



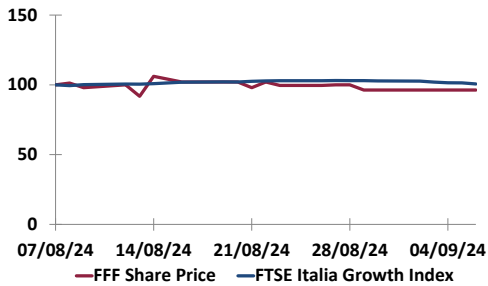
FINANCE FOR FOOD

OUTPERFORM

Current Share Price (€): 2.36

Target Price (€): 3.94

FFF – Performance since IPO



Source: S&P Capital IQ - Note: 07/08/2024 (IPO offer price)=100

Company data

ISIN number	IT0005605636
Bloomberg code	FFF IM
Reuters code	FFF.MI
Industry	Consulting
Stock market	Euronext Growth Milan
Share Price (€)	2.36
Date of Price	06/09/2024
Ordinary Shares Outstanding (m)	5.4
All Shares Outstanding (m)	5.9
Market Cap (€m)	12.6
Market Float (%)	14.6%
Daily Volume	0
Avg Daily Volume since IPO	5,973
Target Price (€)	3.94
Upside (%)	67%
Recommendation	OUTPERFORM

Share price performance

	IPO	
FFF - Absolute (%)	-2%	
FTSE Italia Growth Index (%)	1%	
IPO Range H/L (€)	2.60	2.25
IPO Change (€) / %	-0.04	-2%

Source: S&P Capital IQ

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Consulting to investors and industries

We initiate coverage of FFF: OUTPERFORM rating, Target Price €3.94 per share

Finance For Food S.p.A. Benefit Company (FFF), offers professional services of investment, business and corporate finance advisory, leveraging on independence, experience, competencies and networking skills of its management. Since 2019, FFF has been advisor for the fund manager of Finance for Food One, private equity fund with six acquisitions completed and two add-ons to date, within the value chain of food and agribusiness industries.

Private equity, venture capital and trending industries. FFF strategy is to advise additional investment funds and to extend its competencies to other corporate clients, with special focus on food, renewables and venture capital. Italy's vast and fragmented food and beverage industry, alternative and renewable energy sector and increasing venture capital investments are all examples of excellent opportunities. In the Italian market private equity and venture capital transactions were 750 in 2023, involving 501 companies and totaling €8.2b. In 2023 venture capital in Italy raised €3.6b through new VC funds. Food&Beverage is Italy's first manufacturing industry, worth over €600bn. In renewables, agrivoltaic plants are currently representing over 70% of the Italian utility-scale development pipeline.

Business model based on a mix of recurring revenues and one-off fees. FFF for its advisory role receives yearly a recurring fee based on fund NAV, which will constitute a stable base of mid-long term revenue. Success fees and advisory fees from projects in the corporate market would generate also non-recurring revenues.

An innovation project for successful Italian industries. We appreciate Finance For Food project as implying endless opportunities. FFF is approaching diversified ecosystems populated by excellent but too small companies, in high need to access capital markets and lacking specialized investors. The value expectation counts on a business model heavily based on continuity of advisory revenues and a healthy mix between recurring and non-recurring fees.

Target Price €3.94 per share, OUTPERFORM rating

We have performed the valuation process through our DCF model. We initiate FFF coverage with an OUTPERFORM rating and target price per share of €3.94, +64% on €2.40 IPO offer price and with a potential upside of 67% on current stock price.

KEY FINANCIALS AND ESTIMATES (€k)	2022A	2023A	2024E	2025E	2026E
Revenues	1,005.4	1,106.3	1,630.6	2,632.0	4,120.5
EBITDA	57.2	103.4	328.3	830.3	1,615.9
Margin	5.7%	9.3%	20.1%	31.5%	39.2%
EBIT	24.8	71.3	189.0	687.9	1,477.1
Margin	2.5%	6.4%	11.6%	26.1%	35.8%
Net Income (Loss)	7.0	35.4	136.3	496.0	1,065.0
Net (Debt) Cash	49.3	66.4	1,732.8	2,313.7	3,306.8
Equity	229.0	264.5	2,443.8	2,939.7	4,004.7

Source: Company data FY2022-23, EnVent Research FY2024-26E

1. INVESTMENT CASE

Finance For Food SpA Benefit Company (FFF) is a consulting firm offering professional services of investment, business and corporate finance advisory. The value proposition of FFF is based on independence, experience, competencies and networking skills of its top management. Founded in 2016, FFF initially specialized in the agri-food industry supply-chain and later in renewables energy and venture capital. Since 2019, FFF has been advisor for the fund manager of Finance for Food One, private equity fund with six acquisitions completed and two add-ons to date, within the value chain of food and agribusiness industries.

FFF strategy is to advise additional investment funds and to extend its competencies to other corporate clients, with special focus on food, renewables and venture capital.

Business lines:

- Investment advisory
- Business advisory
- Corporate finance advisory

Key figures (FY23):

- Revenues: €1.0m
- EBITDA: €0.1m, 9% margin

Source: Company data

Vision

Italy's vast and fragmented food and beverage industry, alternative and renewable energy sector and venture capital have excellent opportunities of investment and growth.

Mission

Become a development engine for high-value companies in target industries. Providing strategic support, resources and expertise, Finance For Food aims to foster innovation, sustainability and growth.

Drivers

Market opportunities

Wide room for private equity and venture capital investment. In the last three years, private equity and venture capital raised over €15b and international operators showed more engagement in larger transactions, weighing more on total deals value than domestic operators despite a lower number of deals completed. Italy in the peak year 2022 accounted for 14.6% of total deal value in the European private equity market. Historically the Italian market has been dominated by small and medium-sized, mainly family-owned, companies, which typically need to be supported by professional investors and consultants to step-up in size and finance innovation. (source for data: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024* and DLA Piper, *The Italian private equity market – how does it compare to the UK and US markets?*, 2024)

Italian venture capital. Investments in the last 10 years have grown from €150m in 2013 to €1.1b in 2023, funding startups and SMEs with €8b fostering the innovation ecosystem, a 6x growth higher than the European average of 5x. Italy in 2023 raised 3.6b euros through new VC

funds and recorded a 70% increase in the average size of domestic funds. However, the Italian market still stays behind more mature ecosystems, while the increase in the number of new VC funds from 3 in 2019 to 11 in 2023 and the increasing average size evidence a diversifying market, a broader range of investment opportunities in the country, thus higher investor confidence (source: P101 Ventures, *State of Italian VC 2023*).

M&A Italy, consistently over 1,000 deals yearly. Over the last six year, deals in the Italian market peaked in 2022 and 2023 in the 1,300 region, since 2019 corporate investors share of deals have been constant around 60%, with financial buyers at 40%.

(Source:)

Undisputed quality of domestic food and beverage productions. Italy stands out with an unparalleled global reputation as one of the main producers and exporters and for its extensive industrial base of enterprises specializing in food and beverage processing. This reputation underscores Italy's commitment to excellence and innovation in the sector and the opportunities for investors focused on the supply chain.

Limited presence in capital markets, unlimited potential for successful projects. Only a handful of Italian food and beverage companies are listed on the stock market, as many enterprises are traditional family businesses, developing products of excellence, dealing with supermarkets leveraging their dominant position over smaller suppliers with a low negotiating power. Within such a large number of high-quality producers, there would be plenty of opportunities.

Targeting net zero emissions, need for more renewable energy plants. In Italy, the National Integrated Energy and Climate Plan (PNIEC) has set 2030 targets, with renewables capacity at 30% of total energy consumption and 55% of electricity generation. According to Terna and SNAM, to reach the PNIEC target in Italy will be needed almost 102 GW capacity from PV and wind plants by 2030 (source:).

**Continuing
investments in
renewables**

Room for sustainability investments. Recently Italy recorded a shift from photovoltaic toward agrivoltaics, systems that improve land use efficiency through the installation of solar panels on agricultural fields. This scenario expands synergies between the agricultural and energy industries, increasingly connected to European renewable energy landscape, where currently above 60% of biogas and biomethane production is originated by agricultural feedstocks.

(sources:)

Sources: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024* - DLA Piper, *The Italian private equity market – how does it compare to the UK and US markets?*, 2024 - P101 Ventures, *State of Italian VC 2023* - PWC, *Global and Italian M&A trends 2023 and 2024 Outlook*, 2024 - Terna & SNAM, *Documento di Descrizione degli Scenari*, 2022 - European Biogas Association, *2023 database*, 2023

Company drivers

Recurring revenues and advisory skills pave the way to revenue growth. FFF experience as primary advisor to Finance For Food One will pave the way for the expansion of its business and corporate finance advisory services for other investments and market-wide opportunities.

Experienced management team leveraging its industry know-how. Management and shareholders expertise enables the Company to navigate industry challenges, capitalize on market opportunities, and maintain a competitive edge.

Challenges

Dependency on key figures. Management is the primary responsible for project origination and revenues depend on a limited number of individuals and projects. The industry and market relationships of the founders and other key members are crucial to development and operations, especially considering the lean structure of the Company, making the ability to retain those figures vital for the Company outlook and growth potential.

