

## THE BOARD APPROVED THE 31 December 2019 FINANCIAL STATEMENTS

### FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A. CLOSED 2019 WITH STRONG GROWTH:

**REVENUES + 15%**

**ADJ EBITDA +11%**

### PROPOSAL FOR AN ORDINARY DIVIDEND OF € 0.12 PER SHARE

Verdellino, 31 March 2020

The Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Directors:

- Approved the Draft Financial Statements;
- Proposed the distribution of an ordinary dividend for the 2019 financial year of € 0.12 per share;
- Convened the Ordinary Shareholders' Meeting for 30 April 2020 on the first call.

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#### ADJ summary results

Thousands of Euro	FY 2019	FY 2018	Difference	Difference %
Revenues	159,658	139,387	20,272	15%
EBITDA <sup>(1)</sup>	* 20,793	18,679	2,114	11%
EBITDA Margin <sup>(2)</sup>	* 13,0%	13,4%		
Net Profit	* 8,248	8,686	(438)	(5%)
Shareholders' equity	148,291	149,165	(875)	
Net Financial Position <sup>(3)</sup>	(39,778)	(46,660)	6,882	

\* Does not include non-recurring income and charges totalling € 2.8 million.  
(€ 2.2 million net of the tax effect)

(1) Operating profit before amortisation and depreciation of intangible and tangible fixed assets and write-downs

(2) Ratio between EBITDA and revenues

(3) Liquid and financial assets net of payables to banks and medium/long-term loans

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

- ✓ Revenues generated by the "Food" Business Unit: € 119.2 million (FY 2018: € 105.6 million; +13%)
- ✓ Revenues generated by the "Pharma" Business Unit: € 40.5 million (FY 2018: € 33.8 million; +20%)
- ✓ EBITDA\* Margin: 13% (FY 2018: 13.4%)
- ✓ The Net Financial Position was positive, with about € 39.8 million compared to € 46.7 million as at 31 December 2018

The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. (a company listed on AIM Italia and a leading independent Italian company in the *Contract Development and Manufacturing Organisation* (CDMO) of solid oral forms for the pharmaceutical and nutraceutical industries) today approved the 31 December 2019 Draft Financial Statements.

The Chief Executive Officer, Giorgio Ferraris, commented:

*"2019 was a memorable year for Fine Foods. Despite the enormous efforts required by the completion and start-up of the two major expansions in the Food and Pharma plants, an organic growth level of 15 per cent, above the historical average, was achieved. The start-up of the new facilities in Brembate coincided with the shutdown of the Nembro plant. We expect that a consolidation of the Pharma activities into a single site will bring greater efficiencies and a better positioning for what concerns growing customer's expectations on quality and competitiveness. In 2019 the Pharma operations successfully completed the investment on all the packaging lines for the serialisation of the finished medicinal products, as required by the International anti-counterfeiting regulations. As part of the expansion of the Food plant, we tested and installed innovative technologies in automation and laser coding. While technology transfers and start-up activities have been extremely onerous from a cost and human point of view, we have gained a competitive advantage, that will lead to an even stronger organic growth."*

## 31 December 2019 INCOME STATEMENT AND BALANCE SHEET DATA

The Financial Statements are prepared under Italian accounting principles and subject to auditing.

### ADJ Profit and loss figures

Thousands of Euro		FY 2019	FY 2018
Revenues		159,658	139,387
EBITDA ADJ <sup>(1)</sup>	*	20,793	18,679
EBIT ADJ <sup>(2)</sup>	*	9,706	10,183
ADJ Income before taxes	*	10,497	10,431
ADJ Net profit	*	8,248	8,686

\* Does not include non-recurring income and charges totalling € 2.8 million. (€ 2.2 million net of the tax effect)

(1) Operating profit before amortisation and depreciation of intangible and tangible fixed assets and write-downs  
(2) Operating profit equal to the difference between production and value costs

**Revenues** for 2019 amounted to around € 160 million, with an overall increase of 15 per cent, compared to € 139 million in 2018 thanks to a positive contribution from both business areas: "Food" and "Pharma." No M&A transactions were performed during the 2019 financial year, and this performance is attributable to the organic growth component of the Company.

**EBITDA\*** amounted to approximately € 20.8 million and recorded an increase of more than € 2 million compared to the previous year, keeping the percentage on revenues constant at 13 per cent.

