

The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. today reviewed and approved the Draft Financial Statements and Consolidated Financial Statements as of 31 December 2023, and the Consolidated Non-Financial Statement under Legislative Decree no. 254/2016.

Fine Foods & Pharmaceuticals N.T.M. S.p.A. Revenues +22%, Adjusted Ebitda +64%

Highlights

- Consolidated **Revenue** in 2023 was **€251.8 million**, up 21.7% from €206.9 million in 2022.
- Group **EBITDA**¹ in 2023 was €22.3 million, up 44.5% compared to €15.4 million in 2022. **Adjusted EBITDA** was €25.8 million, up 64.2% compared to €15.7 million in the previous financial year.
- Group **EBITDA Margin** in 2023 was 8.8%, up from 7.4% in 2022. **Adjusted EBITDA Margin** was 10.3% in 2023 (7.6% in 2022).
- Group **Operating result (EBIT)** in 2023 was € 1.1 million compared to €-1 million in 2022. **Adjusted EBIT** was €9.7 million, compared to €0.3 million as of 31 December 2022
- Group **Income Before Taxes** in 2023 was €-1.9 million, with an improvement compared to €-14.2 million in the previous year. **Adjusted Income Before Taxes** was €6.8 million compared to €-12.9 million in 2022.
- The **Result for the period** was €-3.5 million, up from €-9.5 million in 2022. **Adjusted result for the period** was positive for €4.9 million compared to the negative value of €8.6 million in 2022.
- The Group's **Net Financial Position** as of 31 December 2023 was €-43.6 million, in line with the value as of 31 December 2022 of €-43.6 million.
- **Proposed distribution of a dividend** of €0.12 per ordinary share (approximately €3.3 million), up 20% if compared to the previous financial year, using part of the merger surplus reserve.

Verdellino (Bergamo, Italy), 29 March 2024 - The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. - an Italian independent Contract Development & Manufacturing Organisation (CDMO) that develops and manufactures contract products for the pharmaceutical, nutraceutical, and cosmetics industries, listed on Euronext STAR Milan (ticker: FF) today approved the Fine Foods Draft Financial Statements and the Group's Consolidated Financial Statements as of 31 December 2023.

The Consolidated Financial Statements as of 31 December 2023 are prepared under IAS/IFRS, issued by the IASB (International Accounting Standards Board) and are subject to audit.

¹ EBITDA is the operating result before depreciation, amortisation and provisions.



FY 2023 saw a progressive business growth, under the planned continuous strengthening of R&D, marketing and sales activities.

FY 2023 showed Consolidated **Revenues** of €251.8 million, **up 21.7%** compared to €206.9 million in 2022.

"We are proud of our exceptional performance in 2023, with revenue growth nearly twice the usual levels. The robustness of our business model and organisation has allowed a rebound in margins, and we are on the cusp of exceeding historical benchmarks.

As the market expands, we are prepared to increase our market share: the investments to increase production capacity, already completed within the Cosmetic BU, and those planned for the Pharma and Food BUs in the next two years, will enable us to meet the growing customer interest in our Group. This results in a highly favourable outlook for the 2024-2028 period." - **Fine Foods & Pharmaceuticals N.T.M. S.p.A. CEO Giorgio Ferraris.**

The **Pharma Business Unit** confirmed its turnover increase reaching €67.9 million compared to €54.7 million in 2022. This represented an increase of 24.2% compared to the previous year.

The **Food Business Unit** revenues in 2023 were €152.4 million compared to €117.8 million in 2022. The 29.4% increase was due to the contribution of all BU components.

The **Cosmetic Business Unit** contributed to the Group's results with revenues of €31.4 million, slightly down from €34.3 million in 2022 due to the major reorganisation in 2023 that affected the whole company.

Group **EBITDA** in 2023 was €22.3 million, with **an increase of 44.5%** compared to €15.4 million in the previous year.

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 Pharmatek merger.

Adjusted EBITDA was €25.8 million, **up 64.2%** compared to €15.7 million in the previous year.

The **EBITDA Margin** increased from 7.4% to 8.8% and the **Adjusted EBITDA Margin** from 7.6% as of 31 December 2022 to 10.3% as of 31 December 2023.

Group **Operating Profit (EBIT)** in 2023 was €1.1 million, an improvement compared to €-1 million in 2022, despite the Cosmetic Business Unit's goodwill impairment (recorded in the half-yearly Financial Statements as of 30 June 2023) of €4.4 million and the extraordinary cost of €675,000 for the demolition of a building near Brembate.

