collar employees	245	219
Blue-collar employees	398	402
Total employees	**660**	**638**

2.5 Costs for services

As of 31 December 2024, the Company's service costs were €20,085,499 compared to € 20,371,482 in the previous year, with a decrease of 1.4%. A breakdown is provided below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**

Ordinary maintenance costs	3,304,842	2,830,461
Temporary employment	819,367	635,101
Various utilities	2,449,872	3,536,192
Transport, fuel and tolls costs	627,971	841,646
Consultancy costs	2,205,732	1,987,417
Cleaning, pest control and surveillance costs	1,709,032	1,672,574
Statutory auditors and directors remuneration	1,272,482	1,974,550
Costs for processing goods on behalf of third parties	570,916	633,892
Rental, lease and miscellaneous costs	596,044	686,943
Luncheon vouchers	850,206	828,446
Trade fair and advertising costs	572,290	603,006
Waste, effluent and solid waste disposal	953,719	1,087,946
Insurance	546,232	570,942
Electronic Data Processing fees	722,757	688,162
Bank fees	74,508	196,571
External and ecological analyses	802,637	667,518
Qualifications and Calibration	213,866	200,987
One-off legal expenses	100,000	-
Non-competition agreement:	700,000	-
Sales commissions	286,533	205,541
Other costs	706,493	523,586
Total service costs	**20,085,499**	**20,371,482**

The "Rental, lease and miscellaneous costs" item refers to short term and low-value contracts for which the Company took advantage of the exemption granted by the principle, as reported in paragraph "3.4 Leases." The "Various Utilities" item decreased compared to the figure recorded as of 31 December 2023. In 2023, the item showed the significant effects of increased electricity and methane costs.
The "Directors' remuneration" item for 2024 saw a notable decrease compared to 2023, primarily due to lower bonuses allocated on an accrual basis.
Additionally, some one-off expenses were incurred in 2024, including costs associated with the non-competition agreement signed with the former CEO, Ferraris.

2.6 Other operating costs

Other operating costs as of 31 December 2024 were €1,810,815 compared to €1,180,540 in the previous financial year.

(Amounts in Euro units)	31 December 2024	31 December 2023
Penalties and indemnities	709,416	84,024
Duties and taxes	388,707	417,688
Contingency liabilities	5,389	-
Capital losses	66,432	107,321
Membership Fees	184,229	151,388
Entertainment costs and gifts	38,202	19,456
Waste and reclamation costs	25,907	22,095
Costs for certifications, endorsements and Chamber of Commerce fees	25,787	28,844
Donations	35,180	43,820
Bad debt provision	168,051	154,458
Other operating costs	163,513	151,446
Total other operating costs	**1,810,815**	**1,180,540**

The “Other operating costs” item includes various residual expenses, such as vehicle tax, fines, courier and corporate social expenses.

2.7 Amortisation, depreciation, and impairment losses

As of 31 December 2024, the Company's amortisation, depreciation and impairment losses were €13,312,217 compared to €13,799,196 in the previous financial year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Depreciation of tangible assets	12,561,544	12,373,463
Amortisation of intangible assets	701,440	695,058
Amortisation of rights of use	49,233	55,204
Tangible Fixed Assets Write-downs	-	675,472
Total amortisation, depreciation, and impairment losses	**13,312,217**	**13,799,196**

The *"Tangible fixed assets write-downs"* item included the demolition of a building in Brembate which took place in October 2023 as part of the extraordinary works to expand the Pharma production facility.

2.8 Changes in Fair Value of financial assets and liabilities

As of 31 December 2024, changes in the fair value of financial assets and liabilities showed a negative balance of €12,881 compared to a positive balance of €1,703,519 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Change in fair value of other securities	(12,881)	1,703,519
Total changes in fair value of financial assets and liabilities	**(12,881)**	**1,703,519**

The "*Changes in fair value of other securities*" item mainly shows the change in fair value of securities held with a major credit institution, as mentioned in paragraph 3.12 "Current financial assets." The securities portfolio was completely and permanently disposed of in H1 2024, making the charges recognised in the Income Statement for this period final. From opening to closure, the asset management generated a total positive cash flow of € 5.7 million.

2.9 Equity investment income and charges

As of 31 December 2024, there were no recorded income or expenses from investments, which were €13,922,188 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Investment write-down	-	13,922,188
Total equity investment income and charges	**-**	**13,922,188**

In 2023, following an impairment test on the investment in Euro Cosmetic, an impairment loss of €13.9 million was recognised. After conducting the same impairment test in 2024, no additional impairment was required. For more details, refer to paragraph 3.4 "Investments."

2.10 Financial income

As of 31 December 2024, the Company's financial income was €1,261,200 compared to €593,248 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Foreign exchange gains	34,352	55,811
Bank interest income	657	271,135
Intercompany financing interest	566,304	266,482

Leakage receivable interest	659,886	-
Total financial income	**1,261,200**	**593,428**

Interest income of € 566,000 derived from the loan of € 11 million that Fine Foods granted to Euro Cosmetic, as reported in section 1.1 "Significant events for the period."
During the second half of 2024, the Company received payment for a financial receivable previously recorded under current assets as a Leakage Receivable. Only upon collection was the accrued interest—from the receivable's due date—recognised in the Income Statement.