**EBIT\*** amounted to approximately € 9.7 million, a slight decrease compared to the previous year was due to the depreciation of investments for the expansion of the Zingonia-Verdellino and Brembate production sites.

**Earnings before taxes\*** slightly increased compared to 2018 thanks to better financial management.

**Net profit\*** was in line with the previous year at € 8.2 million.

### Balance Sheet Data

Thousands of Euro	FY 2019	FY 2018
Fixed assets	92,782	82,854
Net Working Capital	18,973	19,662
Other receivables and payables	(2,270)	1,011
Severance Indemnity	(973)	(1,022)
Net Invested Capital	<b>108,513</b>	<b>102,506</b>
Shareholders' equity	148,291	149,165
Net Financial Position	(39,778)	(46,660)

**Fixed assets** increased by approximately € 9.9 million compared to the previous financial year; this item includes total investments of approximately € 20.1 million. From this, about € 2.1 million was earmarked for the completion of the pharmaceutical and nutraceutical site expansion and about € 17.3 million for purchases of new machinery, plants, and equipment to increase the production capacity of both plants, of which about € 7.2 million will take advantage of "Industry 4.0" tax benefits.

The decrease in **Net Working Capital** is mainly due to the reduction in the "Trade receivables" item, thanks to the continuous process of monitoring credit positions, which allowed further improvements to the average collection times compared to the previous year.

The **Other receivables and payables** item showed a negative balance at 31 December 2019, due to the reduction in tax receivables, and particularly the VAT credit reduction. The Company used € 700,000 in horizontal compensation and collected the refund requested in the Annual VAT Declaration for € 2.7 million.

**Shareholders' equity** amounted to € 148.3 million, compared to € 149.1 million for the previous year. The slight decrease is due to the treasury share buyback programme and the distribution of dividends approved by the 30 April 2019 Shareholders' Meeting.

The **Net Financial Position** was positive, with about € 39.8 million. The excellent cash generation deriving mainly from operations fully supported the new investments made. The change from the previous financial year is due to the ongoing buy-back programme and the distribution of dividends.

## **SIGNIFICANT EVENTS AFTER THE YEAR-END**

On 9 January 2020, under art. 6.4 (d) (ii) (B) of the Fine Foods Articles of Association, 50,000 Special Shares were converted into a ratio of six Ordinary Shares for every single Special Share held. This means 300,000 new Fine Foods Ordinary Shares being issued without changing the share capital total amount. It should be noted that, during February 2020, 262,611 Ordinary Shares were issued, with a consequent increase in Share Capital of € 26,261.10, following the exercise of 1,201,906 warrants.

The Share Capital resulting from the above transactions was € 22,590,304 and consisted of 23,455,540 shares.

As part of the treasury share buyback programme announced to the market on 14 December 2018 and launched on 19 December 2018 implementing the 14 December 2018 Shareholders' Meeting resolution, on 20 March 2020, Fine Foods purchased on the AIM Italia, managed by Borsa Italiana S.p.A., 625,810 treasury shares, equal to 2.6681% of the Share Capital, at the weighted average price of € 10.7758, for a total value of € 6,743,615.

## **BUSINESS OUTLOOK**

After January 2020, the national and international scenario was influenced by the spread of the Coronavirus and the consequent restrictive measures for its containment, implemented by the public authorities of the countries concerned. According to the latest legislative provisions, Fine Foods is among the companies that can continue to carry out its activities, producing medicines and food supplements, as it is considered essential for the community.

There were no problems in the production and shipping of products to customers when drafting the Financial Statements. There were no difficulties in the procurement of raw and packaging materials. However, the potential impact of this phenomenon on future financial statements cannot be determined at this time and will be monitored during the 2020 financial year.

## **PROFIT ALLOCATION PROPOSAL**

The Board of Directors proposed the following to the Shareholders' Meeting:

- ✓ to approve the Fine Foods & Pharmaceuticals N.T.M. S.p.A. 31 December 2019 Financial Statements, which show a net profit of € 6,069,585;
- ✓ to distribute an ordinary dividend of € 0.12 for each share with rights;
- ✓ to allocate the remainder to the Extraordinary Reserve.

The ex-dividend date is 11 May 2020, recorded on 12 May 2020 and the payment will start on 13 May 2020.

## **STATUTORY AUDIT**

The Board of Directors, in agreement with the Board of Statutory Auditors, has started the procedure for the assignment of the nine-year statutory audit of the Company's accounts for the 2020-2028 period.