Adjusted EBIT was €9.7 million, compared to €0.3 million as of 31 December 2022

Group **Income Before Taxes** in 2023 was €-1.9 million, with a significant increase compared to €-14.2 million in the previous year. In 2023 taxes were €-1.7 million, while in 2022 they were €4.7 million. This was due to the parent company Fine Foods which had a positive taxable base in the last financial year, and used part of the deferred tax assets set aside in the previous period, generating a charge in its income statement. At the end of the previous period, the Parent Company's tax management generated a benefit largely attributable to the recognition of deferred tax assets on the tax loss.

Adjusted Income Before Taxes was €6.8 million compared to €-12.9 million in 2022.

The **Loss for the Period** was €-3.5 million, which improved compared to €-9.5 million in 2022, and was almost entirely attributable to the negative result from financial operations where financial expenses of €4.9 million were recorded (up from the previous year due to worsening interest rates).



Adjusted result for the period was positive for €4.9 million compared to the negative value of €8.6 million in 2022.

Tangible Fixed Assets increased by approximately €2.8 million in 2023, due to net investments of €17.4 million and amortisation, depreciation, and impairment losses for the period of about €14.7 million.

Intangible fixed assets and rights of use were €16.3 million as of 31 December 2023 (€22.9 million at the end of the previous financial year). This decrease was due to depreciation and amortisation of about €2 million, and the termination of lease contracts for industrial buildings located in Cremosano, which were originally owned by Pharmatek.

Working capital as of 31 December 2023 was € 42.6 million compared to € 44.2 million at the end of the previous financial year. Commercial Net Working Capital as of 31 December 2023 was €48.1 million compared to €46.3 million as of 31 December 2022. This was due to an increase in inventories (from €40.4 million as of 31 December 2022 to €42.5 million as of the end of the financial year), a decrease in trade payables (from €33.4 million as of 31 December 2022 to €32.4 million as of 31 December 2023) and a decrease in trade receivables of €1.3 million.

Shareholders' Equity as of 31 December 2023 was €126.9 million (€133.3 million as of 31 December 2022): the figure was mainly impacted by the distribution of dividends (€2.5 million) and the loss for the year (€3.5 million).

The Group's **Net Financial Position** as of 31 December 2023 was €-43.6 million, and was in line with the value as of 31 December 2022 (reduction of €57,000). Operations generated a positive cash flow of €20.3 million, which was partly absorbed by the net investments made during the period (€17.4 million), distribution of dividends (€2.5 million) and the purchase of treasury shares (€0.3 million).

EVENTS FOLLOWING THE END OF THE PERIOD

No significant events occurred after the end of the financial year.

BUSINESS OUTLOOK

Despite the slowdown which started last year, the latest projections from key forecasters indicate a generally optimistic outlook for 2024, yet predictions of growth rates continue to vary.

In a reference market experiencing volume growth, **the Group aims to expand its market share** and will persist in evolving its business across the three primary sectors - Food, Pharma and Cosmetics - by strengthening the operations of each BU. Fine Foods will seize any opportunities for growth through external lines.

The **Food BU** sales increase recorded in 2023 confirmed the effectiveness of the commercial strategies implemented. The combination of product quality and innovation, along with the enhancement of customer support services, contributes to a predominantly optimistic outlook for 2024. The Group is preparing a production capacity increase by expanding the current plant, which will bring favourable results on the top line in the 2024-2028 five-year period.

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

The **Cosmetic BU's** organisation, integration, process optimisation and investments to modernise the Trenzano production plant throughout 2023 foster the expectation that, due to improved efficiency and an increased ability to meet customer needs, a significant upswing in performance is anticipated for 2024. This should manifest in top-line growth and increased margins, positively impacting the Group's overall results.



The management is confident that the Group's revenue growth and margin improvement historical trends will continue.

Alongside financial and economic objectives, ESG issues are increasingly integrated into different Fine Foods business processes. This includes the Research and Development department's dedication to proposing solutions aimed at decreasing the environmental impact of products. The Group intends to continue its sustainability programme and serve as a benchmark for customers by assessing products that align with the evolving market demands, which include sustainability.

PROPOSED DIVIDEND DISTRIBUTION

For the next Shareholders' Meeting, convened on 29 May 2024, the Board of Directors proposes the distribution of a dividend of €0.12, gross of withholding taxes, for each ordinary share (net of treasury shares) outstanding at the record date.

