

FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A.

Registered office: VIA BERLINO 39 VERDELLINO (BG)
Registered in the BERGAMO Companies Register
Tax code and company reference number: 09320600969
Registered in the BERGAMO REA no. 454184
Subscribed Share Capital € 22,601,209 fully paid up
VAT number: 09320600969



Half-year Financial Report

as at 30 June 2020

29 September 2020 Board of Directors

Table of contents

Corporate positions	page	3
Half-year Report on Operations	"	4
Balance Sheet	"	18
Income Statement	"	21
Cash Flow Statement	"	23
Explanatory Notes	"	25

CORPORATE POSITIONS

Board of Directors

Chairman and CEO

Marco Francesco Eigenmann

CEO

Giorgio Ferraris

Directors

Federico Oriani

Adriano Pala Ciurlo

Fulvio Conti

Marco Costaguta

Paolo Ferrario

Board of Statutory Auditors

Chairman

Paolo Villa

Statutory Auditors

Marco Antonio Manzoni

Barbara Castelli

Half-year Report on Operations

30/06/2020 Interim Financial Statements

Dear shareholders, the 30 June 2020 Half-year Financial Report ("Half-year or Interim Financial Statements") of Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("Fine Foods S.p.A." or the "Company") was prepared under article 18 of the of the AIM Italia Issuers' Regulations.

The Interim Financial Statements we submit for your approval show a net result for the period of € 3,116,544. This result was obtained after allocating amortisation and depreciation on intangible and tangible fixed assets for € 5,873,951 and allocating taxes for € 1,058,081.

The analysis of the company's situation, operating trend and result is reported in the following paragraphs dedicated explicitly to the market scenario, products and services, investments, and the main indicators of the economic and financial performance.

<i>Values expressed in €</i>		<u>30/06/2020</u>	<u>31/12/2019</u>
Balance sheet			
Assets			
A	Receivables from shareholders for unpaid called up share capital	-	-
B	Fixed assets	93,434,663	92,782,222
C	Current assets	118,857,138	113,453,958
D	Accruals and deferrals	69,874	163,417
	Total assets	<u>212,361,675</u>	<u>206,399,597</u>
Liabilities			
A	Shareholders' equity	146,133,358	148,290,590
B	Provisions for risks and charges	-	-
C	Employee severance indemnity	920,878	972,595
D	Payables	65,268,391	57,096,346
E	Accruals and deferrals	39,048	40,066
	Total liabilities	<u>212,361,675</u>	<u>206,399,597</u>

<i>Values expressed in €</i>		30/06/2020	30/06/2019
Income Statement			
A	Production value	76,395,900	88,630,223
B	Total production costs	73,848,127	84,324,063
	Difference between production value and costs	2,547,773	4,306,160
C	Financial income (charges)	1,626,852	403,934
D	Adjustments to the value of assets:	-	(217,529)
	Earnings before taxes	4,174,625	4,492,565
22	Financial year income taxes	956,736	1,316,458
	Deferred (prepaid) taxes	101,345	(41,442)
23	Profit (loss) for the financial year	3,116,544	3,217,549

General information and business performance

Fine Foods & Pharmaceuticals N.T.M. S.p.A., is the leading independent Italian Company in the contract development and manufacturing organisation (CDMO) of oral solid forms for the pharmaceutical and nutraceutical industries. The company is recognised on the market for its high-quality products and it generated approximately € 75 million turnover in the first half of 2020.

Economic background

Global growth is expected to be -4.9% in 2020 (source: IMF World Economic Outlook June 2020), 1.9 percentage points below previous April 2020 forecasts.

The Covid-19 pandemic had a more negative impact than expected in the first half of 2020, and recovery is likely to be more gradual than previously forecast. In 2021, global growth is forecast at +5.4%. Overall, this would mean a reduction in GDP in 2021 of about 6.5 percentage points less than projected in January 2020.

The pandemic has worsened in many countries and stabilised in others. Compared to early May 2020, the pandemic has rapidly intensified in several emerging markets and developing economies, making a shutdown necessary and causing greater than expected obstacles to economic activity. In other countries, however, infections and mortality rates were lower on a per capita basis, although the limited spread of serological testing means that there is considerable uncertainty about the pandemic's evolution. In many advanced economies, the pace of new infections and hospital occupancy rates in intensive care have declined thanks to weeks of shutdowns and voluntary suspension.

GDP in the first quarter of 2020 was worse than expected. Indicators suggest a severe contraction in the second quarter, except for China, where most of the country reopened in early April.

Consumption and service production fell sharply. In most recessions, consumers use their savings or rely on social safety nets and household support to amortise spending, and consumption is relatively less affected than investment. But this time consumption and service production fell sharply. The model reflects a unique combination of factors, including voluntary social distancing, lockdowns used to slow transmission and enable health systems to cope with a rapidly growing workload, heavy income losses and weaker consumer confidence. Companies have reduced investment in the face of sharply declining demand, supply disruptions and uncertain future earnings. As a result, there is a considerable shock to aggregate demand, exacerbating supply disruptions due to lockdowns.

Mobility remains depressed. Globally, lockdowns were more intense and widespread from around mid-March to mid-May. With the gradual reopening of economies, mobility has recovered in some areas but remain low compared to pre-virus levels, suggesting that people are voluntarily reducing exposure to each other. There has been a severe blow for the labour market. The sharp drop in activity was accompanied by a catastrophic blow to the global labour market. Some countries (particularly in Europe) contained the consequences with effective short-term programmes. However, according to the International Labour Organisation, the global decline in working hours in 2020:Q1 compared to 2019:Q4 was equivalent to the loss of 130 million full-time jobs. The decrease in 2020:Q2 is equivalent to more than 300 million full-time jobs.

The synchronised nature of the recession has amplified worldwide internal imbalances. Trade contracted by almost -3.5% (year-on-year) in the first quarter, due to weak demand, the collapse of cross-border tourism and lockdown supply disruptions (exacerbated in some cases by trade restrictions).

Weaker inflation. Average inflation in advanced economies fell by around 1.3 percentage points since the end of 2019 to 0.4% (year-on-year) by April 2020. In emerging economies, average inflation fell by 1.2 percentage points to 4.2%. The downward pressure on prices due to the fall in

aggregate demand, together with the effects of falling fuel prices, has widely offset the upward pressure on costs due to supply disruptions.