## **UPDATING THE COMPANY'S ARTICLES OF ASSOCIATION**

The Board of Directors resolved to update the Company's Articles of Association and its instructions on the composition of the Share Capital based on the situation existing at the Board of Directors' meeting date. This replaces the current wording of Article 5.1 of the Articles of Association with the following:

The Share Capital is € 22,590,304 and is divided into 18,705,540 Ordinary Shares, 50,000 Special Shares, 3,500,000 Multiple-voting Shares and 1,200,000 Redeemable Shares, with no nominal value.

## **UPDATING THE RELATED PARTY TRANSACTIONS PROCEDURE**

The Board of Directors approved the new text of the Company's Related Party Transactions Procedure following the new obligations arising from the application of the rules for publicly-traded Companies.

## **FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A. ORDINARY SHAREHOLDERS' MEETING CONVOCAZIONE**

The Board of Directors resolved to call the ordinary Shareholders' Meeting, according to the financial calendar, for 30 April 2020 on the first call, with the following Agenda:

1. Meeting regulations proposal.
2. 31 December 2019 Financial Statements, related and consequent resolutions:
  - ✓ approval of the 31 December 2019 Financial Statements, accompanied by the Directors' Annual Report; Report of the Board of Statutory Auditors and of the Auditing Company;
  - ✓ Allocation of operating profit and dividend distribution.
3. Proposal to authorise the purchase and disposal 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 14 December 2018. Related and consequent resolutions.
4. Proposal to revoke for "just cause" the Deloitte & Touche S.p.A. statutory audit assignment and simultaneously confer a nine-year appointment for the 2020-2028 period and determination of the related compensation. Related and consequent resolutions.

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This press release is available on the Fine Foods website [www.finefoods.it](http://www.finefoods.it), in the Investor Relations/Press Releases section.

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Fine Foods & Pharmaceuticals N.T.M. S.p.A., founded in 1984, is the leading independent Italian company in the contract development and manufacturing organisation (CDMO) of solid oral forms for the pharmaceutical and nutraceutical industries. The company is recognised on the market for its high-quality products and has long-term relationships with most of its customers (more than one hundred). It has more than 600 employees and has generated revenues for about 160 million euros with over 60 per cent of its sales volumes abroad in 2019.

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## 31 December 2019 FINANCIAL STATEMENTS

### BALANCE SHEET

	31/12/2019	31/12/2018
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
3) industrial patent and intellectual property rights	1,273,296	1,059,699
5) goodwill	-	194,150
7) other	2,176,313	3,024,895
<i>Total intangible fixed assets</i>	<i>3,449,609</i>	<i>4,278,744</i>
II - Tangible fixed assets	-	-
1) land and buildings	37,314,959	18,439,641
2) plant and machinery	45,314,549	20,291,785
3) industrial and commercial equipment	2,040,227	1,585,805
4) other tangible assets	2,830,441	1,857,879
5) Fixed assets under construction and payments on account	1,832,437	36,400,643
<i>Total tangible fixed assets</i>	<i>89,332,613</i>	<i>78,575,753</i>
<i>Total fixed assets (B)</i>	<i>92,782,222</i>	<i>82,854,497</i>
<b>C) Current assets</b>		
I – Inventories	-	-
1) raw materials, ancillary materials, and consumables	12,297,677	12,907,823
2) work in progress and semi-finished products	3,030,866	3,839,982
4) finished products and goods	7,159,281	5,239,614
<i>Total inventories</i>	<i>22,487,824</i>	<i>21,987,419</i>
II – Receivables	-	-
1) from customers	17,093,400	21,546,545
due within 12 months	17,093,400	21,546,545
5-bis) tax receivables	2,150,075	4,892,644