Short operating history, revenue concentration. FFF is still an early-stage company, with a limited number of consulting engagement as credentials and most of recent revenues concentrated in a single client relationship. A major management task will be to successfully carry forward the short-term program of penetration of the two new service lines, to be soon equipped with the additional experience track record necessary to face competition and reach mid-term revenue targets.

Keeping up with competition, high rivalry. The competitive playground of the market for advisory services is quite fragmented and diversified, populated by both multinational companies or smaller firms and boutiques. The competitive arena, with low barriers to entry, is a permanent feeder of fierce competition.

Delays in the execution of development strategies and future plans. Advisory market is highly competitive and full of high standing international and domestic firms with long time experience. As a consequence, growth opportunities based on promotion of business advisory and corporate finance advisory services might require more time and effort than expected. Moreover, a sound balance of recurring revenues from investment advisory and one-off fees from other services should be pursued to avoid profitability issues.

Attraction and retention of talents. Advisory services success largely depends on the ability to hire, manage, retain and motivate highly qualified personnel including industry experts and senior professionals.

2. PROFILE

Investment, Business and Corporate Finance Advisory

Finance for Food S.p.A. Benefit Company (FFF) provides advisory services to asset managers, fund managers and private and institutional promoters for the purpose of structuring new investment projects. FFF is advisor of the management company Hyle Capital Partners SGR S.p.A., in relation to the fund Finance for Food One, and related party, being controlled by the parent company of Finance For Food. As advisor of the fund, the Company provides specialized services such as analysing the relevant industry, reviewing general investment and divestment strategies, researching, selecting, and evaluating the Fund's investment operations, monitoring investments made, implementing divestment strategies and identifying the most appropriate investment committee members and advisors.

History and key developments

Key milestones	
2016	<ul style="list-style-type: none"> Establishment of Finance for Food Start of advisory services in management of non-performing loan portfolios
2019	<ul style="list-style-type: none"> Support to the fund manager Azimut Libera Impresa in the launch of the private equity fund Finance For Food One
2021	<ul style="list-style-type: none"> Nominated Hyle Capital Partners as new fund manager of Finance For Food One
2022	<ul style="list-style-type: none"> FFF began to approach the energy industry, starting with agrivoltaics projects and developing know-how in renewables energy
2024	<ul style="list-style-type: none"> Listing on Euronext Growth Milan (August), IPO proceeds €2.0m

Source: Company data

Services

Investment advisory

Advisory to asset management companies, fund managers, institutional and private promoters who need specialised support in structuring new investment projects or advisory services in specific areas of interest.

Services:

- Project development
- Deal planning – strategy – structuring
- Portfolio monitoring
- Exit planning and execution

Business advisory

Business and strategy advisory to agri-food, energy and venture capital companies.

Services:

- Strategic planning
- Business planning
- CFO support
- Strategic accounting & consulting services
- Internal audit

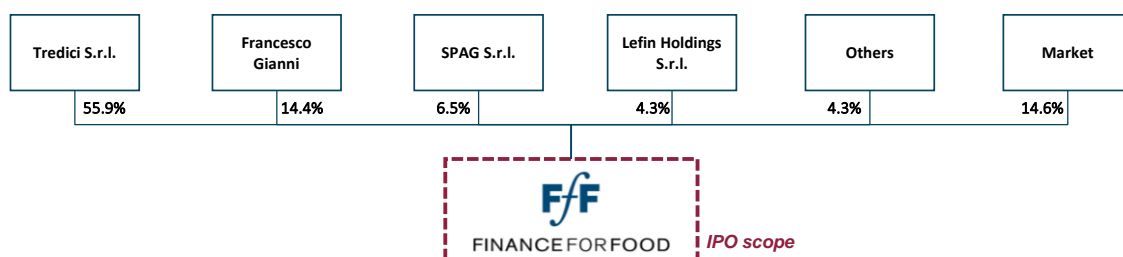
Corporate finance advisory

Business line under development, offering advisory services in the planning and execution of finance transactions (acquisitions, mergers, IPOs, partnerships, joint ventures, etc.)

Services:

- M&A
- IPO advisory
- Debt restructuring & debt advisory

Shareholders



Source: Company data

Key people

Name and role	Background
Alessandro Squeri Chairman	<ul style="list-style-type: none"> • Over 10 years' experience in the food industry • Previously in Accenture, Bain & Company and Federalimentare
Francesco Berti CEO	<ul style="list-style-type: none"> • Since 2023 Chief Executive Officer of Finance For Food • Previous experiences in EY, KPMG, General Motor, Furla and Amadori
Matteo Petti COO	<ul style="list-style-type: none"> • Since 2024 Chief Operating Officer of Finance For Food • Over 15 years' experience in corporate finance, capital markets and investment banking

Source: Company data

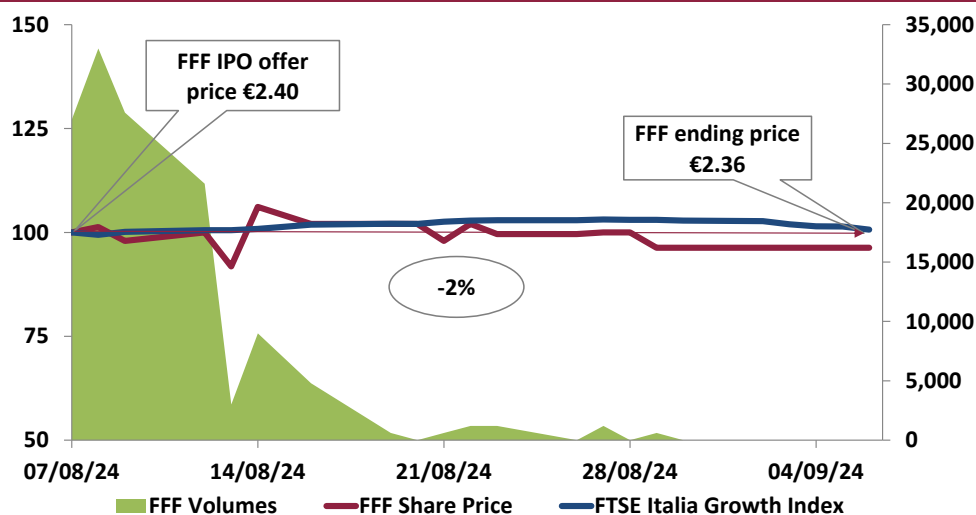
IPO and stock market performance on Euronext Growth Milan

FFF on Euronext Growth Milan

Stock market	Euronext Growth Milan
Bloomberg code	FFF IM
Reuters code	FFF.MI
IPO date	07/08/2024
Offer Price (€)	2.40
Money raised (€m)	2.0
Market Cap at IPO (€m)	12.8
Free float at IPO	14.6%
Ordinary shares - ISIN number	IT0005605636
Ordinary shares outstanding	5,351,400
Multiple-voting shares	500,000
Current Share Price (€)	2.36
Current Market Cap (€m)	12.6

Source: Company data and S&P Capital IQ, update: 06/09/2024

Share price performance and volumes since IPO



Source: S&P Capital IQ - Note: 07/08/2024 (IPO offer price)=100

3. MARKET TRENDS AND OUTLOOK

Consulting in private equity, venture capital and trending industries

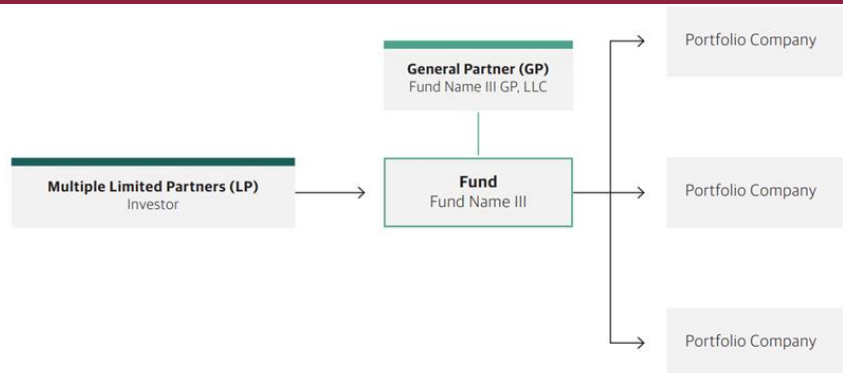
In 2023, the management consulting sector in Italy, composed of over 26,000 firms, generated revenues over €6.6bn +14% YoY and employed more than 66,000 people. The sector is polarized between a multitude of micro-enterprises and a few very large consulting firms, with an increasing level of concentration: the 36 large consulting firms produce over 60% of the sector's total revenue. 2024 growth rate 10.1%

How private equity works

The Private Equity concept refers to an alternative investment class, where the capital of investors as asset managers, pension funds and other are pooled together in a fund, which directly invests in private or public companies, typically engaging in the delisting of the latter. A private equity fund is launched and managed by a financial sponsor or general partner, that is responsible of:

- forming the investment vehicle
- capital raising
- seek and catch investment opportunities
- portfolio management
- divestment plan