2.11 Financial charges

As of 31 December 2024, the Company's financial charges were €3,128,364 compared to €4,411,200 in the previous year. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Interest expenses on bonds	-	68,353
Interest expenses on financing and bank loans	2,764,381	3,745,224
Interest expenses on bank accounts	115,718	458,069
Interest expenses (Factoring)	116,405	73,396
Foreign exchange losses	99,881	35,639
Financial charges on severance indemnity discounting	26,546	30,519
Interest on financial liabilities for lease	5,433	-
Total financial charges	**3,128,364**	**4,411,200**

The decrease in financial charges was mainly attributable to lower debt exposure to credit institutions.
This was accompanied by a reduction in interest rates.

2.12 Income tax

As of 31 December 2024, the income tax item showed a positive balance (cost) of €3,647,029 compared to the positive balance (cost) of €1,651,280 in the previous year.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Current taxes	952,274	549,729
Deferred tax assets and liabilities	2,764,487	1,054,033
Taxes from previous years	(69,732)	47,518
Total income tax	**3,647,029**	**1,651,280**

As of 31 December 2023 and 31 December 2024, Fine Foods accrued a current tax liability for IRAP purposes and used part of its deferred tax assets allocated on past tax losses and on the ACE benefit against a positive IRES tax base.

Taxes from previous years referred to the adjustments in IRAP and IRES estimates, made for the Financial Statements when preparing tax returns.

The reconciliation between the income taxes recorded and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the years ended 31 December 2023 and 2024 is as follows:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Pre-tax profit from operations on a going concern basis	15,684,527	(5,786,030)
Pre-tax profit/(loss) from discontinued operations	-	-
Accounting profit before tax	**15,684,527**	**(5,786,030)**
Theoretical income tax	**4,375,983**	**(1,614,302)**

Tax effect on permanent differences	141,233	4,355,762
Tax effect on temporary differences	(160,165)	218,692
Effect on tax benefits	(672,379)	(1,061,900)
Income taxes	**3,684,672**	**1,898,251**
Effective income tax rate:	**23.5%**	**(32.8%)**

For details on deferred taxes, see 3.7 Deferred tax assets and note 3.8 Deferred tax provision.

BALANCE SHEET

ASSETS

3.1 Property, plant and machinery

The net book value of tangible fixed assets as of 31 December 2024 was €110,796,803 compared to €91,168,051 as of 31 December 2023. Changes in tangible fixed assets and their respective accumulated depreciation are shown below.

(Amounts in Euro units)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**Fixed assets under construction and advances to suppliers**	**Total property, plant and machinery**
Historical cost - 31 December 2023	**65,173,546**	**116,007,965**	**10,853,781**	**9,333,183**	**5,664,864**	**207,033,339**
Increases	228,716	2,277,680	1,032,374	726,185	28,084,990	**32,349,944**
Decreases	-	(551,891)	(211,299)	(516,862)	-	**(1,280,052)**
Reclassifications	67,511	3,129,138	26,562	25,220	(3,248,431)	**-**
Write-downs	-	-	-		-	**-**
Other changes	2	(9)	(17,680)	(34,656)	(270)	**(52,613)**
Historical cost - 31 December 2024	**65,469,775**	**120,862,883**	**11,683,739**	**9,533,069**	**30,501,153**	**238,050,619**
Amortisation provision - 31 December 2023	**25,278,652**	**74,683,225**	**9,085,963**	**6,817,446**	**-**	**115,865,286**
Increases	2,225,193	8,363,737	1,019,989	951,969	-	**12,560,888**
Decreases	-	(535,322)	(211,299)	(378,731)	-	**(1,125,352)**
Reclassifications	-	-	-	-	-	**.**
Write-downs	-	-	-	-	-	**-**
Other changes	-	-	(17,685)	(29,322)	-	**(47,007)**
Amortisation provision - 31 December 2024	**27,503,845**	**82,511,642**	**9,876,968**	**7,361,363**	**-**	**127,253,817**
Net book value - 31 December 2023	**39,894,895**	**41,324,740**	**1,767,818**	**2,515,736**	**5,664,864**	**91,168,051**
Net book value - 31 December 2024	**37,965,931**	**38,351,241**	**1,806,771**	**2,171,708**	**30,501,153**	**110,796,803**

The main capital expenditures made in the period referred to advances to suppliers for the purchase of plant and machinery and expansion of the Brembate pharmaceutical manufacturing facility.

3.2 Other intangible fixed assets

The net book value of intangible assets as of 31 December 2024 was €1,306,429 compared to €1,307,011 as of 31 December 2023. Changes in intangible fixed assets and their respective amortisation provisions are shown below.

(Amounts in Euro units)	**Industrial patents and intellectual property rights**	**Total intangible fixed assets**
Historical cost - 31 December 2023	**5,539,363**	**5,539,363**

Increases	700,858	700,858
Decreases	-	-
Historical cost - 31 December 2024	**6,240,221**	**6,240,221**
Amortisation provision - 31 December 2023	**4,232,352**	**4,232,352**
Increases	701,440	701,440
Decreases	-	-
Amortisation provision - 31 December 2024	**4,933,792**	**4,933,792**
Net book value - 31 December 2023	**1,307,011**	**1,307,011**
Net book value - 31 December 2024	**1,306,429**	**1,306,429**

Intangible fixed assets mainly refer to software licences.

3.3 Leases

The Company adopted IFRS 16 as of 1 January 2019.