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

	31/12/2019	31/12/2018
due within 12 months	2,150,075	4,892,644
5-ter) deferred tax assets	488,138	398,017
5-quarter) from others	225,273	305,322
due within 12 months	225,273	305,322
<i>Total receivables</i>	<i>19,956,886</i>	<i>27,142,528</i>
III - Current financial assets	-	-
6) other securities	68,337,564	-
<i>Current financial assets</i>	<i>68,337,564</i>	-
IV - Liquid assets	-	-
1) bank and postal deposits	2,664,126	74,764,972
3) cash and cash equivalents on hand	7,558	6,656
<i>Total liquid assets</i>	<i>2,671,684</i>	<i>74,771,628</i>
<i>Total current assets (C)</i>	<i>113,453,958</i>	<i>123,901,575</i>
<b>D) Accruals and deferrals</b>	<b>163,417</b>	<b>94,349</b>
<i>Total assets</i>	<i>206,399,597</i>	<i>206,850,421</i>
<b>Liabilities</b>		
<b>A) Shareholders' equity</b>	<b>148,290,590</b>	<b>149,165,395</b>
I- Share Capital	22,564,043	22,563,970
II - Share premium reserve	86,743,750	86,743,750
IV - Legal reserve	5,000,000	5,000,000
VI - Other reserves, indicated separately	-	-
Extraordinary reserve	6,072,106	-
Merger surplus reserve	26,553,351	26,553,351
<i>Total other reserves</i>	<i>32,625,457</i>	<i>26,553,351</i>
VIII - Profits (losses) carried forward	-	(381,962)
IX - Profit (loss) for the year	6,069,585	8,686,286
X - Negative reserve for treasury shares in the portfolio	(4,712,245)	-

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

	31/12/2019	31/12/2018
Total Shareholders' Equity	148,290,590	149,165,395
<b>C) Employee severance indemnity</b>	<b>972,595</b>	<b>1,021,636</b>
<b>D) Payables</b>		
1) bonds	9,896,567	9,859,540
due after 12 months	9,896,567	9,859,540
4) Bank Borrowing	21,334,924	18,252,486
due within 12 months	10,611,947	5,509,174
due after 12 months	10,722,977	12,743,312
7) trade payables	20,608,429	23,871,811
due within 12 months	20,608,429	23,871,811
12) taxes payable	907,303	837,220
due within 12 months	907,303	837,220
13) payables due to pension and social security institutions	1,851,465	1,673,423
due within 12 months	1,851,465	1,673,423
14) other payables	2,497,658	2,125,321
due within 12 months	2,497,658	2,125,321
<i>Total payables</i>	<i>57,096,346</i>	<i>56,619,801</i>
<b>E) Accruals and deferrals</b>	<b>40,066</b>	<b>43,589</b>
<i>Total liabilities</i>	<i>206,399,597</i>	<i>206,850,421</i>

## INCOME STATEMENT

	31/12/2019	31/12/2018
<b>A) Production value</b>		
1) revenues from sales and services	159,658,112	139,386,516
2) changes in inventories of work in progress, semi-finished and finished products	1,110,550	2,683,761
5) other revenues and income	-	-
Other	2,435,252	1,816,897
<i>Total other revenues and income</i>	<i>2,435,252</i>	<i>1,816,897</i>
<i>Total production value</i>	<i>163,203,914</i>	<i>143,887,174</i>
<b>B) Production costs</b>		
6) raw materials, ancillary materials, consumables, and goods	97,139,809	87,399,687
7) services	16,717,482	13,621,312
8) use of third-party assets	892,236	1,051,680
9) personnel	-	-
a) wages and salaries	21,314,115	18,380,087
b) social security contributions	6,150,495	5,452,949
c) severance indemnity	1,199,034	1,067,348
e) other costs	3,900	-
<i>Total personnel costs</i>	<i>28,667,544</i>	<i>24,900,384</i>
10) amortisation, depreciation, and write-downs	-	-
a) amortisation of intangible assets	1,550,587	1,391,088
b) depreciation of tangible assets	8,579,989	6,344,688
d) write-downs of receivables included in current assets and liquid assets	80,234	110,105
<i>Total amortisation, depreciation, and write-downs</i>	<i>10,210,810</i>	<i>7,845,881</i>
11) changes in inventories of raw materials, ancillary materials, consumables, and goods	610,146	(2,257,578)
14) other operating charges	2,032,158	1,142,695