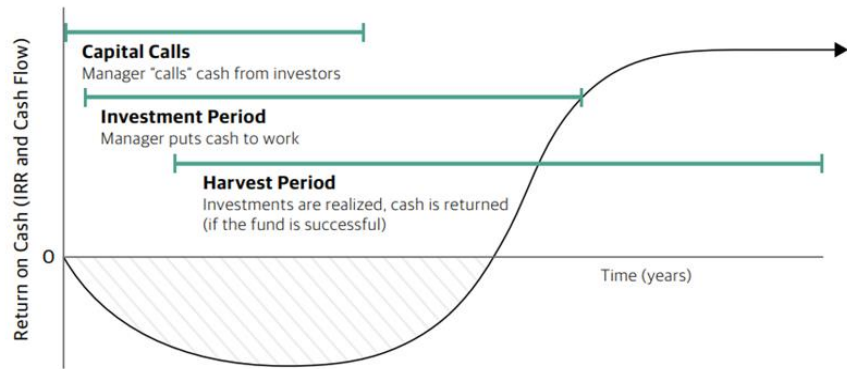
Private equity funds structure



Source: Blackstone, *The Life Cycle of Private Equity*, 2021

According to Blackstone, the time horizon for a private equity fund is around 7-10 years. The fund life cycle may be divided in three stages: fundraising period, where investors commit the capital; investment period, where the fund will gradually call for the committed capital to be deployed in opportunities selected by the general partner. This period may last between 3-5 years. In the final 3-7 years it's the harvest period, where investments are realized and cash is returned to the investors (source: Blackstone, *The Life Cycle of Private Equity*, 2021).

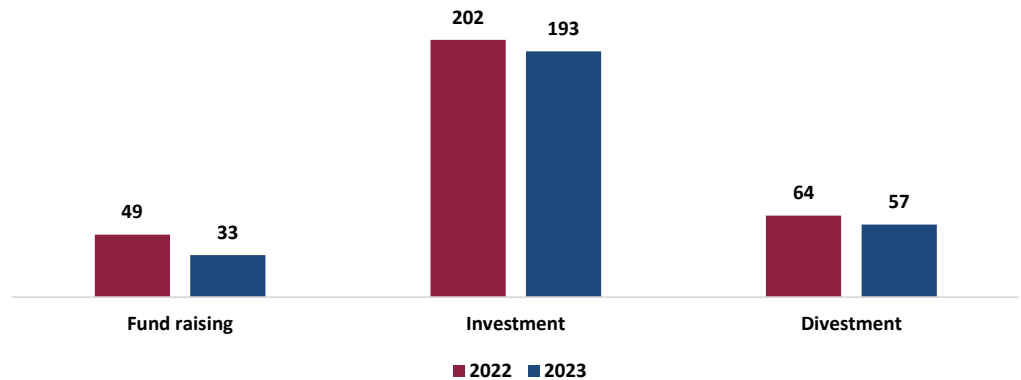
Timeline private equity



Source: Blackstone, *The Life Cycle of Private Equity*, 2021

According to the European Data Cooperative database, there are approximately 4,200 private equity operators in Europe. In 2023, around 209 operators engaged in at least one investment, divestment, or capital raising activity, a slight decrease of 7% compared to the previous year, suggesting greater caution from operators in response to the latest uncertain economic and market conditions. In Italy, by the end of 2023, there were approximately 2,200 companies in the portfolios of monitored operators, with a total value of nearly €77b.

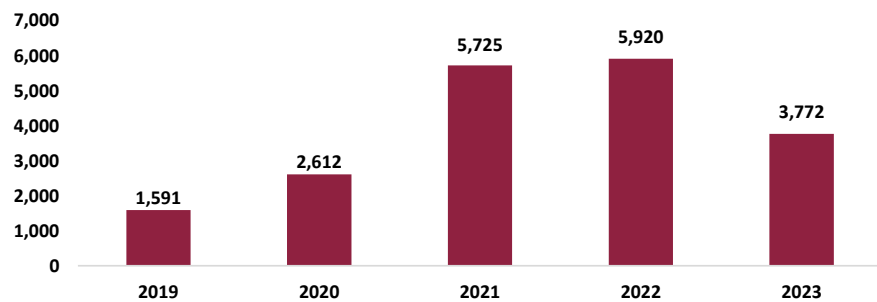
Operators active in at least one activity, 2022-23



Source: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024*

Capital raising

Capital raised 2019-23 (€m)

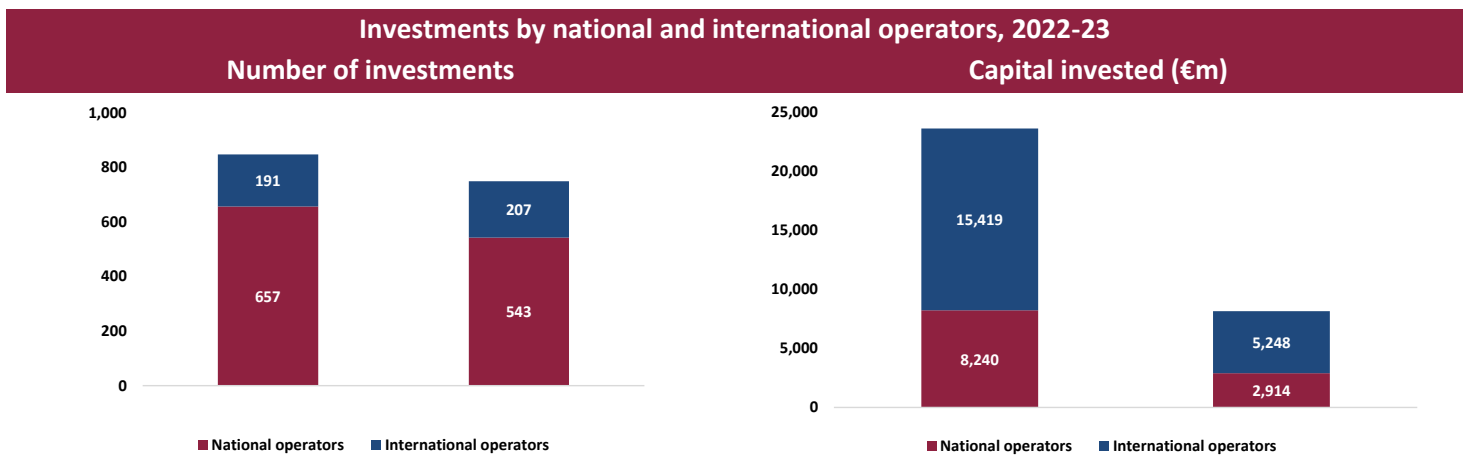


Source: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024*

In 2023 the total capital raised amounted to €3.7b, a decline compared to the peak years 2021-22. Overall, the market has seen increased engagement from pension funds, banks, and individual investors, while insurance companies and public sector funds have slightly reduced their presence (source: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024*).

Investments

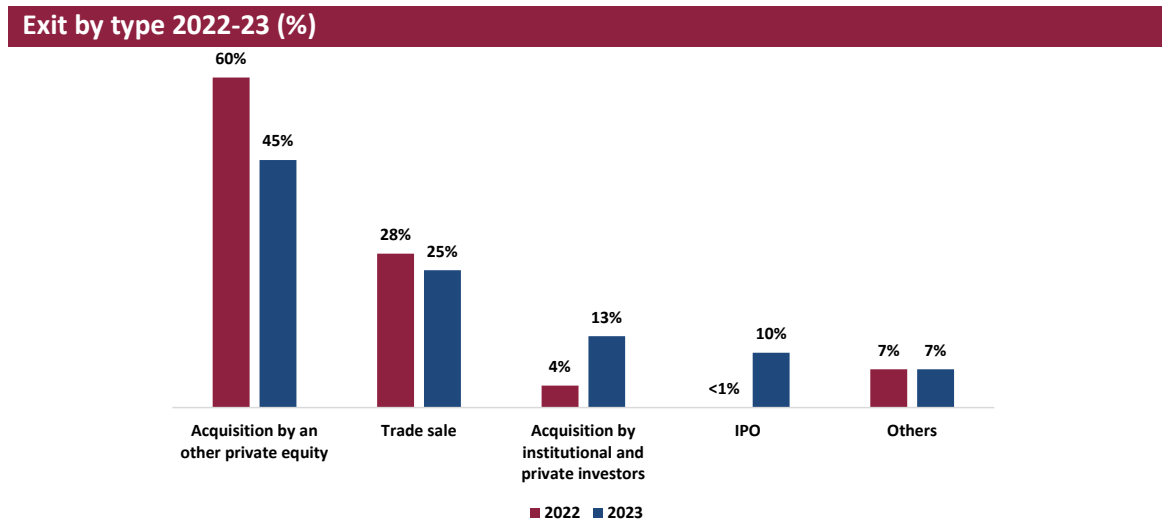
In the Italian market private equity and venture capital transactions were 750 in 2023, involving 501 companies and totalling €8.2b. The decline is mainly due to fewer large-scale investments in infrastructure and buyouts. Specifically, early-stage investments led in number with over 450 transactions, followed by 170 buyouts, which dominated in terms of investment amount, totalling €5.5b.



