THE BOARD OF DIRECTORS APPROVES THE 30 JUNE 2020 HALF-YEAR FINANCIAL REPORT

€ 75 million revenues
due to postponing some orders in the portfolio to the second half of the year because of COVID 19

Adj Ebitda Margin at 13%
in line with the historical trend of recent years

€ 3.6 million Adj Net profit
despite the slight downturn, the result was very positive

Q3-20 Revenues at +22%
compared to the same period in 2019

Verdellino, 29 September 2020

The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. Board of Directors approves the 30 June 2020 Half-year Financial Report.

***

ADJ summary results

Thousands of Euro		1st Half 2020	1st Half 2019	Difference	Difference in %
Revenues		75,350	83,141	(7,790)	(9%)
EBITDA (1)	*	9,800	11,150	(1,350)	(12%)
EBITDA Margin (2)	*	13%	13.4%		
Net profit	*	3,637	4,210	(573)	(14%)

Thousands of Euro	30/06/2020	31/12/2019	Difference
Shareholders' equity	146,133	148,291	(2,157)
Net Financial Position (3)	(34,868)	(39,778)	4,909

* The first half of 2020 does not include non-recurring charges totalling € 0.7 million.
(€ 0.5 million net of the tax effect).
The first half of 2019 does not include non-recurring charges totalling € 1.4 million.
(€ 1 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

Registered office: 24040 Zingonia-Verdellino (BG) via Berlino, 39 - tel. 0039 035.4821382 fax 0039 035.4821588 - www.finefoods.it - E-mail:info@finefoods.it
Share Capital Euro 22,590,304 fully paid-up - VAT number EN 09320600969 - Companies Register and tax code 09320600969

- ✓ Revenues generated by the "Food" Business Unit: € 54.1 million (first half-year of 2019: € 63.1 million; -14%)
- ✓ Revenues generated by the "Pharma" Business Unit: € 21.2 million (first half-year of 2019: € 20 million; + 6%)
- ✓ EBITDA* Margin: 13.0% (first half-year of 2019: 13.4%)
- ✓ The Net Financial Position maintained its financial solidity and was positive (net cash) by € 34.9 million against a value of € 39.8 million at 31 December 2019
- ✓ YTD Sales at the end of September are up compared to the same period of the previous year
- ✓ Historical annual revenues growth trend expected for 2020

The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. - a company listed on AIM Italia and the 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 30 June 2020 Half-year Financial Report.

The Chief Executive Officer, Giorgio Ferraris, commented:

"Nothing better than the opening sentence of a famous book of Charles Dickens can describe the trend in the first half of 2020: "It was the best of times; it was the worst of times." The beginning of the year was particularly challenging since the plants are close to Bergamo and many employees live in Val Seriana, in the epicentre of the worst pandemic in decades. Despite this, the company reacted brilliantly to overcome the crisis, and now we can look positively to the year-end. Fine Foods confirmed the commitment to employees' safety by implementing measures to contain COVID-19 as early as the second half of February, regardless of cost. Once again employees' reliability, willingness and spirit of belonging made the difference. Activities were slowed, and many orders were moved to the second half of the year with the consequence, of a decrease in revenues compared to the first half of 2019. However, the efficiency measures implemented in the new plants towards the end of 2019 allowed us to contain the loss of margins caused by COVID-related inefficiencies, including a high incidence of indirect personnel on the lower turnover. Despite the difficulties of the first half of the year, the considerable growth in turnover in the third quarter and strong expected sales in the fourth quarter give us hope for a positive year-end. For a cohesive group, I do not think there is a stronger emotion than victory in a difficult battle, so if our expectations are met, we will be able to hold our heads high and say: "It was the best of times"."

30 June 2020 INCOME STATEMENT AND BALANCE SHEET DATA

The 30 June 2020 Interim Financial Statements have been prepared under Italian accounting standards.

ADJ Profit and loss figures

Thousands of Euro		1st Half 2020	1st Half 2019
Revenues		75,350	83,141
EBITDA (1)	*	9,800	11,150
EBIT (2)	*	3,245	5,692
Income before taxes	*	4,872	5,879
Net profit	*	3,637	4,210

*The first half of 2020 does not include non-recurring charges totalling € 0.7 million (€ 0.5 million net of the tax effect)
The first half of 2019 does not include non-recurring and charges totalling € 1.4 million (€ 1 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 value and costs

Revenues for the first half of 2020 were approximately € 75 million with a reduction of 9% compared to € 83 million in the first half of 2019. This variation is due to a short-term turnover contraction in the nutraceutical sector, which saw part of its revenues be postponed to the second half of the year. The revenues of the “Food” Business Unit amounted to € 54.1 million in the first half of 2020 compared to € 63.1 million in the first half of 2019 and showed a decrease of 14 per cent. The "Pharma" segment sales in the first half of 2020 reached € 21.2 million with an increase of six per cent compared to € 20 million in the first half of 2019.