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

	31/12/2019	31/12/2018
<i>Total production costs</i>	156,270,185	133,704,061
<b>Difference between production value and costs (A - B)</b>	<b>6,933,729</b>	<b>10,183,113</b>
<b>C) Financial income and charges</b>		
16) other financial income	-	-
c) from securities included in current assets other than equity investments	1,589,120	-
d) income other than the above	-	-
Other	6,325	751,981
<i>Total income other than the above</i>	6,325	751,981
<i>Total other financial income</i>	1,595,445	751,981
17) interest and other financial charges	-	-
Other	774,528	518,778
<i>Total interest and other financial charges</i>	774,528	518,778
17-bis) foreign exchange gains and losses	(29,972)	14,962
<i>Total financial income and charges (15 + 16-17 + -17-bis)</i>	790,945	248,165
<b>Earnings before taxes (A-B + -C + -D)</b>	<b>7,724,674</b>	<b>10,431,278</b>
<b>20) Current, deferred, and prepaid income taxes for the year</b>		
current taxes	1,745,210	1,865,477
deferred and prepaid taxes	(90,121)	(120,485)
<i>Total current, deferred, and prepaid income taxes</i>	1,655,089	1,744,992
<b>21) Profit (loss) for the year</b>	<b>6,069,585</b>	<b>8,686,286</b>

## CASH FLOW STATEMENT, INDIRECT METHOD

	Amount as at 31/12/2019	Amount as at 31/12/2018
<b>A) Cash flows from operating activities (indirect method)</b>		
Profit (loss) for the financial year	6,069,585	8,686,286
Income taxes	1,655,089	1,744,992
Interest expenses (Income)	(820,917)	(233,203)
(Gains)/Losses deriving from asset disposals	(915,412)	(11,136)
<i>1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals</i>	<i>5,988,345</i>	<i>10,186,939</i>
Adjustments for non-monetary items with no impact on the net working capital		
Allocation to Provisions	18,677	1,021,636
Depreciation of fixed assets	10,130,576	7,735,776
<i>Total adjustments for non-monetary items with no impact on the net working capital</i>	<i>10,149,253</i>	<i>8,757,412</i>
<i>2) Cash flow before changes in net working capital</i>	<i>16,137,598</i>	<i>18,944,351</i>
Changes in net working capital		
Decrease/(Increase) in inventories	(500,405)	(21,987,419)
Decrease/(increase) in trade receivables	4,453,145	(21,546,545)
Increase/(Decrease) in trade payables	(3,263,382)	23,713,361
Decrease/(increase) in accrued income and prepaid expenses	(69,068)	203,408
Increase/(Decrease) in accrued expenses and deferred income	(3,523)	43,589
Other decreases/(increases) of net working capital	3,352,959	(835,769)
<i>Total changes in net working capital</i>	<i>3,969,726</i>	<i>(20,409,375)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>20,107,324</i>	<i>(1,465,024)</i>
Other adjustments		
Interest received/(paid)	820,917	233,203
(Income taxes paid)	(1,655,089)	(1,744,992)
(Use of provisions)	(67,719)	

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

	Amount as at 31/12/2019	Amount as at 31/12/2018
<i>Total other adjustments</i>	<i>(901,891)</i>	<i>(1,511,789)</i>
<b>Cash flow from operating activities (A)</b>	<b>19,205,433</b>	<b>(2,976,813)</b>
<b>B) Cash flows deriving from investments</b>		
Tangible fixed assets		
(Investments)	(19,409,161)	(84,964,299)
Disposals	95,245	54,994
Intangible fixed assets		
(Investments)	(721,452)	(5,248,969)
Current financial assets		
(Investments)	(68,337,564)	
Disposals	892,480	
<b>Cash flow from investments (B)</b>	<b>(87,480,452)</b>	<b>(90,158,274)</b>
<b>C) Cash flows deriving from financing</b>		
Third-party financing		
Increase/(Decrease) of short-term payables to banks	5,102,773	5,507,604
New financing	1,500,000	22,602,852
(Funding repayment)	(3,483,308)	
Equity		
Paid increase in share capital	73	38,861,071
Sale/(purchase) of treasury shares	(4,712,245)	
(Dividends and advances on paid dividends)	(2,232,218)	
<b>Cash flow from financing (C)</b>	<b>(3,824,925)</b>	<b>66,971,527</b>
<b>Increase (decrease) in liquid assets (A ± B ± C)</b>	<b>(72,099,944)</b>	<b>(26,163,560)</b>
Liquid assets at the beginning of the financial year		
Bank and postal deposits	74,764,972	100,935,188
Cash and cash equivalents on hand	6,656	

	Amount as at 31/12/2019	Amount as at 31/12/2018
Total liquid assets at the beginning of the financial year	74,771,628	100,935,188
Liquid assets at the end of the financial year		
Bank and postal deposits	2,664,126	74,764,972
Cash and cash equivalents on hand	7,558	6,656
Total liquid assets at the end of the financial year	2,671,684	74,771,628