Source: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024*

Divestments

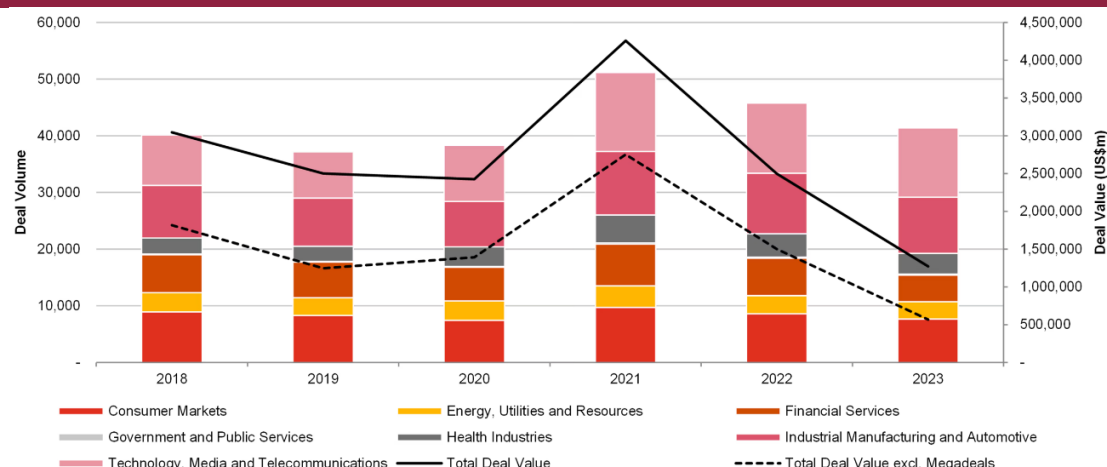
In the past two years, divestment, called *exit* among PE practitioners, has primarily occurred through sales to another private equity operator and trade sales. However, in 2023, there has been an increase in IPOs, which accounted for 10% of the total disinvestment amount.



Source: AIFI & PWC, *Il Mercato Italiano del private equity e venture capital 2023, 2024*

Transactions globally

Global transactions completed 2018-23, volume (left) and value \$m (right)

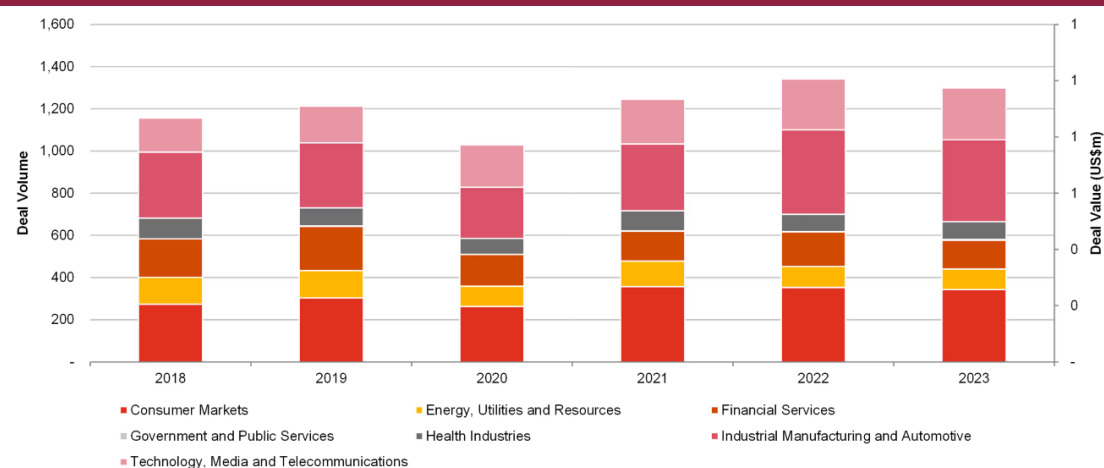


Source: PWC, *Global and Italian M&A trends 2023 and 2024 Outlook, 2024*

Observing market transactions globally, after the peak in 2021, there has been a contraction in the value of deals over the past year, while the number of transactions has remained consistent with previous years. Deals completed in Italy are 3% below the prior year (compared to 10% globally), due to the smaller size of companies and deals, requiring less financing, and the potential for market consolidation, with M&A funded by corporates' cash flows (source: PWC, *Global and Italian M&A trends 2023 and 2024 Outlook, 2024*).

Deals Italy

Italy, transactions completed 2018-23, volume (left) and value \$m (right)

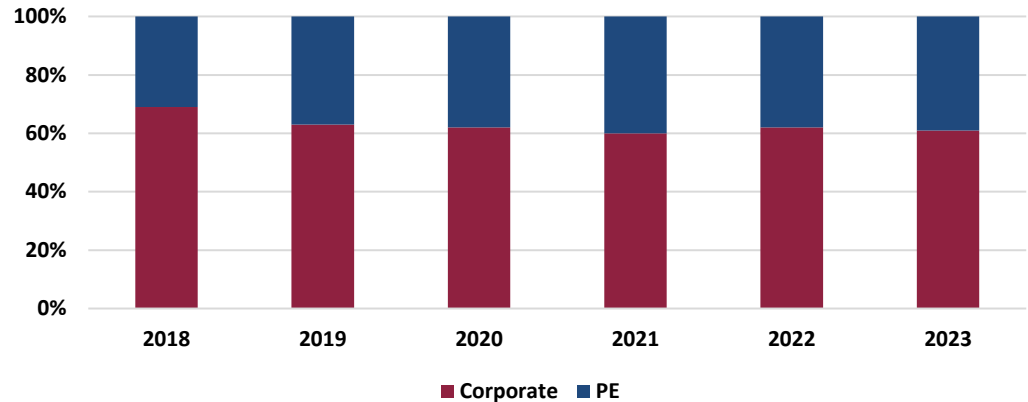


Deal Volume	2018	2019	2020	2021	2022	2023
Consumer Markets	274	303	263	357	353	343
Energy, Utilities and Resources	127	131	96	121	99	98
Financial Services	183	208	151	141	164	136
Government and Public Services	-	3	-	2	2	4
Health Industries	98	86	76	96	82	84
Industrial Manufacturing and Automotive	313	307	242	317	400	388
Technology, Media and Telecommunications	161	174	201	211	241	246
Total Deal Volume	1.156	1.212	1.029	1.245	1.341	1.299

Source: PWC, *Global and Italian M&A trends 2023 and 2024 Outlook, 2024*

In Italy, over the past six years, there has been a gradual increase in the influence of private equity on the total volume of completed deals, starting from around 30% and reaching 40%.

Private equity share on total deal volume (%)



Source: PWC, *Global and Italian M&A trends 2023 and 2024 Outlook*, 2024

Fund managers and advisors are engaged in mainly 5 core activities:

1. **Find capital.** Facilitate capital access for their portfolio companies, funding them on their own or connecting them with their finance network.
2. **Helping in managing.** Fund advisors could have a governance role, participate in company management, or join meetings where company leaders assume key decisions.
3. **Shared services.** Offer additional services such as marketing, communication, operations, legal, design, human resource, and financial management. Relying on qualified and experienced support, company's teams can focus on innovation development, validation, refinement and testing. Thanks to these supports, acquired companies can shorten staff and reduce costs.

Insights on food and agribusiness industries

In Europe, the food and beverage industry is the leading manufacturing sector with a turnover of €1.1 trillion, comprising over 290,000 companies. Small and medium-sized enterprises contribute around 40%.

Insights in the food & beverage industry

- Rising awareness of *clean label* products and increasing intake of plant-based food
- Growing demand for regional food and reducing waste in production and consumption phases
- COVID-19 crisis strengthened sustainability trends and accelerated eCommerce growth and home delivery
- Retailers face the challenge of attracting and retaining consumers in an 'omnichannel' world
- Food prices hit a record high in February 2022 due to global demand recovery, increased fertilizer prices, and rising international freight costs.

- Price increases impact Africa, the Middle East, and Latin America the most due to their dependence on imported food.
- Global food demand is expected to increase, driven by economic development, young populations, fast population growth, and non-saturation of food consumption in low- and middle-income countries.

Source: Statista, Statista Market Insights – Food Worldwide

Focus on Italy

Italy holds a globally recognized prestige in the food industry, renowned for its high-quality products and culinary traditions. The value of "Made in Italy" enhances the country's influence and excellence in food production and innovation, making Italian food products highly sought after worldwide. Italy is the EU's third-largest producer, with a supply-chain worth over €600bn counting over 740,000 farms, 70,000 manufacturers and including restaurants and retail shops.