Euro Area

In the first quarter of 2020, real GDP in the Euro area fell by 3.8% compared to the previous period, and the new data shows a further marked decline in the second quarter. The most recent economic indicators and latest results of economic cyclical surveys confirm a drastic contraction in the Euro area economy and a rapid deterioration in labour market conditions. The coronavirus pandemic and the necessary containment measures had severe repercussions for manufacturing and service sectors, the area's economy production capacity and domestic demand. The most recent indicators suggest a slight reversal of the contraction in May, coinciding with the gradual restart of part of the economy. With the further easing of the containment measures, in the third quarter the Euro area's activity is expected to recover, supported by favourable financial conditions, the fiscal policies' expansionary approach and the restart of global activity, although overall the speed and extent of the recovery remain uncertain.

This assessment is substantially reflected in the June 2020 macroeconomic projections made by Eurosystem experts for the Euro area. In the projections' baseline scenario, annual real GDP would fall by 8.7% in 2020, rising by 5.2% in 2021 and 3.3% in 2022 (source: ECB).

Generally, the contraction's extent and recovery will depend crucially on the duration and effectiveness of the containment measures, the success of policies to mitigate the adverse impact on incomes and employment, and the extent to which production capacity and domestic demand will be permanently affected.

Significant events

On 30 April 2020, the Fine Foods Shareholders' Meeting resolved on the revocation of the unexecuted part of the authorisation to purchase treasury shares which were approved by the Shareholders' Meeting on 14 December 2018 and informed the market. It provided the Board of Directors with a new mandate to purchase and dispose of treasury shares under articles 2357 and 2357-ter of the Civil Code. This new treasury share buyback programme was launched on 15 May 2020 implementing the 30 April 2020 Shareholders' Meeting resolution.

Management Performance

After January 2020, the national and international scenario was influenced by the spread of the Coronavirus and the consequent restrictive measures for its containment, issued by the public authorities of the countries concerned.

Fine Foods actions focused on protecting its employees' health and safety. The company immediately and rigorously implemented safety and prevention regulations in compliance with government protocols. Another important objective was maintaining business continuity, guaranteeing production and service levels appropriate to the various market scenarios and rapidly implementing remote working solutions for office personnel.

From mid-March, activity was strongly influenced by Covid-19 escalation, with a consequent reduction in sales and financial performance in the first half of 2020.

In line with expectations, the commercial trend improved in May, following the suspension of lockdowns and restrictions in many countries.

Given the contingent situation, we can consider the six months just ended positively, since the drop in turnover must be understood as a shift to the second half of the year. Considering the achieved results and orders in the portfolio acquired for the last four months, we expect the turnover will grow at the end of September compared to the same period of the previous year. The expansion trend, which the company has always recorded, will be confirmed at the end of the year.

Item A1 of the Income Statement (Revenues from sales and services) went from € 83.1 million in the first half of 2019 to € 75.3 million in the first half of 2020, decreasing by 9.4%. This change is mainly due to the reduction in turnover in the nutraceutical sector. 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.

Management and coordination activities

We certify that the Company is not subject to external management and coordination.

Balance sheet and financial position

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

Balance Sheet Assets

Item	30/06/2020	%	31/12/2019	%	Absolute change	% Changes
WORKING CAPITAL	118,927,012	56%	113,617,375	55.05%	5,309,637	4.67%
Immediate Liquidity	1,446,913	0.68%	2,671,684	1.29%	-1,224,771	-45.84%
Liquid assets	1,446,913	0.68%	2,671,684	1.29%	-1,224,771	-45.84%
Deferred liquidity	117,480,099	55.32%	110,945,691	53.75%	6,534,408	5.89%
Short-term receivables under Current Assets	26,388,752	12.43%	19,956,886	9.67%	6,431,866	32.23%
Financial assets	67,444,536	31.76%	68,337,564	33.11%	-893,028	-1.31%
Accrued income and prepaid expenses	69,874	0.03%	163,417	0.08%	-93,543	-57.24%
Inventories	23,576,937	11.10%	22,487,824	10.90%	1,089,113	4.84%
FIXED ASSETS	93,434,664	44%	92,782,221	44.95%	652,443	0.70%
Intangible fixed assets	3,238,932	1.53%	3,449,609	1.67%	-210,677	-6.11%
Tangible fixed assets	90,195,732	42.47%	89,332,612	43.28%	863,120	0.97%
TOTAL APPLICATION OF FUNDS (Total Assets)	212,361,675	100%	206,399,596	100%	5,962,079	2.89%

Balance Sheet Liabilities

Item	30/06/2020	%	31/12/2019	%	Absolute Change	% Changes
THIRD-PARTY CAPITAL	66,228,318	31.19%	58,109,007	28.15%	8,119,311	13.97%
Current liabilities	45,484,960	21.42%	36,516,868	17.69%	8,968,092	24.56%
Short-term payables	45,445,911	21.40%	36,476,802	17.67%	8,969,109	24.59%
Accrued expenses and deferred income	39,048	0.02%	40,066	0.02%	-1,018	-2.54%
Consolidated liabilities	20,743,359	9.77%	21,592,139	10.46%	-848,780	-3.93%
Medium/long-term payables	19,822,481	9.33%	20,619,544	9.99%	-797,063	-3.87%
Severance Indemnity	920,878	0.43%	972,595	0.47%	-51,717	-5.32%
OWNERS' EQUITY	146,133,357	68.81%	148,290,589	71.85%	-2,157,232	-1.45%
Share Capital	22,601,209	10.64%	22,564,043	10.93%	37,166	0.16%
Reserves	120,415,604	56.70%	119,656,961	57.97%	758,643	0.63%
Profits (losses) carried forward		0%		0%	0	0%
Profit (loss) for the financial year	3,116,544	1.47%	6,069,585	2.94%	-2,953,041	-48.65%
TOTAL SOURCES (Total Liabilities)	212,361,675	100%	206,399,596	100%	5,962,079	2.89%

Balance sheet and financial position main indicators

Based on the previous reclassification, the following Financial Statement indicators are calculated:

INDEX	30/06/2020	31/12/ 2019	% Changes
Fixed asset coverage			
= A) Shareholders' equity / B) Fixed assets	156.40 %	159.83 %	(2.14) %
The index assesses the balance between the owners' equity and the company's fixed assets investments.			
Amounts payable to banks to working capital ratio			
= D.4) Bank Borrowing / C) Current assets	20.29 %	18.80%	7.91 %
This index measures working capital obtained using bank financing			
Short-term payables to banks to working capital ratio			
= D.4.1) Payables to banks due within 12 months / C) Current assets	11.95 %	9.35 %	27.73 %
The index is a percentage of how much the banks are financing the company's current assets in the short term			
Debt ratio			
= [TOTAL LIABILITIES - A) Shareholders' equity] / TOT. ASSETS	31.19%	28.15%	10.77 %
This index expresses the ratio between third-party capital and total assets			
Equity on invested capital			
= A) Shareholders' equity / TOT. ASSETS	68.81%	71.85%	(4.23) %
The index measures the company capitalisation degree and its financial independence from third-party financing			
Financial charges on turnover			
= C.17) Interest and other financial charges / A.1) Revenues from sales and services	1.74 %	0.33 %	432.32 %
The index expresses the ratio between financial charges and the Company's turnover			
Financial debt ratio			
= [D.1) Bonds payable + D.2) Convertible bonds payable + D.3) Payables to shareholders for loans + D.4) Payables to banks + D.5) Payables to other lenders + D.8) Payables represented by debt securities + D.9) Payables to subsidiaries + D.10) Payables to associated companies + D.11) Payables to parent companies] / A) Shareholders' equity	0.23	0.21	9.52 %
The index measures the ratio between the use of third-party financing capital (third-party paid capital and subject to repayment) and the use of the Company's own resources			
Current Ratio			
= [A) Receivables from shareholders for unpaid called up share capital + B.III.2) Receivables + C) Current assets - C.II) Receivables + D) Accruals and deferrals] / [D) Payables + E) Accruals and deferrals]	287.75 %	309.80 %	(15.90) %
It is the ratio, in percentage, between (immediate and deferred) liquidity and current liabilities. It expresses the company's ability to meet commitments using its current resources.			

INDEX	30/06/2020	31/12/ 2019	% Changes
Capital structure primary margin			
= [A] Shareholders' equity - (B) Fixed assets - B.III.2) Receivables #]	52,698,695	55,508,368	(5.06) %
It is the difference between the Shareholders' equity and Net Fixed Assets. It expresses, in absolute values, the Company's ability to cover its fixed asset investments with its own resources.			
Capital structure primary ratio			
= [A] Shareholders' equity] / [B) Fixed assets - B.III.2) Receivables]	1.56	1.60	(2.25) %
It is the ratio between Shareholders' equity and Net Fixed Assets. It expresses, in relative values, the portion of fixed assets covered by own resources.			
Capital structure secondary margin			
= [A] Shareholders' equity + B) Provisions for risks and charges + C) Employee severance indemnity + D) Payables] - [B) Fixed assets - B.III.2) Receivables]	73,442,052	77,100,507	(4.75) %
It is the difference between the Consolidated Long-Term Capital (Shareholders' equity plus Long-term payables) and Net Fixed Assets. It expresses, in absolute values, the Company's ability to cover fixed asset investments with consolidated resources.			
Capital structure secondary ratio			
= [A] Shareholders' equity + B) Provisions for risks and charges + C) Employee severance indemnity + D) Payables] / [B) Fixed assets - B.III.2) Receivables #]	1.79	1.83	(2.40) %
It is the ratio between the Consolidated Long-Term Capital and the Net Fixed Assets. It expresses, in relative values, the portion of fixed assets covered with consolidated resources.			
Net Working Capital			
= [A) Receivables from shareholders for unpaid called up share capital + B.III.2) Receivables + C.I) Inventories + C.II) Receivables + C.III) Current financial assets + C.IV) Liquid assets (Cash) + D) Accruals and deferrals] - [D) Payables + E) Accruals and deferrals]	73,442,052	76,612,369	(4.14) %
It is the difference between gross Working Capital and current liabilities. It expresses in absolute values, the ability of the company to face short-term commitments with existing resources			
Primary treasury margin			
= [A) Receivables from shareholders for unpaid called up share capital + B.III.2) Receivables + C.II) Receivables + C.III) Current financial assets + C.IV) Liquid assets (Cash) + D) Accruals and deferrals] - [D) Payables + E) Accruals and deferrals]	49,865,115	54,124,545	(7.87) %
It is the difference, in absolute values, between immediate and deferred liquidity and current liabilities. It expresses the Company's ability to meet current commitments using its own liquidity			
Secondary treasury margin			
= [C.IV) Liquid assets (Cash) - (D) Payables + E) Accruals and deferrals]	(44,038,047)	(33,845,184)	30.12%
It is the difference, in absolute values, between immediate liquidity and current liabilities. It expresses the company's ability to meet current commitments using its immediate liquidity.			

The Net Financial Position was positive, with about € 35 million, compared to € 39.8 million in 2019. 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.

Financial situation

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

Item	30/06/2020	%	30/06/2019	%	Absolute change	% Changes
Revenues from sales and services	75,350,182	100%	83,140,551	100%	-7,790,369	-9.37%
+ Change in inventories	1,650,346	2.19%	9,079,514	10.92%	-7,429,168	-81.82%
- Raw materials	46,657,254	61.92%	58,247,492	70.06%	-11,590,238	-19.90%
VALUE ADDED	30,343,273	40.27%	33,972,573	40.86%	-3,629,300	-10.68%
+ Other revenues	873,530	1.16%	797,903	0.96%	75,627	9.48%
- Overheads	7,395,108	9.81%	8,874,305	10.67%	-1,479,197	-16.67%
- Personnel cost	14,138,682	18.76%	15,174,047	18.25%	-1,035,365	-6.82%
- Other operating charges	580,342	0.77%	958,708	1.15%	-378,366	-39.47%
EBITDA	9,102,670	12.08%	9,763,416	11.74%	-660,746	-6.77%
ADJUSTED EBITDA	9,799,827	13.01%	11,149,695	13.41%	-1,349,868	-12.11%
- Amortisation, depreciation, and write-downs	6,554,898	8.70%	5,457,256	6.56%	1,097,642	20.11%
EBIT	2,547,772	3.38%	4,306,160	5.18%	-1,758,388	-40.83%
ADJUSTED EBIT	3,244,929	4.31%	5,692,439	6.85%	-2,447,510	-43%
+ Financial income	2,938,843	3.90%	675,882	0.81%	2,262,961	334.82%
- Financial charges	1,316,997	1.75%	253,727	0.31%	1,063,270	419.06%
- Foreign currency exchange gains and losses	5,006	0.01%	18,221	0.02%	-13,215	-72.52%
- Adjustments to the value of assets	0	0%	217,529	0.26%	-217,529	-100%
INCOME BEFORE TAXES	4,174,625	5.54%	4,492,565	5.40%	-317,940	-7.08%
ADJUSTED INCOME BEFORE TAXES	4,871,782	6.47%	5,878,844	7.07%	-1,007,062	-17.13%
- Financial year income taxes	1,058,081	1.40%	1,275,016	1.53%	-216,935	-17.01%
NET INCOME	3,116,544	4.14%	3,217,549	3.87%	-101,005	-3.14%
ADJUSTED NET INCOME	3,637,002	4.83%	4,210,394	5.06%	-573,392	-13.62%

In the first half of 2020, non-recurring costs of € 559,000 were incurred due to the Covid 19 pandemic. These costs relate to the purchase of personal protective equipment, workplace sanitisation, the implementation of smart working, and for direct personnel deriving from a reorganisation of shifts.