EBITDA* amounted to approximately € 9.8 million and recorded a decrease of more than € 1.3 million compared to the same period of the previous year. However, the percentage of revenues is in line with the historical trend of 13 per cent.

EBIT* amounted to approximately € 3.2 million. This was a decrease compared to the previous year due to the full rate depreciation of the investments for the expansion of the Zingonia-Verdellino and Brembate production sites, which became operational in 2019.

Earnings before taxes* slightly decreased compared to the first half of 2019 thanks to the financial management contribution.

Net Profit* closed at € 3.7 million, showing a slight decrease compared to the first half of 2019.

Balance Sheet Data

Thousands of Euro	30/06/2020	31/12/2019
Fixed assets	93,435	92,782
Net Working Capital	23,492	18,973
Other receivables and payables	(4,740)	(2,270)
Severance Indemnity	(921)	(973)
Net Invested Capital	**111,265**	**108,513**
Shareholders' equity	146,133	148,291
Net Financial Position	(34,868)	(39,778)

Fixed Assets recorded an increase of about € 0.7 million compared to 31 December 2019. This item includes investments of about € 6.5 million, which included new plant and machinery purchases, and depreciation of about € 5.9 million.

The increase in **Net Working Capital** was due to the rise in the "Trade receivables" item, generated by the postponement of some collections in the first few days of July. This was primarily offset by the higher balance of the "Trade payables" item.

The **Other Receivables and Payables** item showed a negative balance of about € 2.5 million compared to 31 December 2019, due to the VAT credit decrease and the postponement of payment of current taxes during the first half of the 2020 financial year.

Shareholders' equity amounted to € 146.1 million, compared to € 148.3 million at the end of the previous year. The slight decrease is due to the treasury share buyback programme and the distribution of dividends approved by the 30 April 2020 Shareholders' Meeting.

The **Net Financial Position** was positive (net cash), by about € 34.9 million. The excellent cash generation deriving from operations fully supported the new investments made and the movement of working capital. The change from the previous financial year is due to the ongoing buy-back programme and the distribution of dividends.

SIGNIFICANT EVENTS AFTER THE PERIOD-END

On 15 September 2020, Fine Foods purchased 711,974 treasury shares, equal to 3.0214% of the share capital, on AIM Italia, organised and managed by Borsa Italiana S.p.A., at a weighted average price of € 10.7693, totalling € 7,667,460.

On 22 July 2020, the Company purchased a property complex adjacent to the pharmaceutical production plant located in via Grignano in Brembate (BG) as part of its continuous organic growth plan and to secure additional space for future development.

BUSINESS OUTLOOK

Considering the overall positive result achieved by the Company in the first half of 2020, when the Covid 19 pandemic should have reached its peak and having noted an ever-increasing recovery in the market, a second half of the year is expected to strongly expand.

***

The 30 June 2020 Half-year Financial Report is available to the public at the Company's registered office and can be consulted on the Fine Foods website at www.finefoods.it, in the Investor Relations / Financial Reports and presentations section.

***

The "H1-2020 Results Presentation" is available on the Fine Foods website www.finefoods.it, in the Investor Relations / Financial Reports and Presentations / Presentations.

***

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., 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 generated more than 60 per cent of its sales volumes abroad in 2019.

***

For information:

Fine Foods & Pharmaceuticals N.T.M. S.p.A.
Investor Relations
Tel. +39 035 4821382
ir@finefoods.it

Banca Akros S.p.A.
Nomad
Viale Eginardo 29, Milan
ecm@bancaakros.it

CDR Communication
IR Advisor
Paola Buratti
paola.buratti@cdr-communication.it
Media Relations
Marianna Tremolada
marianna.tremolada@cdr-communication.it

30 June 2020 FINANCIAL STATEMENTS

BALANCE SHEET

	30/06/2020	31/12/2019
Assets		
B) Fixed assets		
I - Intangible fixed assets	-	-
3) industrial patent and intellectual property rights	1,469,512	1,273,296
7) other	1,769,420	2,176,313
Total intangible fixed assets	*3,238,932*	*3,449,609*
II - Tangible fixed assets	-	-
1) land and buildings	36,962,570	37,314,959
2) plant and machinery	46,556,398	45,314,549
3) industrial and commercial equipment	1,844,359	2,040,227
4) other tangible assets	2,824,434	2,830,441
5) Fixed assets under construction and payments on account	2,007,970	1,832,437
Total tangible fixed assets	*90,195,731*	*89,332,613*
Total fixed assets (B)	*93,434,663*	*92,782,222*
C) Current assets		
I - Inventories	-	-
1) raw materials, ancillary materials, and consumables	13,214,602	12,297,677
2) work in progress and semi-finished products	2,779,540	3,030,866
4) finished products and goods	7,582,796	7,159,281
Total inventories	*23,576,938*	*22,487,824*
II - Receivables	-	-
1) from customers	24,590,725	17,093,400
due within 12 months	24,590,725	17,093,400
5-bis) tax receivables	870,876	2,150,075
due within 12 months	870,876	2,150,075