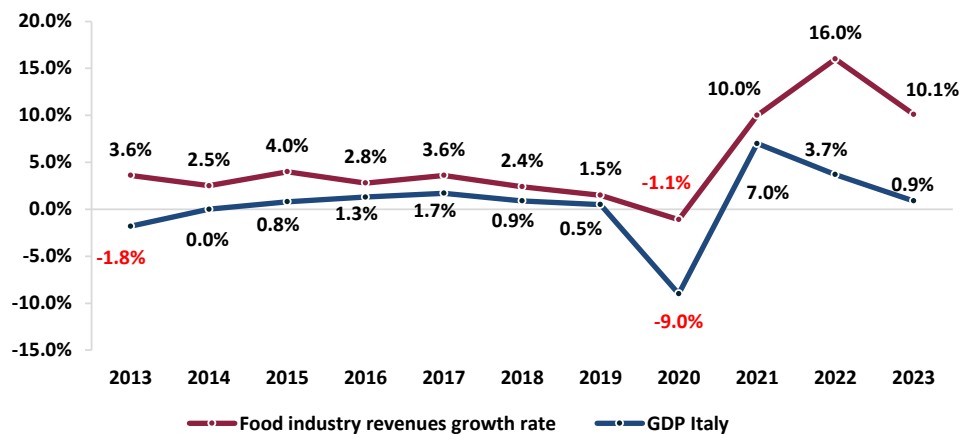
Source: FoodDrinkEurope, *Data & Trends EU Food and Drink Industry 2023 Edition* – Coldiretti, *Cibus: il valore dell'agroalimentare Made in Italy sale a 620 mld, 2024*

Why invest in Italian food companies



Source: Italian Trade Agency & Invitalia, *Food industries in Italy - The Italian Way of Fooding - a value proposition for foreign investors, 2023*.

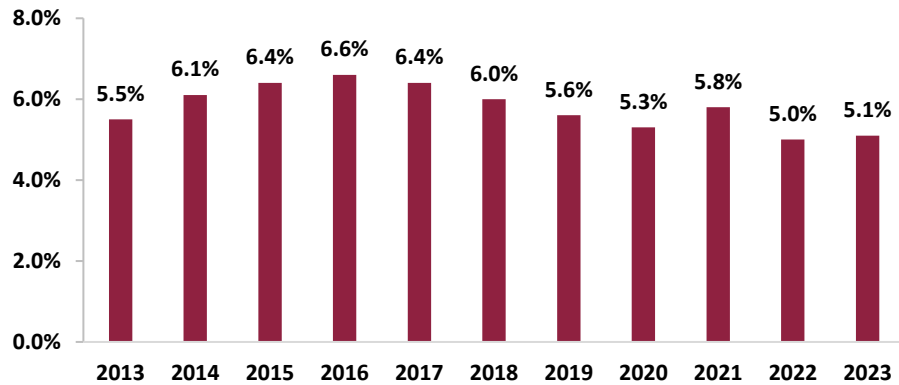
Italian food industry revenues growth rate vs Italian GDP 2013-2023 (%)



Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

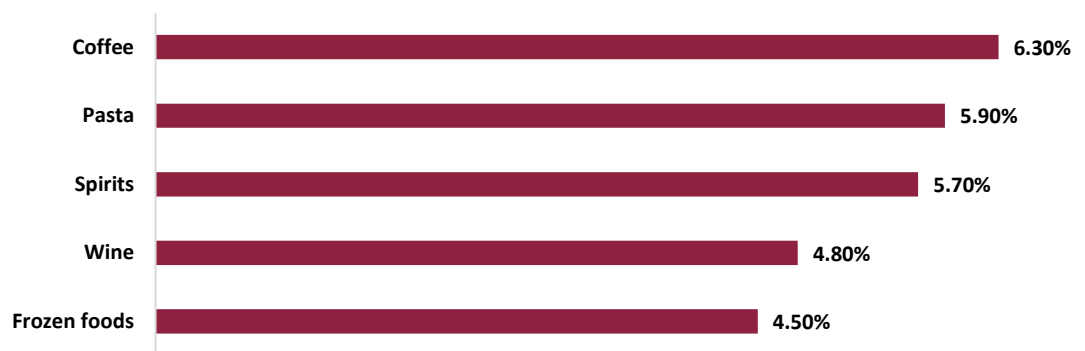
The Food Industry Monitor 2024 analysis of a sample of around 850 Italian food and beverage companies reveals the industry's growth trend over the last decade, with a 70% increase in revenues and a doubling of exports, while profitability is stable at around 5-6% (source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*).

Italian sample average return on sales (ROS %)



Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

Top performing segments in the last decade for revenues growth (%)



Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

The Food Industry monitor expose, in the period 2009-23, 72 transactions for a total value of €5.4b showing an average valuation of €75m.

M&A deals 2009-2023	72
Domestic	38
Outbound	26
Inbound	8
Total value	5.4 €b
Revenues growth (3y)	88%
EBIT margin growth (3Y)	6%

Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

Evolving trends

A recent trend reflects a shift toward products that offer superior quality and demonstrate environmental and social responsibility. PDO (Protected Designation of Origin) and PGI (Protected Geographical Indication) certifications significantly influence purchase decisions, with 28% of consumers considering these labels when buying and 32% paying attention at the time of consumption (source: Byrd Logistics, *Navigating Italy's fulfillment landscape in the food and beverage industry*, 2024).

Trendy food supplements market

Italy is a leader in the EU food supplement market. In 2020, it held a 30% market share of European sales by value and had the highest per capita spending on dietary supplements, around €64 per person, with 80% of Italians incorporating supplements into their daily routines.

Insights on renewable energies

The Italian PNIEC (Piano Nazionale Integrato Energia e Clima) is a plan designed to outline Italy's path towards a sustainable energy future. It focuses on reducing greenhouse gas emissions, increasing energy efficiency, and promoting renewable energy sources. The plan sets ambitious targets for 2030, including:

- 33% reduction in emissions compared to 2005 levels
- 55% share of renewable energy in gross final consumption

The plan underscores the need to ramp up decarbonization efforts across various sectors, like transportation and buildings, by implementing innovative policies and channeling investments, according to European Union's targets and commitments enshrined in the Paris Agreement (source: MISE & Ministero dell'Ambiente & MIT, *Energia Clima 2030*). According to Terna and SNAM, almost 102 GW capacity from PV and wind plants will be needed by 2030 to reach the target (source: Terna & SNAM, *Documento di Descrizione degli Scenari*, 2022).

LCOE dropped, solar as cheapest source of electricity

Since 2010, the levelized cost of electricity (LCOE) for solar PV has decreased by 88%, while for onshore wind, it's down by 66%, and for offshore wind, it's down by 61%. Technological advancements in renewables have rapidly approached economic tipping points, offering affordable and scalable clean energy solutions that enhance supply security. In 2022, 86% of newly commissioned utility-scale renewable power generation produced electricity at lower costs than fossil fuels. Solar energy has become the cheapest source of electricity in many markets, with its LCOE 29% lower than the most economical fossil fuel alternative (source: EY, *If every energy transition is different, which course will accelerate yours?*, 2023).

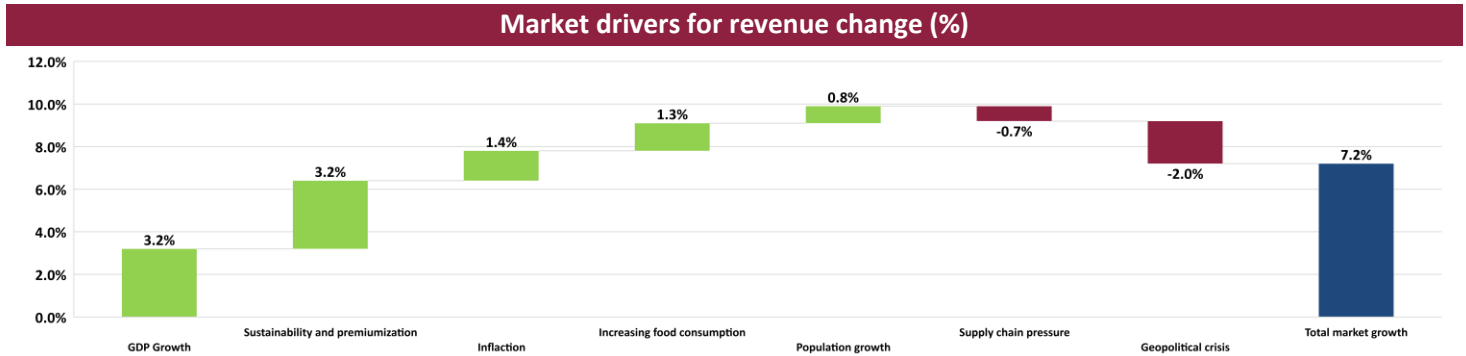
Incentives to agrivoltaics

The European Commission has made available €1.7b to support Italian agrivoltaic installations, in part through the Recovery and Resilience Facility. The measure is part of Italy's strategy to

reduce greenhouse gas emissions and to increase its share of renewable energies, in line with the EU's strategic objectives relating to the EU Green Deal.