The total dividend is approximately €3.3 million. The dividend will be paid by withdrawing the relevant sum from the distributable portion of the merger surplus reserve.

Under the "Regulation of Markets organised and managed by Borsa Italiana S.p.A." and as announced, the dividend will be paid in a single instalment, with ex-dividend date on 3 June 2024, record date on 4 June 2024 and payment on 5 June 2024.

CONSOLIDATED NON-FINANCIAL STATEMENT UNDER LEGISLATIVE DECREE 254/2016

Today, the Board of Directors approved the **2023 Consolidated Non-Financial Statement under Legislative Decree no. 254/2016**. This showed a further improvement in ESG performance alongside updating and issuing Policies incorporating the latest international guidelines.

FY 2023 showed a positive progress in achieving the strategic goals set for 2025. This progress was highlighted by initiatives enhancing employee inclusion and well-being, transparent disclosure of environmental performance, through the Carbon Footprint UNI EN ISO 14064 certification.

In 2023, the company received multiple awards, including the noteworthy "Platinum" EcoVadis rating in August 2023, which was confirmed with a score of 83. Fine Foods is in the top one per cent of the 100,000 companies rated by the agency globally. Morningstar-Sustainalytics rated Fine Foods' ability to manage ESG risks as "Strong" in its annual rating.



SHAREHOLDERS' MEETING CONVOCACTION

The Board of Directors resolved to call the Shareholders' Meeting, according to the financial calendar, for 29 May 2024 on a single call, with the following Agenda:

1. 31 December 2023 Financial Statements; related and consequent resolutions:
 - 1.1. Approval of the 31 December 2023 Company Financial Statements and the Board of Directors' Report on Operations; Acknowledgement of the Board of Statutory Auditors and Auditing Company Reports; Presentation of the 31 December 2023 Consolidated Financial Statements and the Consolidated Non-Financial Statement prepared under Legislative Decree no. 254/2016 for the 2023 financial year;
 - 1.2. Allocation of the result for the year;
2. Dividend distribution. Related and consequent resolutions.
3. Authorisation to buy and dispose of treasury shares under articles 2357 and 2357-ter of the Civil Code, subject to the revocation of the unexecuted part of a previous Shareholders' Meeting authorisation dated 09 May 2023. Related and consequent resolutions.
4. Report on remuneration policy and payment under Article 123-ter, paragraphs 3-bis and 6 of Legislative Decree no. 58/1998:
 - 4.1. First Section: report on remuneration policy. Binding resolution;
 - 4.2. Second Section: report on remuneration paid. Non-binding resolution.
5. Appointment of the Board of Directors. Related and consequent resolutions:
 - 5.1 Setting the number of Board of Directors members;
 - 5.2 Deciding the Board of Directors duration;
 - 5.3 Appointing the Board of Directors members;
 - 5.4 Appointing the Board of Directors Chairperson;
 - 5.5 Establishing the Board of Directors members' remuneration.
6. Appointment of the Board of Statutory Auditors for the 2024-2026 financial years. Related and consequent resolutions:
 - 6.1 Appointing three Statutory Auditors and two Alternate Auditors;
 - 6.2 Appointing the Chairman of the Board of Statutory Auditors;
 - 6.3 Establishing the Board of Statutory Auditors members' remuneration.

Further information will be made available with the publication of the Notice of Call under applicable regulations' methods and deadlines.



It should be noted that under Article 154-ter, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, the Annual Financial Report, including the Consolidated Financial Statements as of 31 December 2023, the Company draft Financial Statements as of 31 December 2023, the Management Report, the certifications under Article 154-bis, paragraph 5 of Legislative Decree 24 February 1998, no. 58 (Consolidated Law on Financial Intermediation - TUF), and the Reports prepared by the Auditing Company and the Board of Statutory Auditors, will be made available to the public today at the Company's registered office, on the Company's website at www.finefoods.it, in the Governance/Meetings section and on the authorised storage system 1info managed by Computershare S.p.A. at www.1info.it. The 31 December 2023 Consolidated Non-Financial Statement prepared under Legislative Decree no. 254 of 30 December 2016, accompanied by the Auditing Company Report, and the Report on Corporate Governance and Ownership Structure under Article 123-bis of the TUF, along with the self-assessment of the Board of Statutory Auditors and self-assessment of the Company's Board of Directors and Board Committees, their size and composition, and directors' independence requirements, will be made available using the same methods and timing. The Financial Statements and summary reports of Fine Foods' subsidiaries under Article 2429, paragraphs 3 and 4, of the Italian Civil Code, will be made public under current regulations' methods and deadlines.