	30/06/2020	31/12/2019
5-ter) deferred tax assets	386,793	488,138
5-quater) from others	540,357	225,273
due within 12 months	540,357	225,273
Total receivables	*26,388,751*	*19,956,886*
III - Current financial assets	-	-
6) other securities	67,444,536	68,337,564
Total current financial assets	*67,444,536*	*68,337,564*
IV - Liquid assets	-	-
1) bank and postal deposits	1,440,966	2,664,126
3) cash and cash equivalents on hand	5,947	7,558
Total liquid assets	*1,446,913*	*2,671,684*
Total current assets (C)	*118,857,138*	*113,453,958*
D) Accruals and deferrals	**69,874**	**163,417**
Total assets	*212,361,675*	*206,399,597*
Liabilities		
A) Shareholders' equity	**146,133,358**	**148,290,590**
I - Capital	22,601,209	22,564,043
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	9,398,219	6,072,106
Merger surplus reserve	26,553,351	26,553,351
Total other reserves	*35,951,570*	*32,625,457*
IX - Profit (loss) for the year	3,116,544	6,069,585
X - Negative reserve for treasury shares in the portfolio	(7,279,715)	(4,712,245)
Total Shareholders' Equity	146,133,358	148,290,590
C) Employee severance indemnity	**920,878**	**972,595**

	30/06/2020	31/12/2019
D) Payables		
1) bonds	9,911,375	9,896,567
due after 12 months	9,911,375	9,896,567
4) Bank Borrowing	24,111,650	21,334,924
due within 12 months	9,911,106	10,611,947
due after 12 months	14,200,544	10,722,977
7) trade payables	24,676,048	20,608,429
due within 12 months	24,676,048	20,608,429
12) taxes payable	1,826,742	907,303
due within 12 months	1,826,742	907,303
13) payables due to pension and social security institutions	2,080,296	1,851,465
due within 12 months	2,080,296	1,851,465
14) other payables	2,662,280	2,497,658
due within 12 months	2,662,280	2,497,658
Total payables	*65,268,391*	*57,096,346*
E) Accruals and deferrals	**39,048**	**40,066**
Total liabilities	*212,361,675*	*206,399,597*

FINEFOODS
Nutraceuticals
Pharmaceuticals

INCOME STATEMENT

	30/06/2020	30/06/2019
A) Production value		
1) revenues from sales and services	75,350,182	83,140,551
2) changes in inventories of work in progress, semi-finished and finished products	172,188	4,691,769
5) other revenues and income	-	-
other	873,530	797,903
Total other revenues and income	*873,530*	*797,903*
Total production value	*76,395,900*	*88,630,223*
B) Production costs		
6) raw materials, ancillary materials, consumables, and goods	46,657,254	58,247,492
7) services	7,156,689	8,331,565
8) use of third-party assets	238,419	542,740
9) personnel	-	-
a) wages and salaries	10,265,755	11,192,171
b) social security contributions	3,240,760	3,391,471
c) severance indemnity	632,167	586,155
e) other costs	-	4,250
Total personnel costs	*14,138,682*	*15,174,047*
10) amortisation, depreciation, and write-downs	-	-
a) amortisation of intangible assets	683,456	746,283
b) depreciation of tangible assets	5,190,495	3,840,162
d) write-downs of receivables included in current assets and liquid assets	119,714	120,811
Total amortisation, depreciation, and write-downs	*5,993,665*	*4,707,256*
11) changes in inventories of raw materials, ancillary materials, consumables, and goods	(916,925)	(3,637,745)
14) other operating charges	580,343	958,708

Registered office: 24040 Zingonia-Verdellino (BG) via Berlino, 39 - tel. 0039 035.4821382 fax 0039 035.4821588 - www.finefoods.it - E-mail:info@finefoods.it
Share Capital Euro 22,590,304 fully paid-up - VAT number EN 09320600969 - Companies Register and tax code 09320600969