The breakdown of the right of use by nature of the underlying assets is shown below:

(Amounts in Euro units)	**Property**	**Equipment**	**Total**
Right of use as of 31 December 2023	**873,158**	**136,898**	**1,010,056**
Increase	108,313	-	108,313
Decrease	-	-	-
Write-downs	-	-	-
Other changes	(2,537)	-	(2,537)
Right of use as of 31 December 2024	**978,934**	**136,898**	**1,115,832**
Amortisation provision as of 31 December 2023	**789,171**	**133,694**	**922,866**
Increase	48,566	3,204	51,770
Decrease	-	-	-
Write-downs	-	-	-
Other changes	(2,537)	-	(2,537)
Amortisation provision as of 31 December 2024	**835,201**	**136,898**	**972,099**
Net book value as of 31 December 2023	**83,987**	**3,204**	**87,190**
Net book value as of 31 December 2024	**143,734**	**-**	**143,733**

Below is a breakdown of the current and non-current liabilities arising from applying IFRS 16 as the Right of use as of 31 December 2024.

Financial liability	
Financial liability as of 1 January 2024	**88,384**
Increases	108,313
Interest	5,433
Fees	(53,240)
Other changes	(2,537)
Financial liability as of 31 December 2024	**146,353**
Short-term financial liability	49,090
Long-term financial liability	97,263

Under the IFRS 16 international accounting standard - "Leases" - an incremental borrowing rate (IBR) was considered as the sum of the risk-free rate (Swap standard rate vs six-month Euribor for each due date), recorded at the transition date to the international accounting standards and a pure risk component corresponding to the "credit risk" attributable to the Company (1%).

The Company has some lease contracts that include options for extension or early termination. Management negotiates these options to flexibly administer the leased assets portfolio and align management to the Company's operational needs. Management exercises significant professional assessment to define which extension or early termination options will be exercised with reasonable certainty. Renewal for contracts that did not provide for it or for contracts already being considered for early termination was not considered.

3.4 Investments

The net book value of investments as of 31 December 2024 was € 24,951,994.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Euro Cosmetic investment	24,951,994	24,951,994
Total Investments	**24,951,994**	**24,951,994**

As required by the relevant accounting standards, the Company performs an impairment test when an impairment indicator becomes apparent. Among the various impairment indicators, the Company considered elements such as i) the relationship between the investment carrying value and the subsidiary's net assets, ii) the results achieved during the financial year by the subsidiary, iii) other factors such as strategic business decisions, iv) sudden changes in the competitive environment or main economic variables.

In view of the subsidiary 's negative EBITDA, the Company decided to perform an impairment test.

During the impairment test, the net book value of the investment was compared with its recoverable value, i.e. the higher between the fair value and the use-value obtainable by discounting the expected cash flows.

The main assumptions used to define the investments equity value related to the discount and long-term growth rates and cash flows deriving from the Company's business plans.

According to the reference accounting principles, the estimate of the use-value is made by discounting the operating cash flows, i.e. the flows available before the repayment of the financial debts and the shareholders' remuneration at a rate equal to the weighted average of the debt cost and the shareholders' equity (WACC).

The main assumptions used to determine the value-in-use of the investment referred to the cash flows deriving from the business plan, the discount and long-term growth rates.

The directors estimated the equity value of the subsidiary Euro Cosmetic S.p.A. using the unlevered discounted cash flow method based on the following:

- For cautious valuation, the projections in the business plan were adjusted by reducing the detailed forecast period to three years, up to 2027, and by considering the Group's usual practice of using a five-year timeframe for its financial planning;
- A weighted average cost of capital (WACC) of 9.65%;
- A long-term growth rate (g) for determining the terminal value of 2%.

The impairment tests and their underlying business plans were approved by the Board of Directors at its 07 March 2025 meeting.

During the impairment test, the directors were supported by an expert who provided a fairness opinion on: (i) the valuation methodology used to determine the recoverable value of Euro Cosmetic and (ii) the valuation parameters adopted by management.

The tests conducted did not reveal any need for an impairment loss on the investment in the subsidiary Euro Cosmetic.

A sensitivity analysis was carried out, concerning:

- 1% WACC increase/decrease
- Increase/Decrease in the growth rate of 0.5%

As a result of this assessment, the impairment test using a three-year explicit cash flow projection showed a difference between the Recoverable Amount and the Carrying Amount ranging from +€11,249,000 to -€6,792,000. In contrast, the impairment test using a five-year explicit cash flow projection showed a difference between the Recoverable Amount and the Carrying Amount ranging from +€22,459,000 to +€782,000, depending on changes in the underlying variables.

3.5 Non-current financial assets

Non-current financial assets as of 31 December 2024 were € 11 million and included the loan granted by Fine Foods to Euro Cosmetic, which will be repaid starting from 2026, under the business plan.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Intercompany financing	11,000,000	11,000,000
Total non-current financial assets	**11,000,000**	**11,000,000**

3.6 Other non-current assets

The value of other non-current assets as of 31 December 2024 was €583,749 compared to €425,315 as of 31 December 2023.

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Tax credit for subsidised assets – amount after 12 months	583,749	425,315
Total other non-current assets	**583,749**	**425,315**

This is the amount after 12 months of the tax credit for capital goods 4.0 and the tax credit for investments in tangible assets (formerly super depreciation).

3.7 Deferred tax assets

Deferred tax assets as of 31 December 2024 were €2,551,439 compared to €5,324,992 as of 31 December 2023, and are calculated on the portions of costs subject to deferred taxation under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a breakdown.

(Amounts in Euro units)	**01/01/2024**	**2024 EC taxes**	**31/12/2024**
Deferred tax assets for inventory write-down	167,540	(2,754)	164,786
Deferred tax assets for goodwill amortisation	135,415	(27,084)	108,331
Deferred tax assets on tax losses	5,013,091	(3,188,338)	1,824,753
Deferred tax assets on salary adjustments	-	446,400	446,400
Deferred tax assets for other items	8,945	(1,777)	7,169
Total deferred tax assets	**5,324,992**	**(2,773,553)**	**2,551,439**

The change in deferred tax assets for tax losses recorded in 2024 derived from their use due to the Company attaining a positive taxable income (IRES) in the tax estimation as of 31/12/24. Fine Foods benefits from accumulated ACE tax relief, but no longer fully offsets the IRES tax due, resulting in a minor IRES liability as of 31 December 2024.