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

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

Fine Foods & Pharmaceuticals N.T.M. S.p.A., listed on Borsa Italiana's Euronext STAR Milan (Ticker: FF) is an Italian independent CDMO (Contract Development and Manufacturing Organisation). It develops and manufactures contract products for the pharmaceutical, nutraceutical and cosmetics industries. Founded in 1984, Fine Foods proved to be a reliable and capable strategic partner for customers in the reference sectors. The company's organisation can provide successful design process and solid, long-term partnerships. The continuous search for excellence is part of the company's business model and includes research and development, innovation, process reliability, product quality, ESG, and sustainable management of the Group's supply chain. Fine Foods is a benefit corporation which relies on certifications and ratings under international standards. These guarantee its sustainability commitment across the business. With €251.8 million revenue in 2023, Fine Foods is a growing and future-oriented company.

For further information:

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Consolidated income statement

		Year ended 31 December	
	Notes	2023	2022
Revenues and income			
Revenues from contracts with customers	2.1	251,811,791	206,852,576
Other revenues and income	2.2	1,095,196	1,467,151
Total revenues		252,906,988	208,319,727
Operating costs			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	2.3	158,188,424	128,033,375
Personnel costs	2.4	44,431,271	38,300,569
Costs for services	2.5	25,888,270	25,190,520
Other operating costs	2.6	2,129,576	1,386,257
Amortisation, depreciation, and impairment losses	2.7	21,203,442	16,420,419
Total operating costs		251,840,983	209,331,140
Operating result		1,066,005	(1,011,413)
Changes in fair value of financial assets and liabilities	2.8	1,703,519	(7,733,525)
Loss on financial receivables	2.9	-	(3,266,960)
Financial income	2.10	339,524	59,214
Financial charges	2.11	(4,964,248)	(2,246,228)
Income before taxes		(1,855,199)	(14,198,912)
Income taxes	2.12	1,666,899	4,697,768
Profit/(loss) for the financial year		(3,522,098)	(9,501,145)
Earnings/(loss) per share			
▶ Basic – profit for the year attributable to the Company ordinary shareholders	2.13	(0.14)	(0.37)
▶ Diluted – profit for the year attributable to the Company ordinary shareholders	2.13	(0.14)	(0.37)

Consolidated comprehensive income statement

	Notes	2023	2022
Profit/(loss) for the financial year (A)		(3,522,098)	(9,501,145)
Components that will not be subsequently reclassified to profit/(loss) for the financial year			
Revaluation of net employee benefit liabilities/assets		(33,043)	364,734
Tax effect		7,930	(87,536)
Other comprehensive income (B) components		(25,113)	277,198
Comprehensive profit/(loss) (A+B)		(3,547,211)	(9,223,947)

Consolidated statement of financial position

		As of 31 December 2023	As of 31 December 2022
(amounts in € units)	Notes		
Assets			
Non-current assets			
Property, plant and machinery	3.1	106,919,123	104,162,050
Goodwill	3.2	11,507,954	15,907,954
Other intangible fixed assets	3.3	1,634,888	1,780,551
Rights of use	3.4	3,165,607	5,163,111
Other non-current assets	3.5	688,139	820,871
Deferred tax assets	3.6	6,234,232	7,312,662
Total non-current assets		130,149,943	135,147,200
Current assets			
Inventories	3.8	42,459,682	40,422,499
Trade receivables	3.9	38,057,766	39,347,321
Tax receivables	3.10	320,689	2,268,044
Other current assets	3.11	7,740,856	5,890,798
Current financial assets	3.12	3,832,865	66,512,584
Cash and other liquid assets	3.13	19,000,047	10,232,262
Total current assets		111,411,905	164,673,509
Total assets		241,561,848	299,820,709
Shareholders' equity			
Share Capital	4.1	22,770,445	22,770,445
Other reserves	4.1	114,167,028	126,461,456
Employee benefit reserve	4.1	181,073	206,186
FTA reserve	4.1	(6,669,789)	(6,669,789)
Profits carried forward	4.1	22,610	22,610
Profit/(loss) for the financial year	4.1	(3,522,098)	(9,501,145)
Total Shareholders' Equity		126,949,268	133,289,763
Non-current liabilities			
Non-current bank borrowings	4.3	9,734,877	77,573,797
Employee benefits	4.5	2,201,653	2,419,013
Provision for risks and charges	4.6	2,105	41,105
Provision for deferred taxes	3.7	263,381	240,553
Non-current lease payables	3.4	1,032,604	2,222,216
Total non-current liabilities		13,234,620	82,496,684
Current liabilities			
Bonds	4.2	-	3,323,051
Current bank borrowings	4.4	55,269,592	36,590,346
Trade payables	4.7	32,369,462	33,450,468
Taxes payable	4.8	575,488	-
Current lease payables	3.3	354,377	651,576
Other current liabilities	4.9	12,809,041	10,018,821
Total current liabilities		101,377,960	84,034,262
Total Shareholders' equity and Liabilities		241,561,848	299,820,709