In the event of the translisting to MTA (Italian Equities Market), the company incurred extraordinary consultancy costs for € 139,000.

Key economic indicators

Based on the previous reclassification, the following Financial Statement indicators are calculated:

INDEX	30/06/2020	30/06/2019	% Changes
ROE			
= 23) Profit (loss) for the year / A) Shareholders' equity	2.13 %	2.17 %	(47.9) %
The index measures the return on equity invested in the company			
ROI			
= [A) Production value - A.5) Other revenues and income - B) Production costs + B.14) Other operating expenses] / TOT. ASSETS	1.06 %	2.16 %	(50.95) %
The index measures the profitability and the efficiency of the invested capital for company ordinary operations			
ROS			
= [A) Production value - B) Production costs] / A.1) Revenues from sales and services	3.38%	5.18%	(34.75) %
The index measures the Company's ability to generate profits from sales or the operating income for each unit of revenue			
ROA			
= [A) Production value - B) Production costs] / TOT. ASSETS	1.20 %	2.09 %	(42.58) %
The index measures the return on investment with reference to the result before financial management			
EBIT			
= [A) Production value - B) Production costs + C.15) Income from equity investments + C.16) Other financial income + C.17a) Foreign currency exchange gains and losses + D) Adjustments to the value of assets + E) Extraordinary income and charges]	5,491,622	4,746,292	15.70 %
The income margin measures the result for the year, taking into account the ancillary, financial (excluding financial expenses) and extraordinary areas.			

Main risks and uncertainties for the Company

The main risks and uncertainties for the Company are described below. The Board of Directors must diligently monitor and implement risk containment policies:

- the price risk is managed using a solid cost accounting procedure which can identify the production cost, through which remunerative and competitive prices can be offered to the customer;
- the exchange rate risk is kept under control by avoiding exposures over time in currencies other than the Euro;
- the liquidity risk is mitigated by adopting policies and procedures which maximise the efficiency of financial resource management. This is carried out through the centralised management of incoming and outgoing flows, assessment of prospective liquidity conditions, obtaining adequate credit lines, and preserving an adequate cash and cash

equivalent level. Current liquidity and credit lines are enough to meet future financial needs, along with resources generated by operating and financing activities.

- the product risk is spread over a large portfolio of products that annually pass through plants. This ensures that the Company is not dependant on a single product. A competent and timely Quality Assurance service safeguards product quality;
- the risk of changes in cash flows is not considered significant in view of the Company's balance sheet. It is considered that the risks to which the business activity is exposed are not higher than those physiologically connected to the overall business risk;
- the credit risk represents the Company's exposure to potential losses deriving from the non-fulfilment of the obligations assumed by counterparties. Experience has proved that this risk never significantly occurred for Fine Foods. However, the Company would implement the appropriate hedging if necessary.

Key non-financial indicators

For a better understanding of the Company situation, the operating trend and result, it is useful to present the following non-financial indicators:

- Fine Foods maintains consolidated and continuous relationships with more than 100 customers;
- The Company can count on 102 production lines located in the various plants;
- Fine Foods produces more than 1,300 Stock-Keeping Units (SKUs) annually;
- The Company has more than 590 employees, of which about 10 per cent are dedicated to quality control activities.

Environmental information

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

In May 2020, the Company underwent an environmental certification audit under the UNI EN ISO 14001:2015 standard, which certifies the presence of a management system to prevent air and water environmental issues.

The next maintenance visit is planned for mid-May 2021.

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

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

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

Work Risk Assessment Document

Under Legislative Decree no. 81 of 09/04/2008 of Legislative Decree 106/09 and subsequent amendments, which contain reference standards for workplace health and safety, the Company has drawn up the Risk Assessment Document (DVR - Documento di Valutazione dei Rischi) filed at its registered office and revised on 13 April 2020, version no. 13.

The Company holds the OHSAS 18001:2007 certification, which is the international standard for a safety and health management system for workers.

In April 2020, an audit was scheduled to obtain certification under UNI EN ISO 45001:2018, which will replace the old OHSAS 18001:2007. Due to the COVID-19 pandemic, the audit was rescheduled for September 2020.

During the year there were no serious accidents at work that resulted in serious injuries to personnel enrolled in the employee register for which corporate responsibility was ascertained.

Personnel Management Information

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

Attention was paid to the professional growth of personnel. In the first half of 2020, 78 training courses and seminars were held, involving 548 participants, for a total of 1,963 hours of training. These aimed at increasing technical skills and maintaining an adequate level of quality, safety, hygiene and environment skills.

Plant	Number of courses	Number of participants	Total hours
ZINGONIA	43	339	1,369
BREMBATE	35	209	593
TOTAL	78	548	1,963

During the first half of 2020 there were no serious accidents at work that resulted in serious injuries to personnel enrolled in the employee register for which corporate responsibility was ascertained or charges relating to occupational illnesses on employees or former employees and mobbing cases.

Research and development

Fine Foods works in the contract development and manufacturing of solid oral forms for the pharmaceutical and nutraceutical industries. The research and development work stems from a structured collaboration with customers aimed at providing them with new formulations for their products, guaranteeing their effectiveness, quality and innovation.

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

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

In the first half of 2020, no subsidiary, associated, parent companies or companies controlled by the parent companies' transactions took place, except for the dividend paid to the parent company of € 0.12 for each share held, as resolved by the 30 April 2020 Shareholders' Meeting.

Treasury shares

The table below summarises the situation regarding treasury shares as at 30/06/2020 and the movements during the year.

	Number	Total nominal value	%	Fees Euro
Initial balance	-	-	-	-
Purchased shares	676,840	-	2.87%	7,279,715
Shares allocated free of charge	-	-	-	-
Shares sold	-	-	-	-
Shares cancelled due to excess capital	-	-	-	-
Shares cancelled to cover losses	-	-	-	-
Final balance	676,840	0	2.87%	7,279,715

Under art. 2357-ter of the Civil Code, the purchase of treasury shares involved booking a "Negative reserve for treasury shares in the portfolio" in balance sheet liabilities. The number of treasury shares held by the Company having recourse to the risk capital market does not exceed one-fifth of the share capital, as required by art. 2357 of the Civil Code.