As of 31 December 2024, the directors believe that it is reasonable to fully recover deferred tax assets recognised in tax losses generated by Fine Foods during previous years from the taxable profits that the Company will earn in the future, as provided for in the long-term plan (2025-2029) approved by the Board of Directors on 07 March 2025.

Deferred tax assets on salary adjustments refer to the provision for risks recorded as of 31 December 2024.

3.8 Provision for deferred taxes

As of 31 December 2024, the Company's deferred tax provision was €9,213 compared to €9.441 as of 31 December 2023 and was calculated under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a detail of the transactions that generated deferred taxes and their impact on the Income Statement and Shareholders' equity as of 31 December 2024.

(Amounts in Euro units)	**31 December 2023**	**2024 financial year**	**OCI**	**31 December 2024**
Deferred taxes Severance Pay IAS 19	9,441	(2,465)	2,237	9,213
Total deferred taxes	**9,441**	**(2,465)**	**2,237**	**9,213**

3.9 Inventories

Inventories net of the related write-down provision for finished products and goods as of 31 December 2024 were €27,697,069 compared to €34,105,448 as of 31 December 2023.

(Amounts in Euro units)	31 December 2024	31 December 2023
Raw materials, ancillary materials, and consumables	20,245,341	23,865,988
Raw, ancillary materials and consumables write-down provision	(590,632)	(600,503)
Work in progress and semi-finished products	3,656,358	3,516,046
Finished products and goods	4,386,001	7,323,918
Total inventories	**27,697,069**	**34,105,448**

Asset inventories are valued at the lower of purchase or production cost and realisable value based on market trends. The purchase cost includes any directly attributable ancillary charges.

Changes in the obsolescence provision are shown below:

Balance as of 31 December 2023	**600,503**
Provision allocation	225,943
Provision Use	(235,814)
Balance as of 31 December 2024	**590,632**

The inventory obsolescence provision set aside as of 31 December 2024 was €590,632 and was intended to cover write-downs made due to goods expiring or non-compliant.

Uses for the year are those disposals made in 2024 concerning expired or non-conforming batches set aside as of 31 December 2023.

3.10 Trade receivables

As of 31 December 2024, trade receivables were €32,644,644 (€29,998,136 as of 31 December 2023), net of the related bad debt provision of €965,606 (€893,455 as of 31 December 2023).

As of 31 December 2024 (and 31 December 2023), the Company had put in place a non-recourse credit assignment transaction (factoring) for €4.9 million (€3.6 million as of 31 December 2023). Under IFRS 9, the assignment was deemed conclusive due to the significant transfer of all risks and benefits to the factoring company, resulting in the formal derecognition of the receivable.

The table below shows the distribution by geographical area of the trade receivables amount, which does not consider the bad debt provision.

(Amounts in Euro units)	31 December 2024	31 December 2023
ITALY trade receivables	18,582,154	18,211,653
EEC trade receivables	13,690,725	10,610,699
NON-EEC trade receivables	1,337,371	2,069,239
Total trade receivables	**33,610,250**	**30,891,591**

As of 31 December 2024, invoices to be issued of €1,049,804 and credit notes to be issued of €436,241 were allocated, mainly referring to price adjustments applied to one of the main customers.

The first five customers represent 57.6% of the trade receivables (gross of the bad debt provision) reported in the Financial Statements for approximately €19,368,882

Changes in the bad debt provision are summarised below:

Balance as of 31 December 2023	**893,455**
Provision allocation	168,051

Provision Use	(95,900)
Balance as of 31 December 2024	**965,606**

Trade receivables, net of bad debt provision, are shown in the table below:

(Amounts in Euro units)	31 December 2024	31 December 2023
ITALY trade receivables	18,413,345	17,770,877
EEC trade receivables	13,145,830	10,419,518
NON-EEC trade receivables	1,085,468	1,807,742
Total trade receivables	**32,644,644**	**29,998,136**

Customer credit quality is assessed based on a generic sector assessment. Individual credit limits are established for all customers based on this assessment. Open trade receivables and assets arising from contracts are monitored regularly. An impairment analysis is performed on receivables at each Financial Statements date, using a matrix to measure expected losses.

The calculation is based on the receivable recovery probability and historical analysis of losses on receivables that have never been of a significant amount. The assessment considers the money time factor and information on past events available at the reporting date, current conditions and expected market scenarios.

The following table shows the ageing of trade receivables:

(Amounts in Euro units)

31 December 2024	Total receivables	Not due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-180	Overdue +180
Italy	18,724,017	15,862,696	2,520,811	138,866	25,686	7,904	168,054
EEC	13,723,603	9,315,231	3,783,205	220,576	207,692	2,612	194,288
Non-EEC	1,162,630	376,843	692,978	72,818	176	420	19,394
Gross trade receivables	**33,610,250**	**25,554,770**	**6,996,994**	**432,260**	**233,553**	**10,936**	**381,736**
% write-down of receivables	2.9%	0.0%	0%	78.5%	100.0%	100.0%	100.0%
Bad debt provision	965,606	-	-	339,381	233,553	10,936	381,736
Net trade receivables	**32,644,644**	**25,554,770**	**6,996,994**	**92,879**	**-**	**-**	**-**

3.11 Tax receivables

As of 31 December 2024, tax receivables were €0 compared to €86,473 in 2023. This is detailed below:

(Amounts in Euro units)	31 December 2024	31 December 2023
IRES receivables	-	86,473
IRAP receivables	-	-
Total tax receivables	**-**	**86,473**

3.12 Other current assets

Total other current assets as of 31 December 2024 were €7,243,968 compared to €6,353,192 as of 31 December 2023. The table below provides a breakdown.