Consolidated cash flow statement

		Year ended 31 December	
(amounts in € units)	Notes	2023	2022
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		(3,522,098)	(9,501,145)
Adjustments to reconcile profit after tax with net cash flows:			
Depreciation and impairment of property, plant and machinery	2.7	14,756,626	13,267,935
Amortisation and impairment of intangible fixed assets	2.7	887,277	905,136
Amortisation of rights of use	2.7	1,159,538	1,298,706
Other write-downs of fixed assets	2.7	4,400,000	948,642
Impairment of financial receivables	2.9	-	3,266,960
Financial income	2.10	(339,524)	(40,528)
Financial charges	2.11	4,916,704	2,179,317
Changes in fair value of financial assets and liabilities	2.8	(1,703,519)	7,733,525
Financial charges on financial liabilities for leases	3.3	47,544	66,911
Income taxes	2.12	557,982	68,715
Gains on the disposal of property, plant and machinery	2.2	(26,247)	(64,906)
Current assets write-downs	3.8,3.9	762,713	726,198
Net change in severance indemnity and pension funds	4.6	(324,435)	(278,278)
Net change in provisions for risks and charges	4.7	(39,000)	39,000
Net change in deferred tax assets and liabilities	3.6,3.7	1,108,918	(4,758,703)
Interest paid	2.10	(4,550,692)	(2,156,964)
Changes in net working capital:			
(Increase)/decrease in inventories	3.8	(2,453,558)	(5,944,094)
(Increase)/decrease in trade receivables	3.9	943,218	(10,064,999)
(Increase)/decrease in other non-financial assets and liabilities		3,037,755	5,078,594
Increase/(decrease) in trade payables	4.7	(1,081,006)	918,351
NET CASH FLOWS FROM OPERATING ACTIVITIES		18,538,195	3,688,374
Investments:			
Investments in tangible fixed assets	3.1	(18,126,331)	(15,026,843)
Disposal of tangible fixed assets	3.1	638,881	209,017
Investments in intangible fixed assets	3.3	(741,615)	(957,395)
Net (investments)/disposals in financial assets	3.12	64,116,756	460,635
NET CASH FLOWS FROM INVESTMENTS		45,887,691	(15,314,586)
Financing:			
New financing	4.3,4.4	2,303,613	72,744,341
Funding repayment and bonds	4.2,4.3,4.4	(54,519,856)	(62,175,238)
Principal payments - lease liabilities	3.3	(648,576)	(1,091,921)
Dividends paid to the parent company's shareholders	4.1	(2,452,708)	(3,866,869)
Sale/(purchase) of treasury shares	4.1	(340,575)	(870,796)
CASH FLOWS FROM FINANCING		(55,658,102)	4,739,517
NET CHANGE IN CASH AND CASH EQUIVALENTS		8,767,784	(6,886,695)
Cash and short-term deposits as of 1 January		10,232,262	17,118,957
Cash and short-term deposits as of 31 December		19,000,047	10,232,262



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 2021	4.1	22,770,445	5,000,000	(15,939,707)	29,741,389	86,743,750	19,556,720	7,512,947	(6,669,789)	(71,011)	-	(1,426,751)	147,217,991
Profit/(loss) for the financial year												(9,501,145)	(9,501,145)
Other income statement components										277,198			277,198
Comprehensive profit/(loss)										277,198		(9,501,145)	(9,223,947)
Dividends							(3,866,869)						(3,866,869)
IRS derivatives provision								33,384					33,384
Stock Grant				3,130,050				(3,130,050)					-
Purchase of treasury shares				(870,796)									(870,796)
2021 profit allocation							(1,449,361)				22,610	1,426,751	-
Balance as of 31 December 2022		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)
IRS derivatives provision													-
Stock Grant													-
Purchase of treasury shares				(340,575)									(340,575)
2022 profit allocation							(9,501,145)					9,501,145	-
Balance as of 31 December 2023		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