Outlook

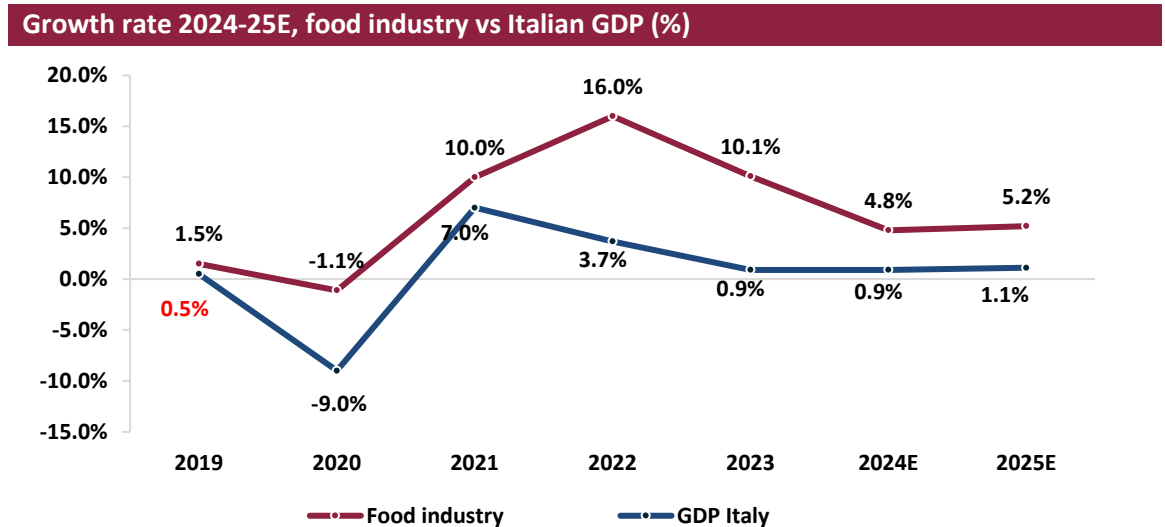
The food industry is forced to grow



Source: Statista, *Market Insights Food - Worldwide, 2024*

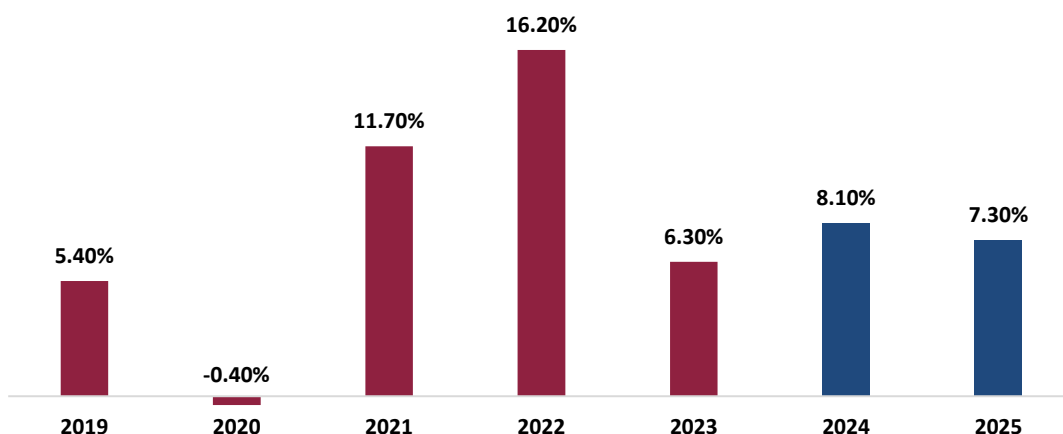
Food and beverage industry cornerstone of the Italian economy

Since 2020, the Italian food industry has consistently grown in both revenue and exports. According to the Food Industry Monitor 2024, it is also expected to continue this growth through 2024-25.



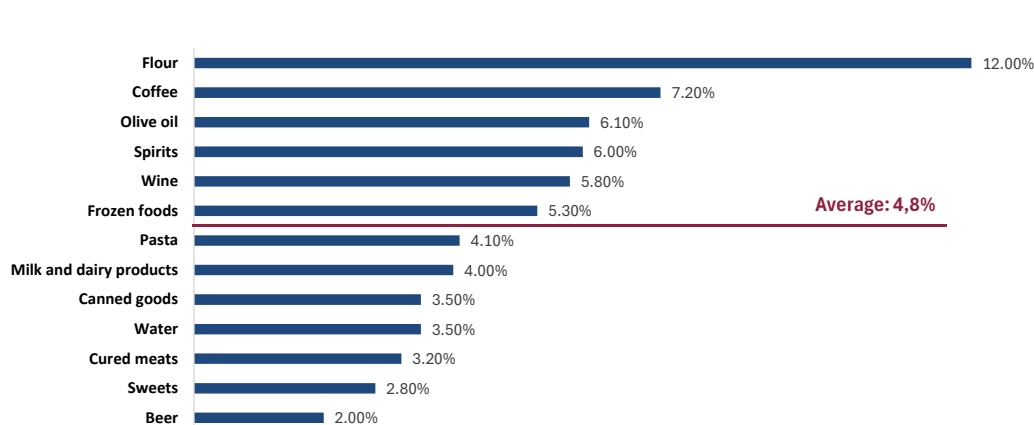
Source: Università di Piacenza & Ceresio Investors, *Food Industry Monitor 2024*

Export growth rate 2019A-25E



Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

Italy food and beverage revenues growth by segment 2024 (%)



Source: Università di Pollenzo & Ceresio Investors, *Food Industry Monitor 2024*

Overview of PEs dedicated to the food and beverage industry

DEA Capital – Alternative Funds (Italy)

Taste of Italy (2014)	Segments:	
Acquisitions: 8 Divestment: 5 Focus on: medium size companies	<ul style="list-style-type: none"> Wine Plastic caps for beverages Beverages Ice-cream 	<ul style="list-style-type: none"> Restaurants / Fast food Agricultural softwares Machinery for fruit and vegetable processing
Agro (2018)	Segments:	
Acquisitions: 9 Divestment: 0 Focus on: agricultural supply chain	<ul style="list-style-type: none"> Fruit and vegetables Apiculture Olive oil 	<ul style="list-style-type: none"> Dried fruits Frozen foods

Taste of Italy 2 (2020)	Segments:	
Acquisitions: 8	<ul style="list-style-type: none"> • Baby food • Ready meals • Coffee • Restaurants 	<ul style="list-style-type: none"> • Plant-based beverages • Agricultural machinery • Plastic films for vineyard covering

Source: EnVent Research on companies websites

Cibus Capital (UK)

Cibus fund	Segments:	
Acquisitions: 10 Divestment: 1 Focus on: sustainability	<ul style="list-style-type: none"> • Fruit and vegetables • Dried fruits • Olive oil • Robotic/AI agricultural machinery 	<ul style="list-style-type: none"> • Food supplements • Aquaculture • Cell-grown plants

Source: EnVent Research on companies websites

McWin Capital Partners (UK)

Ecosystem fund (2021) Food tech fund Restaurant fund	Segments:	
Focus on: high-growth foodservice brands (EU) & growth-stage food technology companies	<ul style="list-style-type: none"> • Dinings • Platforms for restaurants and hospitality • Premium-grade fruit and vegetables • Food market hall 	<ul style="list-style-type: none"> • Cultured meat • Biotechnology for plant-based food and beverage • Premium bakery • Specialty coffee • Large cap restaurant groups

Paine Schwartz Partners (USA)

Food chain fund	Segments:	
Acquisitions: 28 Divestments: 12 Focus on: sustainability in food and agribusiness supply chain	<ul style="list-style-type: none"> • Fruit, vegetables and seeds • Agriculture technologies • Milk and dairy ingredients • Seafood 	<ul style="list-style-type: none"> • Pet food • Fruit-breeding • Enzymes and biochemicals • Food safety

Source: EnVent Research on companies websites

Risk assessment: medium

Key risk factors:

- Large and diversified consulting market implies high intensity of competition
- Captive relationship with the private equity funds as related parties and multi-annual contractual obligations implies regular revenue flows
- Business and Corporate Finance advisory target growth and revenues subject to intensity of competition and non-recurring revenues fluctuations

4. BUSINESS MODEL

Business lines and clients



Source: Company data

Origination

The initial phase of origination involves the top management directly, leveraging existing relationships and contacts to develop new client relationships. Additionally, FFF will use referral relationships, including one signed with the parent, to acquire new clients. The origination activity ends with the signing of a mandate contract with the client, and the advisory program and content then varies according to the type of consulting service agreed.

Investment advisory

The investment advisory services assist clients in structuring investment vehicles or products. These can range from the initial project structuring and vehicle setup to supporting the implementation of investment strategies and managing the divestment phases.

Investment Advisory services:

- **Project Structuring:** support the client in the initial analysis and evaluation phase. Identification of the appropriate product or vehicle structure, defining the vehicle's size, duration, and industrial strategies.
- **Deal Planning/Deal Strategy/Deal Structuring:** strategic planning of investment operations, developing acquisition and management plans and determining the most efficient financial and legal structure for the investments.
- **Portfolio Monitoring:** continuous monitoring of portfolio companies' performance, analysing financial, operational and strategic results to ensure investments profitability and alignment with the fund's goals.
- **Exit Planning and Execution:** technical and operational structuring of divestment.

Finance For Food One

Finance For Food One is an Italian alternative investment fund reserved to institutional investors, which invests in Italian companies operating in the wide agri-food industry. Since 2019 FFF operated as advisor, as of 2023 year-end the portfolio counted investments in six companies plus two add-ons. In 2021 Hyle Capital Partners, subsidiary of Tredici Srl, Finance For Food's main shareholder, became the asset management company of the fund.