(Amounts in Euro units)	31 December 2024	31 December 2023
VAT receivables	3,981,790	3,291,099
Receivables for withholding tax on collected coupons, dividends and realised capital gains	1,178,044	1,195,789
Receivables from social security and welfare institutions	35,625	36,203
White Certificates	333,630	444,959
Receivables for energy account withholdings	4,836	4,281
Accrued income and prepaid expenses	282,661	22,285
Other receivables	148,327	453,578

Tax receivables for facilitated investments	1,279,054	904,998
Other receivables	-	-
Total other current assets	**7,243,968**	**6,353,192**

The VAT receivable will be offset in 2025 following the submission of the VAT Form 2025.

The "Receivables for withholding tax on collected coupons, dividends and capital gains" item mainly referred to the amounts withheld from the Fine Foods asset management, which will be recovered by submitting specific reimbursement requests to the relevant tax authorities or by offsetting the IRES payable.

The "Other receivables" balance is composed of advances to suppliers for goods and services.

3.13 Current financial assets

As of 31 December 2024, current financial assets were €786,107 (compared to €3,888,082 as of 31 December 2023). This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Other securities	-	154,624
Accrued income - interest on intercompany financing	786,107	266,482
Leakage receivable	-	3,466,976
Total current financial assets	**786,107**	**3,888,082**

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

- As of 31 December 2023, the portfolio Fair Value was €154,600,000.
- In February 2024, the Company definitively closed the position, recording a negative change in Fair Value in the Income Statement for € 13,000.

The Company's business model was to hold these securities for trading purposes. For this reason, the securities portfolio has been classified as financial assets measured at fair value with changes recorded directly in the income statement, in the "Changes in fair value of financial assets and liabilities" item.

On 9 July 2024, the presiding Judge of the Leakage Receivable case, having noted the absence of evidence demonstrating any manifest error or unfairness in the Expert's determination regarding the price adjustment and recognising the binding nature of such determination on both parties, granted provisional enforcement of the opposed court order. A hearing has been scheduled for 17 February 2026 for the closing arguments. During the second half of 2024, the Leakage Receivable was fully collected, along with the accrued interest up to the collection date.

3.14 Cash and other liquid assets

As of 31 December 2024, the Company's cash and other liquid assets were €15,506,069 compared to €17,047,578 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Bank and postal deposits	15,500,862	17,041,296
Cash and cash equivalents on hand	5,207	6,283
Total cash and other liquid assets	**15,506,069**	**17,047,578**

SHAREHOLDERS' EQUITY

4.1 Shareholders' equity

For the share capital please refer to the following paragraph "Categories of shares issued by the Company."
All subscribed shares have been fully paid up.
Other reserves are detailed below:

(Amounts in Euro units)	**31 December 2024**	**31 December 2023**
Legal reserve	5,000,000	5,000,000
Negative reserve for treasury shares in the portfolio	(14,139,356)	(14,021,029)
Merger surplus reserve	19,366,185	29,741,389
Share premium reserve	86,743,750	86,743,750
Extraordinary reserve	1,532,549	1,532,549
Reserve for share-based payments	-	-
Other reserves	11,311,789	11,311,789
Total reserves	**109,814,917**	**120,308,448**

Availability and use of Shareholders' equity

The following tables show the Shareholders' equity items analytically, their origin, use and distribution.

(Amounts in Euro units)	**Amount**	**Origin/Nature**	**Use**	**Available amount**
Share Capital	22,770,445	Capital	-	-
Legal reserve	5,000,000	Capital	B	5,000,000
Negative reserve for treasury shares in the portfolio	(14,139,356)	Capital	-	-
Merger surplus reserve	19,366,185	Capital	A,B	16,178,147
Share premium reserve	86,743,750	Capital	A,B,C	86,743,750
Extraordinary reserve	1,532,549	Profits	A,B,C	1,532,549
Warrant conversion reserve	11,311,789	Capital	A,B,C	11,311,789
FTA reserve	(6,669,789)	Capital	-	-
Employee benefit reserve	23,990	Capital	-	-
Operating result	12,037,498	Profits	-	-
Total Shareholders' equity	**137,977,061**			**120,766,235**
Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders; D: for other statutory constraints; E: other				

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Categories of shares issued by the Company

The following table shows the number and nominal value of Parent Company's shares. No movements occurred during the period.

Type	**Final number**
Ordinary Shares	22,060,125
Redeemable Shares	-
Multiple-voting Shares	3,500,000

Special Shares	-
Total	**25,560,125**

The Company is constantly engaged in buyback activities (repurchase of its shares on the market), which indicates that the Company believes in its own structural and market growth and that its value is reflected in the negative reserve for the treasury shares in the portfolio. The objective of the buy-back plan is to prepare for upcoming acquisitions and synergies, to enhance the planned expansion phase.