The purchase of treasury shares provides the Company with a useful strategic investment opportunity for purposes permitted by current regulations.

Parent Company shares

The Company has never owned parent Company shares.

Business outlook

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

Significant events after the end of the period

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.

Branch offices

The Company's branch operating offices are shown below:

Address	Location
VIA GRIGNANO 43	BREMBATE
VIA LOMBARDIA 8/B/C	NEMBRO

GDPR Privacy Policy

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

Verdellino-Zingonia, 29/09/2020

**For the Board of Directors
Chairman**

Marco Francesco Eigenmann

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
<i>Total intangible fixed assets</i>	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
<i>Total tangible fixed assets</i>	90,195,731	89,332,613
<i>Total fixed assets (B)</i>	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
<i>Total inventories</i>	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
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
<i>Total receivables</i>	26,388,751	19,956,886

	30/06/2020	31/12/2019
III - Current financial assets	-	-
6) other securities	67,444,536	68,337,564
<i>Total current financial assets</i>	<i>67,444,536</i>	<i>68,337,564</i>
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
<i>Total liquid assets</i>	<i>1,446,913</i>	<i>2,671,684</i>
<i>Total current assets (C)</i>	<i>118,857,138</i>	<i>113,453,958</i>
D) Accruals and deferrals	69,874	163,417
<i>Total assets</i>	<i>212,361,675</i>	<i>206,399,597</i>
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
<i>Total other reserves</i>	<i>35,951,570</i>	<i>32,625,457</i>
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
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

	30/06/2020	31/12/2019
14) other payables	2,662,280	2,497,658
due within 12 months	2,662,280	2,497,658
<i>Total payables</i>	<i>65,268,391</i>	<i>57,096,346</i>
E) Accruals and deferrals	39,048	40,066
<i>Total liabilities</i>	<i>212,361,675</i>	<i>206,399,597</i>

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
<i>Total other revenues and income</i>	<i>873,530</i>	<i>797,903</i>
<i>Total production value</i>	<i>76,395,900</i>	<i>88,630,223</i>
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
<i>Total personnel costs</i>	<i>14,138,682</i>	<i>15,174,047</i>
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
<i>Total amortisation, depreciation, and write-downs</i>	<i>5,993,665</i>	<i>4,707,256</i>
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
<i>Total production costs</i>	<i>73,848,127</i>	<i>84,324,063</i>
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
<i>Total income other than the above</i>	<i>2,172</i>	<i>1,822</i>
<i>Total other financial income</i>	<i>2,938,843</i>	<i>675,882</i>

	30/06/2020	30/06/2019
17) interest and other financial charges	-	-
Other	1,316,997	253,727
<i>Total interest and other financial charges</i>	<i>1,316,997</i>	<i>253,727</i>
17-bis) foreign exchange gains and losses	5,006	(18,221)
<i>Total financial income and charges (15 + 16-17 + -17-bis)</i>	<i>1,626,852</i>	<i>403,934</i>
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
<i>Total write-downs</i>	<i>-</i>	<i>217,529</i>
<i>Total adjustments to the value of assets and liabilities (18-19)</i>	<i>-</i>	<i>(217,529)</i>
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)
<i>Total current, deferred, and prepaid income taxes</i>	<i>1,058,081</i>	<i>1,275,016</i>
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)		

	Amount as at 30/06/2020	Amount as at 30/06/2019
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)
<i>1) Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses on disposals</i>	<i>988,574</i>	<i>3,620,681</i>
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
<i>Total adjustments for non-monetary items with no impact on the net working capital</i>	<i>5,882,652</i>	<i>4,818,862</i>
<i>2) Cash flow before changes in net working capital</i>	<i>6,871,226</i>	<i>8,439,543</i>
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
<i>Total changes in net working capital</i>	<i>(2,047,943)</i>	<i>(2,330,036)</i>
<i>3) Cash flow after changes in net working capital</i>	<i>4,823,283</i>	<i>6,109,507</i>
Other adjustments		
Interest received/(paid)	1,621,846	422,155
(Income taxes paid)	(1,058,081)	(1,275,016)
Other collections/(payments)	(60,418)	(16,300)
<i>Total other adjustments</i>	<i>503,347</i>	<i>(869,161)</i>
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)

	Amount as at 30/06/2020	Amount as at 30/06/2019
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
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		

Explanatory Notes

Introduction

Fine Foods & Pharmaceuticals N.T.M. S.p.A. is a company listed on the Alternative Investment Market Italia (hereafter "AIM Italia"), managed by Borsa Italiana S.p.A., since 1 October 2018.

The explanatory notes on the 30 June 2020 Half-year Report refer to the Balance Sheet, Income and Cash Flows Statement on 30 June 2020.

The Cash Flow Statement shows the positive or negative changes in the cash and cash equivalents that took place in the first half of 2020. It was prepared using the OIC 10 accounting standard, adopting the "cash flow from operating activities determined using the indirect method" layout.

The 30 June 2020 Interim Financial Statements consisted of the Balance Sheet, Income and Cash Flow Statement and Explanatory Notes corresponding to the regularly kept accounting records and are prepared using OIC principles.

The 30 June 2020 Interim Financial Statements show a net profit of € 3,116,544 after amortisation and depreciation of € 5,873,951 and provision of income taxes of € 1,058,081.

Based on the economic performance and the sound financial position, the directors believe that the Company can continue its operations and have prepared the 30 June 2020 Half-year Report based on the going concern principle.

Drafting and valuation criteria and principles

The Interim Financial Statements are based on criteria and principles used for the preparation of the 31 December 2019 Financial Statements to which reference should be made.

The valuation principles adopted for the 30 June 2020 Interim Financial Statements comply with applicable civil law.

The Interim Statements preparation follows the OIC 30 Accounting Standard relating to Interim Statements.

The book values are represented in units of Euro by rounding off the related amounts.

When reviewing the Company's economic, financial and operational performance in the first half of 2020, the Company's activities, relations with the Parent Company, significant events that took place during the first half of the year, and the business outlook, reference should be made to the Report on Operations, prepared by the Company's Directors to accompany these Half-yearly Interim Financial Statements.

Description of the main items in the Balance Sheet and Income Statement

The notes on the Company's items in the 30 June 2020 Interim Financial Statements are set out below, with the corresponding 31 December 2019 values for the Balance Sheet items and 30 June 2019 for the Income Statement items.