Business advisory

Business advisory services are designed to optimize clients' business management, leveraging on the expertise of its management team and a network of external experts for:

- **Strategic Planning:** assisting clients in defining long-term objectives, developing strategies, through the analysis of the competitive landscape, market opportunities, client strengths and weaknesses, to define action plans, and creating economic and financial forecasts.
- **Business Planning:** supporting clients in preparing management plans based on their strategies. The business plan serves as a guide for starting or developing the business and as a crucial document for securing financial resources.
- **CFO Support:** assistance to Chief Financial Officers (CFOs) in various financial management areas, including financial planning and analysis, risk management, process improvement, financial reporting and strategic consulting.
- **Strategic Accounting & Consulting Services:** accounting services to support strategic decisions, which include:
 - **Financial Due Diligence:** In-depth analysis of a target company's financial and accounting operations during acquisition or investment to assess its solidity and identify potential risks.
 - **Valuation:** value assessment of a company or assets using appropriate valuation methods to support investment, financing, or restructuring decisions.
 - **Impairment:** analysis and evaluation based on international accounting standards to verify potential reductions in asset value.
- **Internal Audit:** support to the internal audit function, which independently reviews and evaluates a company's operations and internal controls to ensure operational efficiency, reliable financial information, and compliance with applicable laws and regulations.

Corporate Finance advisory

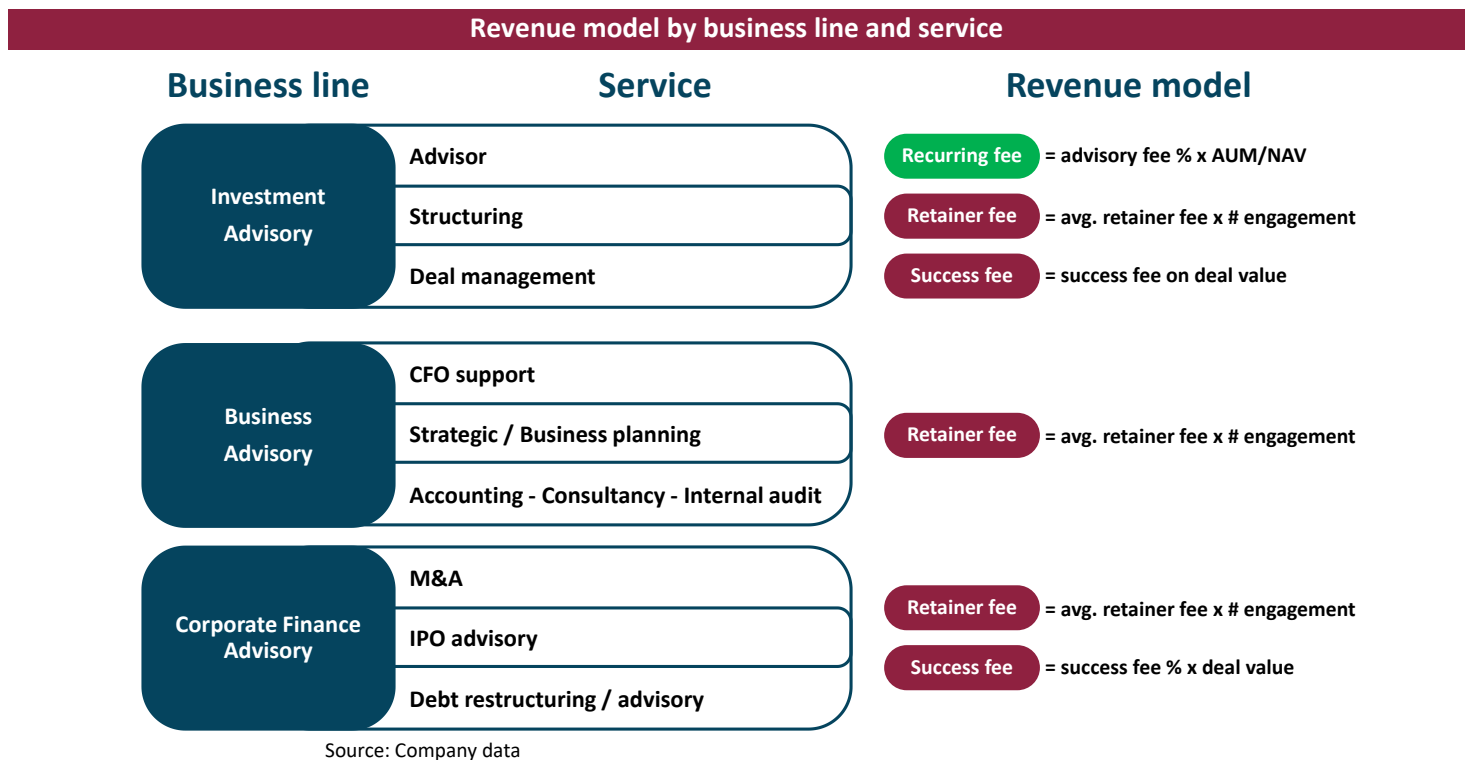
Corporate Finance Advisory business line, which offers specialized services in the design and execution of financial transactions as:

- **Acquisitions, Mergers, and Sales of Companies or Assets (M&A):** assisting companies in identifying and selecting partners for acquisitions, mergers, and sales. This service includes identifying potential partners, evaluating synergies, negotiating terms, and facilitating negotiations to optimize transaction value and ensure success.
- **IPO Advisory:** supporting companies listing on alternative or unregulated markets with less stringent regulatory requirements compared to regulated markets. Including:
 - feasibility studies and competitor evaluation to identify the market best suited to the company's needs.
 - listing project timeline
 - selection and coordination of the listing process team (financial intermediaries, legal firms, auditing companies, communication firms)

- deal support documentation
- selection of offer recipients
- assistance on interactions with institutional bodies
- **Debt Restructuring & Debt Advisory:** services for debt rescheduling operations (financial and/or trade debts) and activities aimed at business relaunch, seeking investors to support the project. Analysis of the company's financial needs, prepare financial documentation, and advising on debt management strategies to ensure access to capital under favourable conditions.

Revenue model

In the last years, Finance For Food revenues were mainly generated by recurring fees related to its advisor role in a private equity fund, proportional to the AUM. Other revenue streams come from various advisory services whose remuneration includes a retainer and success fee based on the project closing.



Strategy: consolidate and increase the market share

Finance For Food's key strategy pillars:

- diversify the service portfolio, starting from the new corporate finance business line
- acquisitions to grow business and enhance the operational capacity

5. FINANCIAL ANALYSIS AND PROJECTIONS

Historical figures

Finance For Food revenues in the last three years were from recurring investment advisory fees: revenues €1.6m in FY21, €1.0m in FY22, €1.1m in FY23, +10% on FY22 given the first contribution of business advisory services of about €100k. Other income €0.3m from the sublease of their office in Milan. FY23 costs: services 56% of revenues, personnel over 10% of revenues, other operating above 20%.

EBITDA was €0.1m, 9% on revenues and net income €(0.2)m.

Balance sheet

Receivables were €17k and payables €28k. Non-current assets €176k, mainly financial assets, class C shares in Finance For Food One fund. Net cash was €66k, Finance For Food has no bank debt, in other financial debt is included a security deposit for €61k received for the partial sublease of an office.

Light balance sheet

Finance For Food's historical figures were based mostly on advisory fees from Finance For Food One. In the coming years, FFF advisory of new funds and portfolio increase are expected to generate additional recurring and success fees. FFF is working to diversify its revenue streams with a higher contribution from business and corporate finance advisory services to leverage a broader portfolio of companies within its network.

Our estimates

Our expectations are based on advisory to new funds as the main driver for the growth of the investment advisory business line; in parallel we expect a rise in projects for the business advisory business line. From 2025 we expect Corporate Finance services contributing to revenues partly driven with the start of divestment phase for Finance For Food One fund.

Estimates construction

Our analysis of markets, competition, Finance For Food present profile, stage of growth and business model leads to assumptions for 2024E-26E.