LIABILITIES

4.2 Non-current bank borrowings

As of 31 December 2024, non-current bank borrowings were €30,799,769 compared to €4,141,720 as of 31 December 2023. This is detailed below:

(Amounts in Euro units)	31 December 2024	31 December 2023
MedioCredito mortgage loan	2,489,863	4,141,720
Intesa loan	28,309,906	-
Total non-current bank borrowings	**30,799,769**	**4,141,720**

MedioCredito mortgage loan

The debt for the mortgage loan taken out in 2016 by Fine Foods, due on 30 June 2027, with payment of interest and related costs, was valued at amortised cost using the effective interest rate method, under the provisions of international accounting standard IFRS 9 "Financial Instruments."

Below are the 06/08/2016 mortgage loan contract main features:

- Total amount € 15,000,000;
- Amount disbursed at signing € 5,000,000;
- Amount disbursed during 2017 € 5,000,000;
- Amount disbursed during 2018 € 3,500,000;
- Amount disbursed during 2019 € 1,500,000;
- Rate: Six-month Euribor + 1%.
- There are no financial constraints on the loan

Intesa loan

On 25 February 2022, Intesa Sanpaolo and Fine Foods have signed a € 70 million financing deal to support growth and development projects. In 2023, Fine Foods made an early repayment of € 20 million in capital, coinciding with the closure of its securities portfolio. The loan provides for financial covenants based on the following indicators to be calculated on the Group's consolidated financial statements:

➢ NFP / EBITDA

➢ NFP / EQUITY

➢ EBITDA/Financial charges

As of 31 December 2024, all financial covenants were met. Based on the Group’s 2025–2029 business plan, approved on 7 March 2025, these covenants are expected to remain compliant throughout the loan’s duration.

The financial parameter EBITDA/Financial charges on 31 December 2023, calculated as contractually stipulated, exceeded the limit. On 12 March 2024, the bank consented to include in the ratio calculation the income from the fair value measurement of financial assets, mainly related to the securities portfolio closure mentioned above. Using this calculation method ensured compliance with the covenant.

The medium- and long-term financing had been reclassified to short-term as of 31 December 2023 under IAS 1.74. Starting from the quarterly report as of 31 March 2024, the classification of the bank loan was reinstated based on the original amortisation schedule.

4.3 Current bank borrowings

As of 31 December 2024, current bank borrowings were €17,028,200, compared to €53,335,668 as of 31 December 2023, broken down as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
Invoice advances	6,900,000	6,900,000
Accrued expenses	4,971	298,014

Factor	424,887	-
Loans and mortgages - amount due within 12 months	9,698,342	46,137,654
Total current bank borrowings	**17,028,200**	**53,335,668**

For the change in the portion of loans and mortgages within the financial year, please refer to the previous paragraph.

The "Factor" balance is the debt accrued by Fine Foods to the bank acting as Factor for customer receivables assigned without recourse, which remained unreimbursed as of 31 December 2024.

4.4 Employee benefits

As of 31 December 2024, the "Employee benefits" item was €788,435 compared to €853,730 as of 31 December 2023. This item refers exclusively to provisions set aside for severance indemnities.

(Amounts in Euro units)	
Balance as of 01 January 2024	**853,730**
Provision Use	(82,522)
Discounting interest current year	26,546
Actuarial profits and losses current year	(9,319)
Balance as of 31 December 2024	**788,435**

As required by the international accounting standard, IAS19, the valuation of the Severance indemnity fund follows the method of projecting the present value of the defined benefit obligation with the estimate of the benefits accrued by employees.

Following the changes introduced by Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing decrees and regulations, the severance indemnities accrued up to 31 December 2006 will continue to be held by the Company as a defined benefit plan (obligation for accrued benefits subject to actuarial valuation). Amounts accruing from 1 January 2007, due to the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the Company to the treasury fund managed by INPS, from when the employee makes their choice, thus becoming defined contribution plans (no longer subject to actuarial valuation).

Defining the employee severance indemnity is the result of applying an actuarial model based on various demographic and economic assumptions.

The table below shows the financial technical bases used:

	31 December 2024	31 December 2023
Annual discount rate	3.18%	3.08%
Annual inflation rate	2.00%	2.00%
Severance indemnity increase annual rate	3.00%	3.00%

The annual discount rate used to define the obligation present value was based on paragraph 83 of IAS 19, concerning market yields of primary companies' bonds at the financial year closing date.

As required by the accounting standard IAS19 "Employee benefits", the sensitivity analysis for each actuarial assumption at the year-end is shown below:

Sensitivity analysis of the main valuation parameters	DBO as of 31 December 2024	DBO as of 31 December 2023
Turnover rate +1%	790,779	856,236
Turnover rate -1%	785,888	850,991
Inflation rate +0.25%	797,153	864,069
Inflation rate -0.25%	779,849	843,559
Discount rate +0.25%	774,932	837,664
Discount rate -0.25%	802,343	870,304

Service cost and duration	2024	2023
Future annual service cost	-	-
Plan duration	7.7	8.4

Estimated future disbursements - Years	2024	2023
1	84,711	57,458
2	88,197	79,720
3	38,431	87,132
4	40,066	39,804
5	42,557	41,248

4.5 Provision for risks and charges

Provisions for risks and charges as of 31 December 2024 was €1,600,000 and is detailed as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
Provision for risks related to salary adjustments	1,600,000	-
Total provision for risks and charges	**1,600,000**	**-**

As of 31 December 2024, Fine Foods allocated €1,600,000 to the risk provision for ongoing assessments for potential negotiations with trade unions to settle claims related to employee dressing time. This included €1,500,000 for wages and Social Security contributions, and €100,000 for legal expenses. The estimate is based on an average annual cost per employee, applied to the number of active employees for each year of employment. The same calculation was used for former employees who left within the past five years and temporary staff employed as of 31 December 2024.