Assets

Fixed assets

Intangible fixed assets

Under article 10 of law 19 March 1983, no. 72, and mentioned by the subsequent monetary revaluation laws, no monetary revaluation has been carried out on balance sheet intangible assets. It was unnecessary to write-down these fixed costs as required by the OIC 9 accounting standard, no indicators of potential permanent losses in the value of intangible assets were found.

Movements in intangible fixed assets

After booking the amortisation of € 683,456 in the Income Statement, the intangible assets were € 3,238,932.

The table shows the movements in fixed assets.

	Industrial patents and intellectual property rights	Other intangible fixed assets	Total intangible fixed assets
Value as at 31 December 2019			
Cost	2,786,414	4,716,743	8,668,054
Amortisation	1,513,118	2,540,431	5,218,446
Book value	1,273,296	2,176,312	3,449,609
Changes during the period			
Increases resulting from acquisitions	472,779		472,779
Amortisation for the period	276,563	406,893	683,456
Other – Cost	0	0	0
Other - Accumulated Amortisation	0		0
<i>Total changes</i>	<i>196,216</i>	<i>-406,893</i>	<i>-210,677</i>
Value at end of the period			
Cost	3,259,193	4,716,743	9,140,833
Amortisation	1,789,681	2,947,324	5,901,902
Book value as at 30 June 2020	1,469,512	1,769,420	3,238,932

Industrial patents and intellectual property rights

The "Industrial patents and intellectual property rights" item mainly refers to the purchase of software licenses, to development projects for the "Microsoft Dynamics AX" ERP information system and MES software for a better production control and management.

Other intangible fixed assets

The "Other intangible fixed assets" item includes the costs incurred by the company to carry out the "Business Combination", i.e. the merger between Innova Italy 1 S.p.A. and Fine Foods & Pharmaceuticals N.T.M. S.p.A. consisting of a merger by incorporation of Fine Foods & Pharmaceuticals N.T.M. S.p.A. into Innova Italy 1 with a subsequent change of company name to "Fine Foods & Pharmaceuticals N.T.M. S.p.A." that can be abbreviated to "Fine Foods N.T.M. S.p.A."

These are costs for legal, notary, tax, corporate and financial assistance relating to the transaction.

Tangible fixed assets

The assets belonging to tangible fixed assets are booked on the date on which the transfer of the risks and benefits connected to the acquired asset took place. They are booked in the Financial Statements at purchase cost, increased by any additional charges incurred until the assets are ready for use and within the limits of their recoverable value.

These assets are shown in the Balance Sheet assets net of accumulated depreciation.

The depreciation of tangible fixed assets, the use of which is limited in time, was carried out using the following rates:

Table of annual depreciation rates		
	Food	Pharma
Industrial buildings based on their type	3%	5.5%
Light construction	10%	10%
Generic plant, based on their type	7.5%	10%
Specific plant and machinery, based on their type	14%	12%
Industrial and commercial equipment, based on their type	20%	40%
Other assets: Furniture and furnishings	12%	
Other assets: Electronic office machines	20%	
Other assets: Transport vehicles	20%	
Other assets: Cars	25%	

Any disposal of assets (sales, scrapping, etc.) that occurred during the period resulted in the cancellation of their residual value. Any difference between the book value and the disposal value was recorded in the Income Statement.

Any write-down was unnecessary, as required by the OIC 9 accounting standard, no indicators of potential permanent losses in the value of tangible assets were found.

Movements in tangible fixed assets

Tangible fixed assets, including the related accumulated depreciation, are € 169,741,011; the accumulated depreciation is € 79,545,279.

The table below shows the movements in fixed assets.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and payments on account	Total tangible fixed assets
Value as at 31 December 2019						
Cost	54,440,216	92,929,265	7,742,500	6,929,391	1,832,437	163,873,810
Depreciation	17,125,259	47,614,717	5,702,273	4,098,951	0	74,541,199
Book value	37,314,958	45,314,549	2,040,227	2,830,440	1,832,437	89,332,611
Changes during the period						
Increases resulting from acquisitions	459,661	2,298,005	178,318	417,714	2,836,314	6,190,012
Reclassifications (of the net book value)	144,667	2,377,336	9,950	19,000	-2,550,953	0
Decreases deriving from disposals and divestments – Cost		195,894	17,090			212,984
Decreases deriving from disposals and divestments - Accumulated depreciation		181,046	5,369			186,414
Depreciation for the period	956,715	3,418,643	372,415	442,720		5,190,494
Other changes - Cost					-109,828	-109,828
Other changes - Accumulated Depreciation						-
<i>Total changes</i>	-352,387	1,241,850	-195,869	-6,006	175,534	863,121
Value at end of the period						
Cost	55,044,544	97,408,712	7,913,678	7,366,106	2,007,970	169,741,011
Depreciation (Accumulated Depreciation)	18,081,974	50,852,314	6,069,320	4,541,671	0	79,545,279
Book value as at 30 June 2020	36,962,570	46,556,398	1,844,359	2,824,434	2,007,970	90,195,732

Buildings

The increase recorded in the "Buildings" item in the first half of 2020 is due to reorganisation and expansion works at the Zingonia-Verdellino and Brembate production sites.

Plant and Machinery

The acquisitions recorded in the period involve a new stripline with packaging machine that came into operation at the nutraceutical plant in Zingonia and a new envelope line installed at the pharmaceutical plant in Brembate.

Equipment

The acquisitions refer to production and laboratory equipment for the Zingonia nutraceutical plant and the Brembate pharmaceutical plant.

Other fixed assets

The acquisitions refer to new furnishings, implementations of the data processing system (e.g. SAN - Storage Area Network-, servers, switches etc...) and the purchase of cars/vehicles.

Tangible fixed assets under construction and payments on account

The above 30 June 2020 item included advances to suppliers for the purchase of tangible assets totalling € 2,007,970 and refer to plant and machinery purchases.

Amount of revaluations of tangible assets included in the Financial Statement balances

During 2008, the Verdellino and Brembate operating properties were revalued based on paragraphs 16 to 23 of Article 15 of Decree-Law no. 185 of 29 November 2008, converted with amendments by Law no. 2 of 28 January 2009, which permitted revaluing properties of companies that do not adopt international accounting standards in the preparation of their Financial Statements, as described below.

Previously, the Company had carried out a revaluation based on law no. 266/05 with related realignment. Fixed assets consisting of "land and buildings" were previously subjected to voluntary revaluation, which was limited to the maximum objectively determined asset use-value.

The revaluation made in 2008 permits a higher value attributed to the assets to become valid for tax purposes starting from the 2013 financial year. If there is a disposal, the tax validity starts from 01/01/2014.