Assumptions

Revenues	<p>Build-up per revenue stream:</p> <ul style="list-style-type: none"> - Investment advisory: from €1m to €2.9m (40% CAGR) <ul style="list-style-type: none"> ○ A new fund per year in 2024-26 period, committed capital in the range 100-150m ○ Advisory fee 0.30% ○ Success fee 0.25% at closing - Business advisory: from €0.1m to €0.4m (60% CAGR) <ul style="list-style-type: none"> ○ Avg fee by project €50k ○ Number of clients from 4 to 9 along 2024-26
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	<ul style="list-style-type: none"> - Corporate Finance: Starting in FY24 from €30k to €0.8m <ul style="list-style-type: none"> ○ Retainer fee in the range €20-50k ○ Number of deals 4 in 2025 and 7 in 2026
Operating charges	<ul style="list-style-type: none"> - Services decreasing to ca. 30% of revenues - Personnel yearly growth at a slower pace compared to revenues - Other operating costs decreasing to around 10% of revenues
Capex	- €0.6m one-off IPO costs in 2024 - Tax relief not factored in
Income taxes	<ul style="list-style-type: none"> - Corporate tax (IRES): 24% - Regional tax (IRAP): 3.90%
Equity	<ul style="list-style-type: none"> - All earnings retained in projections - IPO proceeds €2.0m

Source: EnVent Research

Financial projections

€k	Profit and Loss				
	2022	2023	2024E	2025E	2026E
Revenues	1,005.4	1,106.3	1,630.6	2,632.0	4,120.5
Total Revenues	1,005.4	1,106.3	1,630.6	2,632.0	4,120.5
YoY %	-	10.0%	47.4%	61.4%	56.6%
Services and cost of sales	(678.6)	(621.6)	(652.3)	(868.6)	(1,277.4)
Personnel	(93.2)	(125.3)	(363.4)	(617.8)	(880.4)
Other operating costs	(176.4)	(255.9)	(286.6)	(315.3)	(346.8)
Operating costs	(948.2)	(1,002.9)	(1,302.3)	(1,801.7)	(2,504.6)
EBITDA	57.2	103.4	328.3	830.3	1,615.9
<i>Margin</i>	5.7%	9.3%	20.1%	31.5%	39.2%
D&A	(32.4)	(32.1)	(139.3)	(142.5)	(138.8)
EBIT	24.8	71.3	189.0	687.9	1,477.1
<i>Margin</i>	2.5%	6.4%	11.6%	26.1%	35.8%
Interest	2.7	0.0	0.0	0.0	0.0
EBT	27.5	71.3	189.0	687.9	1,477.1
<i>Margin</i>	2.7%	6.4%	11.6%	26.1%	35.8%
Income taxes	(20.5)	(35.9)	(52.7)	(191.9)	(412.1)
Net Income (Loss)	7.0	35.4	136.3	496.0	1,065.0
<i>Margin</i>	0.7%	3.2%	8.4%	18.8%	25.8%

Source: Company data 2022-23A, EnVent Research 2024E-26E

Balance Sheet

€k	2022	2023	2024E	2025E	2026E
Accounts receivable	9.3	17.0	109.0	175.9	406.3
Accounts payable	(74.2)	(27.9)	(94.1)	(118.7)	(162.9)
Working Capital	(64.8)	(10.9)	14.9	57.2	243.4
Other assets (liabilities)	56.6	50.2	74.0	98.7	133.9
Net Working Capital	(8.2)	39.3	88.8	155.9	377.3
Intangible assets	21.2	1.8	500.0	387.0	272.5
Goodwill	0.0	0.0	0.0	0.0	0.0
Fixed assets - equipment	32.3	27.3	24.8	20.3	21.0
Equity investments and financial assets	149.3	146.7	146.7	146.7	146.7
Non-current assets	202.8	175.8	671.5	554.0	440.2
Provisions	(14.9)	(17.0)	(49.4)	(84.0)	(119.6)
Net Invested Capital	179.7	198.0	710.9	626.0	697.9
Net Debt (Cash)	(49.3)	(66.4)	(1,732.8)	(2,313.7)	(3,306.8)
Equity	229.0	264.5	2,443.8	2,939.7	4,004.7
Sources	179.7	198.0	710.9	626.0	697.9

Source: Company data 2022-23A, EnVent Research 2024E-26E

Cash Flow

€k	2023	2024E	2025E	2026E
EBIT	71.3	189.0	687.9	1,477.1
Current taxes	(35.9)	(52.7)	(191.9)	(412.1)
D&A	32.1	139.3	142.5	138.8
Provisions	2.2	32.4	34.6	35.7
Cash flow from P&L operations	69.7	307.9	673.0	1,239.5
Working Capital	(53.9)	(25.8)	(42.4)	(186.2)
Other assets and liabilities	6.4	(23.8)	(24.7)	(35.2)
Capex	(7.7)	(25.0)	(25.0)	(25.0)
Operating cash flow after WC and capex	14.5	233.4	580.9	993.1
Equity investments and financial assets	2.6	0.0	0.0	0.0
IPO proceeds	0.0	2,043.0	0.0	0.0
Capex - IPO cost	0.0	(610.0)	0.0	0.0
Net cash flow	17.1	1,666.4	580.9	993.1
Net Cash (Beginning)	49.3	66.4	1,732.8	2,313.7
Net Cash (End)	66.4	1,732.8	2,313.7	3,306.8
Change in Net Cash	17.1	1,666.4	580.9	993.1

Source: Company data 2022-23A, EnVent Research 2024E-26E

Ratio analysis

KPIs	2022	2023	2024E	2025E	2026E
ROE	3%	neg	6%	17%	27%
ROS (EBIT/Revenues)	0%	neg	12%	26%	36%
DSO	3	5	20	20	30
DPO	26	10	30	30	30
WC/Revenues	-6%	-1%	1%	2%	6%
Net Debt/EBITDA	cash	cash	cash	cash	cash
Net Debt/Equity	cash	cash	cash	cash	cash
Cash flow from P&L operations/EBITDA	na	67%	94%	81%	77%
FCF/EBITDA	na	14%	71%	70%	61%

Source: Company data 2022-23A, EnVent Research 2024E-26E

6. VALUATION

Specialized advisor for selected industries

Valuation rationale

FFF value expectation counts on its mission to advise valuable Italian companies with high growth potential. Financial success relies on the ability to identify, evaluate, negotiate, advise and exit investments, carrying out its growth strategy, whose main pillars are increasing funding, M&A and strategical and operational advisory.

Relevant market metrics and valuation issues

- Market and industry analysis suggest high growth potential based on FFF strategy of approaching diversified ecosystems populated by excellent but too small companies, in high need to access capital markets and lacking specialized investors
- The value expectation counts on a business model heavily based on continuity of advisory revenues and subject to a well-balanced mix between recurring and non-recurring fees
- Medium risk profile
- Our estimates, based on the present size and stage of development, are founded on the assumption of several additional engagements as investment advisor and timely penetration of market addressed Business and Corporate Finance advisory services

Valuation metrics

The valuation has been performed through the Discounted Cash Flows methodology applied to 2024E-26E financial projections.

Given the lack of comparable listed companies with a scope of practice similar to FFF, a market multiples analysis has not been considered sufficiently reliable.

Discounted Cash Flows

Metrics and assumptions:

- Risk free rate: 3.2% (last 30 days average. Source: Bloomberg, September 2024)
- Market return: 11.3% (last 30 days average. Source: Bloomberg, September 2024)
- Market risk premium: 8.2%
- Beta: 0.8 (judgmental, based on assumption of recurring revenues)
- Cost of equity: 9.7%
- Cost of debt: 5.5%
- Tax rate: 24% IRES
- 25% debt/(debt + equity) as target capital structure
- WACC calculated at 8.3%, according to above data
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a 40% EBITDA margin

DCF valuation					
€k	2023	2024E	2025E	2026E	Perpetuity
Revenues	1,106.3	1,630.6	2,632.0	4,120.5	4,244.1
EBITDA	103.4	328.3	830.3	1,615.9	1,697.6
<i>Margin</i>	9.3%	20.1%	31.5%	39.2%	40.0%
EBIT	71.3	189.0	687.9	1,477.1	1,672.6
<i>Margin</i>	6.4%	11.6%	26.1%	35.8%	39.4%
Taxes	(19.9)	(52.7)	(191.9)	(412.1)	(466.7)
NOPAT	51.4	136.3	496.0	1,065.0	1,206.0
D&A	32.1	139.3	142.5	138.8	25.0
Provisions	2.2	32.4	34.6	35.7	30.0
Cash flow from operations	85.7	307.9	673.0	1,239.5	1,261.0
Trade Working Capital		(25.8)	(42.4)	(186.2)	(0.2)
Other assets and liabilities		(23.8)	(24.7)	(35.2)	0.0
Capex		(635.0)	(25.0)	(25.0)	(25.0)
Yearly unlevered free cash flow		(376.6)	580.9	993.1	1,235.8
- 9M* unlevered free Cash flow		282.5			
Unlevered free cash flow		(94.2)	580.9	993.1	1,235.8
WACC	8.3%				
Long-term growth (G)	3.0%				
Discounted Cash Flows		(92.3)	525.6	829.5	
Sum of Discounted Cash Flows	1,262.9				
Terminal Value					23,895.9
Discounted TV	19,960.3				
Enterprise Value	21,223.2				
Net (Debt) Cash as of 30/09/2024*	(216.0)				
IPO proceeds	2,043.0				
Equity Value	23,050.1				

Source: EnVent Research

Note: Adjustments as a proxy at September 2024

Valuation summary and Target price

Our valuation points to an equity value of €23m. We initiate the coverage of FFF with an OUTPERFORM rating, based on a Target Price per share* of €3.94, +64% on €2.40 IPO offer price and with a potential upside of 67% on current share price.

Please refer to important disclosures at the end of this report.

FFF Price per Share (All-share)	€
Target Price	3.94
Current Share Price	2.36
Premium (Discount)	67%

*Note: including multiple-voting shares

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The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 06/09/2024 h. 7.00pm

Date and time of Distribution: 09/09/2024 h. 6.10pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
09/09/2024	OUTPERFORM	3.94	2.36

ENVENT RECOMMENDATION DISTRIBUTION (June 30th, 2024)

Number of companies covered:	27	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		89%	11%	0%	0%	0%	0%
of which EnVent clients % *		78%	33%	na	na	na	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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Additional information available upon request.

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