4.6 Trade payables

Trade payables as of 31 December 2024 were €33,064,251, compared to €26,506,816 as of 31 December 2023, broken down geographically as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
Trade payables in ITALY	28,515,733	21,349,223
EEC trade payables	3,459,832	3,728,640
NON-EEC trade payables	1,088,686	1,428,953
Total trade payables	**33,064,251**	**26,506,816**

The increase in trade payables mainly reflects investments in fixed assets made by the Company in the last quarter of 2024, for which either an invoice was recorded as payable or a liability was recognised for invoices yet to be received.

4.7 Taxes payable

Taxes payable as of 31 December 2024 were €219,112 and are broken down as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
IRES payables	16,044	-
IRAP payables	203,068	575,488
Total taxes payable	**219,112**	**575,488**

Taxes payable reflect the allocation of current tax liabilities.

4.8 Other current liabilities

Total other current liabilities as of 31 December 2024 were €13,579,607, compared to €11,243,513 as of 31 December 2023, and are broken down as follows:

(Amounts in Euro units)	31 December 2024	31 December 2023
Payables due to social security and welfare institutions	2,985,595	2,667,932
Payables to employees for production bonuses and accrued thirteenth month's pay, fourteen month's pay, holidays	4,571,432	4,239,942
Payables for withholding taxes on employees	921,630	870,346
Payables for withholding taxes on self-employment	5,928	8,780
Substitute tax on severance indemnity	612	3,122
Accrued expenses and deferred income	3,633,669	1,508,035
Customer Advances	-	147,213
Other payables	1,460,742	1,798,144
Total other current liabilities and payables	**13,579,607**	**11,243,513**

The "Other payables" item includes payables to the insurance company, to directors for unpaid remuneration (including accrued bonuses).

The accrued expenses and deferred income item included deferred income related to tax credits for investments in capital goods to align them over the useful life of the related assets. Additionally, as of 31 December 2024, it included deferred income from invoiced revenue that largely pertained to future years.

5. Other information

5.1 Commitments and guarantees

	Amount
Guarantees	**25,000,000**
Collateral securities (mortgage on the property of Verdellino in favour of Mediocredito and Sace)	25,000,000
Sureties	**41,000**

5.2 Contingent liabilities

At the date of this document's preparation, there were no liabilities and contingent liabilities to be reported in the financial position or to be disclosed.

5.3 Grants, contributions and similar

On the obligation to disclose in the Explanatory Notes any sums of money received during the year as grants, contributions, remunerated appointments and any financial advantages from public administrations, the Company certifies that no sum of money has been received.

5.4 Related party transaction information

Other than the remuneration of directors, during 2024, the Company did not enter into any transactions with related parties that were under unusual market conditions.

(Amounts in Euro units)	**31 December 2024**
Directors' remuneration	1,199,682
Board of Statutory Auditors	72,800

The statutory auditors' remuneration is shown below:

(Amounts in Euro units)	**31 December 2024**
Auditing Company remuneration for audit services	88,350
Auditing Company remuneration for audit services for certification purposes	59,500
Auditing Company remuneration for other services	30,000

5.5 Events after the Financial Statements date

On 28 February 2025, the Shareholders' Meeting of Fine Foods & Pharmaceuticals N.T.M. S.p.A., held on a single call, confirmed the appointment of Pietro Oriani as a member of the Company's Board of Directors. Oriani was previously appointed by co-optation under Article 2386 of the Italian Civil Code and will serve until the approval of the Financial Statements as of 31 December 2026.
Following the Shareholders' Meeting, the Board of Directors, having verified that Oriani meets the necessary requirements for the role of Director, unanimously resolved to appoint him as Fine Foods Managing Director, granting him the relevant powers and authority. Oriani assumed the roles of Chief Executive Officer, Investor Relations Officer, and member of the ESG Committee.

5.6 Business outlook

Throughout 2024, the global economy continued to face challenges driven by macroeconomic factors, including restrictive monetary policies, persistently high inflation in many regions, and geopolitical uncertainties such as the war in Ukraine and Israeli-Palestinian conflict.

Against this backdrop of persistent uncertainty, global economic growth in 2024 stood at 3.2%, down from 3.3% in 2023, according to the International Monetary Fund (IMF).

Major advanced economies experienced a slowdown: the US grew by 2.8%, while growth in the Euro area was limited to 0.8%. High inflation and elevated interest rates continued to restrain investment and domestic demand in these regions.

Among emerging economies, China recorded GDP growth of 4.8% in 2024, supported by domestic economic stimulus policies, despite structural challenges in the real estate sector and an ongoing transition towards a more internal consumption-driven economy. However, geopolitical uncertainty and public debt management remain key concerns for the country. India, by contrast, maintained growth rates above 6%, bolstering the broader emerging economies.

The IMF projects global growth in 2025 and 2026 to remain consistent with 2024, at 3.3%, below the historical average of 3.7% (2000-2019). The US economy is expected to grow by 2.7% in 2025 and 2.1% in 2026, supported by domestic demand and favourable financial conditions. In contrast, the Euro area is forecast to expand by just 1.0% in 2025 and 1.4% in 2026, constrained by political uncertainty and a slowdown in manufacturing. Emerging economies are anticipated to continue their expansion, with China projected to grow at 4.6% and India at approximately 6.5%.

Global inflation is on a downward trajectory, with a forecast of 4.2% for 2025, bringing it closer to the targets set by major central banks, although disparities between advanced and emerging economies persist. While global financial conditions remain relatively accommodative, the strengthening of the US dollar, driven by persistently high interest rates, could impact emerging economies and global trade balances.