As of 2013, depreciation on the revaluation started to be deducted for tax purposes. Portions from previous years will be deducted after the end of the statutory depreciation process.

Tangible assets subject to revaluation	Revaluation under law 266/05	Financial revaluation	Revaluation under Decree-Law 185/08	Total revaluations
Land and buildings	3,127,545	158,660	3,440,000	6,726,205

Financial leases

At the end of the period, the Company had no financial leasing contracts in place.

Current assets

Inventories

Asset inventories are valued at the lower of purchase or production cost and realisable value based on market trends.

The purchase cost includes any directly attributable ancillary charges.

The production cost does not include indirect costs as they were objectively unattributable.

On 30 June 2020, a write-down was made of the inventory relating to goods expiring, not moving, "rejected" or destroyed during July and August 2020. The write-down was € 561,233.

The following table shows information on inventory changes.

	30/06/2020	31/12/2019	Changes
raw materials, ancillary materials, and consumables	13,214,602	12,297,677	916,925
work in progress and semi-finished products	2,779,540	3,030,866	-251,326
finished products and goods	7,582,796	7,159,281	423,515
<i>Total</i>	23,576,938	22,487,824	1,089,114

Receivables booked in current assets

Receivables under current assets are booked in the Financial Statements using the amortised cost method, based on the time factor and the estimated realisable value.

The presumable realisable value adjustment was carried out through the allocation of a bad debt provision.

For those receivables for which the application of the amortised cost or discounting method was irrelevant, the recording has been maintained using the presumed realisable value to represent the company's equity and financial situation correctly. This happened for receivables due within 12 months or, using the amortised cost method, when the transaction costs, commissions or any other difference between the initial value and the due date value were insignificant or, in the case of discounting, when there was an interest rate inferable from the contractual conditions that is not significantly different from the market interest rate.

Changes and due date of receivables booked in current assets

The following table shows information relating to changes in receivables booked in current assets.

	30/06/2020	31/12/2019	Changes	Amount as at 30/06/2020 payable within 12 months
Trade receivables	24,590,725	17,093,400	7,497,325	24,590,725
Tax receivables	870,876	2,150,075	-1,279,199	870,876
Deferred tax assets	386,793	488,138	-101,345	386,793
Receivables from others	540,357	225,273	315,084	540,357
Total	26,388,752	19,956,886	6,431,866	26,388,752

The receivables shown in the table above are due within 12 months.

Breakdown of receivables booked in current assets by geographical area

The following table shows the breakdown of the receivables booked in current assets by geographical area.

Geographical area	Trade receivables booked in current assets	Tax receivables booked in current assets	Deferred tax assets booked in current assets	Receivables from others booked in current assets	Total Receivables booked in current assets
Italy	10,637,407	870,876	386,793	540,357	12,435,434
Abroad	13,953,318	-	-	-	13,953,318
Total	24,590,725	870,876	386,793	540,357	26,388,752

Trade receivables

The "Trade Receivables" item increased compared to the previous year's Financial Statements due to the crediting of some collections in the first days of July.

The nominal value adjustment of trade receivables to the presumed realisable value was obtained by recording a specific bad debt provision, the movements of which are shown below:

Movements in the bad debt provision under Article 71 of Presidential Decree 917/1986	30/06/2020
Balance at the beginning of the financial year	592,102
Merger contribution	
Uses during the year	
Provisioning	119,714
Balance at the end of the financial year	711,816

Tax receivables

The following table shows the breakdown of the "Tax receivables" item.

Tax receivables detail	30/06/2020	31/12/2019
VAT Credit	548,117	1,805,008
IRAP credit		140,661
Receivables for withholding tax on collected coupons, dividends and realised capital gains	293,475	173,924
Receivables for IRES repayment for IRAP deduction on personnel costs	27,929	27,929
Receivables for energy account withholdings	1,356	2,553
Balance at the end of the financial year	870,876	2,150,075

The change in VAT credit during the first half of 2020 is due to the ability to purchase tax-free, as a regular exporter, through the issue of declarations of intent, under the available limit.

Deferred Tax Assets

The temporary differences that led to the recording of prepaid income tax, determined by applying the tax rates in force, related to the inventory write-down and goodwill amortisation. The tax effect booked in the Financial Statements is € 156,584 for the inventory write-down and € 230,209 for goodwill amortisation.

Receivables from others

The following table shows the breakdown of the "Receivables from others" item.

Receivables from others detail	30/06/2020	31/12/2019
Advances for participation in exhibitions	219,288	82,166
INAIL Credit	197,007	12,989
Receivables from FASA	17,306	6,812
From suppliers for advances not on fixed assets	105,235	121,086
Deposits	1,521	-
Other receivables	-	2,220
Total	540,357	225,273

Current financial assets**Changes in current financial assets***Other Securities*

The following table shows information on current asset changes.

Item description	30/06/2020	31/12/2019	Changes
Investment Securities Account	67,444,536	68,337,564	-893,028

A leading Credit Institution is managing a discretionary and individualised management service on an investment portfolio that includes financial instruments and liquidity. Fine Foods entered a total of € 67 million in the Financial Statements against the above investment portfolio, as at 30 June 2020; this includes the higher/lower liquidity deriving from the realisation of capital gains/losses during the period and dividends on shares and bond coupons.

It should be noted, however, that at 30 June 2020 the total Fair Value of the portfolio amounted to € 69.2 million.

Liquid assets

Liquid assets are valued at nominal value.

The following table shows the information on liquid asset changes from 31 December 2019 to 30 June 2020.

	30/06/2020	31/12/2019	Changes
Bank and postal deposits	1,440,966	2,664,126	-1,223,160
Cash and cash equivalents on hand	5,947	7,558	-1,611
Total	1,446,913	2,671,684	-1,224,771

For more details on liquid asset changes, please refer to the Cash Flow Statement.

Accrued income and prepaid expenses

Accruals and deferrals have been calculated on an accrual basis, by allocating revenues and costs common to two or several years.

The following table shows information on changes in prepaid expenses and accrued income.