	30/06/2020	30/06/2019
Total production costs	*73,848,127*	*84,324,063*
Difference between production value and costs (A - B)	**2,547,773**	**4,306,160**
C) Financial income and charges		
16) other financial income	-	-
c) from securities included in current assets other than equity investments	2,936,671	674,060
d) income other than the above	-	-
other	2,172	1,822
Total income other than the above	*2,172*	*1,822*
Total other financial income	*2,938,843*	*675,882*
17) interest and other financial charges	-	-
other	1,316,997	253,727
Total interest and other financial charges	*1,316,997*	*253,727*
17-bis) foreign exchange gains and losses	5,006	(18,221)
Total financial income and charges (15 + 16-17 + -17-bis)	*1,626,852*	*403,934*
D) Adjustments to the value of assets and liabilities		
19) write-downs	-	-
c) from securities included in current assets other than equity investments	-	217,529
Total write-downs	*-*	*217,529*
Total adjustments to the value of assets and liabilities (18-19)	*-*	*(217,529)*
Earnings before taxes (A-B + -C + -D)	**4,174,625**	**4,492,565**
20) Current, deferred, and prepaid income taxes for the year		
current taxes	956,736	1,316,458
deferred and prepaid taxes	101,345	(41,442)
Total current, deferred, and prepaid income taxes for the year	*1,058,081*	*1,275,016*
21) Profit (loss) for the year	**3,116,544**	**3,217,549**

CASH FLOW STATEMENT, INDIRECT METHOD

	Amount as at 30/06/2020	Amount as at 30/06/2019
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the financial year	3,116,544	3,217,549
Income taxes	1,058,081	1,275,016
Interest expenses (Income)	(1,621,846)	(422,155)
(Gains)/Losses deriving from asset disposals	(1,564,205)	(449,729)
1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals	*988,574*	*3,620,681*
Adjustments for non-monetary items with no impact on the net working capital		
Allocation to Provisions	8,701	14,888
Depreciation of fixed assets	5,873,951	4,586,445
Write-downs for permanent losses in value		217,529
Total adjustments for non-monetary items with no impact on the net working capital	*5,882,652*	*4,818,862*
2) Cash flow before changes in net working capital	*6,871,226*	*8,439,543*
Changes in net working capital		
Decrease/(Increase) in inventories	(1,089,114)	(8,329,514)
Decrease/(increase) in trade receivables	(7,497,325)	(1,968,524)
Increase/(Decrease) in trade payables	4,067,619	5,425,739
Decrease/(increase) in accrued income and prepaid expenses	93,543	(8,405)
Increase/(Decrease) in accrued expenses and deferred income	(1,018)	(2,409)
Other decreases/(increases) of net working capital	2,378,352	2,553,078
Total changes in net working capital	*(2,047,943)*	*(2,330,036)*
3) Cash flow after changes in net working capital	*4,823,283*	*6,109,507*
Other adjustments		
Interest received/(paid)	1,621,846	422,155
(Income taxes paid)	(1,058,081)	(1,275,016)

Registered office: 24040 Zingonia-Verdellino (BG) via Berlino, 39 - tel. 0039 035.4821382 fax 0039 035.4821588 - www.finefoods.it - E-mail:info@finefoods.it
Share Capital Euro 22,590,304 fully paid-up - VAT number EN 09320600969 - Companies Register and tax code 09320600969

	Amount as at 30/06/2020	Amount as at 30/06/2019
Other collections/(payments)	(60,418)	(16,300)
Total other adjustments	*503,347*	*(869,161)*
Cash flow from operating activities (A)	***5,326,630***	***5,240,346***
B) Cash flows deriving from investments		
Tangible fixed assets		
(Investments)	(6,080,185)	(8,038,324)
Disposals	42,111	44,848
Intangible fixed assets		
(Investments)	(472,779)	(292,671)
Current financial assets		
(Investments)		(67,725,745)
Disposals	2,441,694	
Cash flow from investments (B)	***(4,069,159)***	***(76,011,892)***
C) Cash flows deriving from financing		
Third-party financing		
Increase/(Decrease) of short-term payables to banks	4,562,367	4,422,711
New financing		1,746,679
(Funding repayment)	(1,770,833)	(2,770,833)
Equity		
Paid increase in share capital	37,166	65
Sale/(purchase) of treasury shares	(2,567,470)	(2,668,716)
(Dividends and advances on paid dividends)	(2,743,472)	(2,232,218)
Cash flow from financing (C)	***(2,482,242)***	***(1,502,313)***
Increase (decrease) in liquid assets (A ± B ± C)	***(1,224,771)***	***(72,273,857)***
Liquid assets at the beginning of the financial year		
Bank and postal deposits	2,664,126	74,764,972

	Amount as at 30/06/2020	Amount as at 30/06/2019
Cash and cash equivalents on hand	7,558	6,656
Total liquid assets at the beginning of the financial year	2,671,684	74,771,628
Liquid assets at the end of the financial year		
Bank and postal deposits	1,440,966	2,489,841
Cash and cash equivalents on hand	5,947	7,930
Total liquid assets at the end of the financial year	1,446,913	2,497,771
Balance difference		