The key risks to the global economy include the potential resurgence of geopolitical tensions, the possible escalation of protectionist measures, and fluctuations in financial markets, which could negatively affect growth dynamics in the coming months.

The market segments in which the Company operates are expected to grow in the coming years, in Europe and globally. The trend of major industry players outsourcing nutraceutical, pharmaceutical, and cosmetics production to subcontractors was confirmed. Fine Foods & Pharmaceuticals N.T.M. S.p.A. aims to strengthen its competitive position by expanding its market share across its business units—Nutra and Pharma—enhancing their synergies. The Company is attentive to potential growth opportunities through acquisitions.

The Nutra BU will maintain its focus on quality, innovation, and the development of advanced services to support its customers. The plan to increase production capacity by expanding the current plant was confirmed, with initial investments planned for 2025.

In 2025, the Pharma BU will continue to focus on managing the anticipated strong growth from significant multi-year agreements signed with key international customers. The production plant expansion initiated in late 2023 is progressing as planned and expected to be completed in 2025, and generate revenue in 2026. The Company will continue its commitment to sustainability, reinforcing its position as a trusted partner by offering solutions that align with rising market expectations.

5.7 Proposed allocation of the operating result

Dear Shareholders, considering the above, the governing body proposes:

- to approve the Fine Foods & Pharmaceuticals N.T.M. S.p.A. 31 December 2024 Financial Statements, which showed a profit for the year of €12,037,498;
- to allocate the Profit for the period to the extraordinary reserve.
- to distribute a dividend of € 0.14 for each eligible share, using part of the merger surplus reserve.

Verdellino, 13 March 2025

for the Board of Directors

Chairman

Marco Francesco Eigenmann

Certification of the 31 December 2024 Financial Statements under Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned, Pietro Oriani, in his capacity as Managing Director, and Pietro Bassani, in his capacity as Manager responsible for preparing the Company accounts of Fine Foods & Pharmaceuticals N.T.M. S.p.A. certify the following, under art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

- the Financial Statements' adequacy in relation to the Company features;

- the practical application of the administrative and accounting procedures to prepare the Financial Statements from 1 January to 31 December 2024.

The undersigned declare that:

- The Financial Statements:

a) have been prepared under applicable International Accounting Standards, as adopted by the European Union through the EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002 and the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
b) reflect the accounting books and records;
c) provide an accurate and fair view of the issuer's assets, liabilities, profit or loss and financial position.

- The Report on Operations includes a reliable analysis of the progress and results of operations, the issuer's situation, and a description of the principal risks and uncertainties to which it is exposed.

Verdellino-Zingonia, 13 March 2025

Managing Director
Pietro Oriani

The Manager preparing the corporate accounts
Pietro Bassani

Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Financial statements as at 31 December 2024

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2024, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of Investment in Euro Cosmetic S.p.A. As of 31 December 2024, the investment in Euro Cosmetic S.p.A. amounts to Euro 24,9 million. The management at least annually evaluates any impairment indicators connected to the investment, and where impairment indicators have been identified, the investment is subjected to impairment test. The processes and methodologies used to evaluate and determine the recoverable amount of the investment, are based on complex assumptions that due to their nature, imply the use of judgement by the Directors, in particular with reference to the identification of impairment indicators, the future cash flow forecasts during the period of the Group business plan, the determination of the normalized cash flows used to estimate terminal value and the long term growth and discount rates applied to the future cash flow forecasts. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of investment we considered that this area represents a key audit matter. The disclosures related to the valuation of investments is given in note “3.4 Investments”, and in the sections “1.5.17 Investments” and “1.8.2 Estimates and assumptions”.	Our audit procedures in response to this key audit matter included, among others: • assessment of investment’s net book value; • understanding of the processes adopted by the entity in relation to the valuation of the investment; • assessment of future cash flow for the explicit period of Group business plan and the assumption used for the identification of normalized cash flows including the consistency of the future cash flow forecasts of each investment with the Group business plan; • assessing discount and long-term growth rates. The procedures described above also include the analysis of the valuations prepared by the expert appointed by management. In performing our analysis, we involved our experts in valuation techniques, who have independently performed their own calculation and sensitivity analyses of key assumptions in order to determine which changes in assumptions could materially impact the valuation of recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes and related to these matters.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Fine Foods & Pharmaceuticals N.T.M. S.p.A., in the general meeting held on 30 April 2020, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2020 to 31 December 2028.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion on the compliance with Delegated Regulation (EU) 2019/815

The Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulations (EU) 2019/815 for the regulatory technical standards on the specification of a single electronic reporting format (ESEF – European Single Electronic Format) (the "Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual financial report.

We have performed the procedures under the auditing standard SA Italia n. 700B, in order to express an opinion on the compliance of the financial statements as at 31 December 2024 with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2024 have been prepared in the XHTML format in compliance with the provisions of the Delegated Regulation.

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-*bis*) and e-*ter*) of Legislative Decree n. 39 dated 27 January 2010 and pursuant to article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and Ownership Structure of Fine Foods & Pharmaceuticals N.T.M. S.p.A. as at 31 December 2024, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Report on Operations and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998;
- issue a statement on any material misstatement in the Report on Operations and in certain specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998.

In our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, are consistent with the financial statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. as at 31 December 2024.

Furthermore, in our opinion, the Report on Operations and the specific information contained in the Report on Corporate Governance and Ownership Structure pursuant article n. 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-*ter*), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bergamo, 24 March 2025

EY S.p.A.
Signed by: Marco Malaguti, Auditor

As disclosed by the Directors on page 8, the accompanying financial statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.