	30/06/2020	31/12/2019	Changes
Accrued income	10,912	107,846	-96,934
Prepaid expenses	58,962	55,571	3,391
Total	69,874	163,417	-93,543

The following tables show the items' composition:

Accrued income detail	30/06/2020	31/12/2019
Energy account accrued amount	10,912	107,846
Balance	10,912	107,846

Prepaid expenses detail	30/06/2020	31/12/2019
R&D technical consulting	434	950
Exhibitions and meetings	-	12,191
Advertising	27	172
Nembro rentals	3,607	17,826
EDP fees	54,894	24,432
Balance	58,962	55,571

Liabilities and Shareholders' equity

Shareholders' equity

The following table details the movements in Shareholders' equity:

	Balance as at 31/12/2019	Allocation of operating result	Dividends	Other movements	Operating result	Balance as at 30/06/2020
I- Share Capital	22,564,043			37,166		22,601,209
II- Share premium reserve	86,743,750					86,743,750
III - Revaluation reserve						-
IV - Legal reserve	5,000,000					5,000,000
V - Statutory reserves	-					-
VI - Other reserves:						-
- Merger reserve	26,553,351					26,553,351
- Extraordinary reserve	6,072,106	6,069,585	(2,743,472)			9,398,219
VIII - Profits (losses) carried forward						-
IX - Profit (loss) for the year	6,069,585	(6,069,585)			3,116,544	3,116,544
X - Negative reserve for treasury shares in the portfolio	(4,712,245)			(2,567,470)		(7,279,715)
Total	115,665,133	-	(2,743,472)	(2,530,304)	3,116,544	146,133,358

The increase in Share Capital recorded in 2020 derives from the issue of new shares following the conversion of warrants.

All subscribed shares (with no nominal value) have been fully paid up.

Employee severance indemnity

The severance indemnity has been calculated under art. 2120 of the Civil Code, considering the legal provisions, contract specifications and professional categories. It includes the accrued annual instalments and the revaluations made using ISTAT coefficients.

The provision amount is booked net of the advances paid and the quotas used for the employment termination during the period and represents the amount owed to employees at the Financial Statements closing date.

The following table shows information on changes in the employee severance indemnity.

Severance indemnity provision movement detail	31/12/2019	Paid on 30/06/2020	Accrued on 30/06/2020	Substitute tax on the revaluation of employee severance indemnity	30/06/2020
	972,595	-59,229	8,701	-1,189	920,878

The movements of the severance indemnity paid to INPS and the complementary social security funds are shown below:

Detail of severance indemnity paid to funds	31/12/2019	Paid on 30/06/2020	Accrued on 30/06/2020	Substitute tax on the revaluation of employee severance indemnity	30/06/2020
INPS Treasury	4,203,212	204,477	369,138	5,214	4,362,659
Private pension funds	3,292,905		284,999		3,577,904
Total	7,496,117	204,477	654,137	5,214	7,940,563

Payables

Payables have been booked in the Financial Statements according to the amortised cost method, as defined by art. 2426 par. 2 of the Civil Code, considering the time factor. For those payables for which the application of the amortised cost or discounting method was irrelevant, the recording has been maintained using the nominal value to represent the company's equity and financial situation correctly. This happened for payables due within 12 months or, using the amortised cost method, when the transaction costs, commissions or any other difference between the initial value and the due date value were insignificant or, in the case of discounting, when there was an interest rate inferable from the contractual conditions that is not significantly different from the market interest rate.

Based on the provisions of article 12, paragraph 2 of Legislative Decree 139/2015, the Company applied the amortised cost method exclusively to payables booked in the Financial Statements from 2016.

Payables changes and due date

The following table shows information relating to changes in payables and any information on their due date.

	30/06/2020	31/12/2019	Changes	Amount as at 30/06/2019 payable within 12 months	Amount as at 30/06/2019 payable after 12 months
Bonds payable	9,911,375	9,896,567	14,808		9,911,375
Bank Borrowing	24,111,650	21,334,924	2,776,726	9,911,106	14,200,544
Trade payables	24,676,048	20,608,429	4,067,619	24,676,048	
Taxes payable	1,826,742	907,303	919,439	1,899,608	
Payables due to pension and social security institutions	2,080,296	1,851,465	228,831	2,080,296	
Other payables	2,662,280	2,497,658	164,622	2,662,280	
Total	65,268,392	57,096,346	8,172,046	41,229,338	24,111,919

Bonds

The main features of Bonds, which amount to € 9,911,375, are described below:

- Total principal: € 10,000,000 (ten million);
- Issue method: the securities are issued dematerialised, in a tranche and bearer format under the TUF and the "Consob" Regulation - "Banca d'Italia" Decree-Law 22 February 2008, and deposited and managed by the "Monte Titoli S.p.A." centralised system;
- Currency: Euro;
- Number of bonds and value: 100 bonds with a unit value of € 100,000 (one hundred thousand);
- Coupon: half-yearly, at a fixed interest rate of 0.82% (zero-point eighty-two per cent) under the regulation.

These Bonds require compliance with certain covenants (economic and financial parameters) that had been fully complied with at the Financial Statements' date.

The Bonds payable originated in 2016 with a duration of seven years with interest payments as indicated above, and the related costs were initially booked at the value determined by discounting future cash flows at the contractual interest rate. The difference between the initial book value of the debt in the 2016 Financial Statements (€ 9,788,000) and the forward value (€ 10,000,000) is booked in the Income Statement as a financial charge over the debt duration using the effective interest rate method.

Bank Borrowing

The following table shows the items' composition:

Bank Borrowing detail	30/06/2020	31/12/2019
Within 12 months		

Current accounts and invoice advances	11,626,602	5,601,886
Financing and bank loans	2,573,942	5,010,062
Total payable within 12 months	14,200,544	10,611,948

After 12 months	30/06/2020	31/12/2019
MedioCredito mortgage loan	9,911,106	10,722,977
Total payable after 12 months	9,911,106	10,722,977

Total	24,111,650	21,334,925
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The debt for the mortgage loan subscribed in 2016 by the acquired Company Fine Foods expiring on 30 June 2027, for which interest is payable as indicated below, and the related costs, were initially booked at the value determined by discounting future cash flows at the estimated contractual interest rate.

The difference between the initial booked value of the debt, net of capital repayments already made as at 31 December 2019 and 30 June 2020 (€ 11,546,000) and the forward value (€ 11,667,000) is booked in the Income Statement as a financial charge over the debt duration using the effective interest rate method.

Below are the 06 August 2016 mortgage loan contract main features:

- Total amount € 15,000,000;
- Amount disbursed at signing € 5,000,000;
- Amount disbursed during 2017 € 5,000,000;
- Amount disbursed during 2018 € 3,500,000;
- Amount disbursed during 2019 € 1,500,000;
- Rate: Six-month Euribor + 1%.

Trade payables

The following table shows the breakdown of the "Trade payables" item.

Trade payables detail	30/06/2020	31/12/2019
Trade payables in Italy and abroad	21,889,791	19,013,448
Payables for invoices to be received	2,948,542	1,910,339
From suppliers for credit notes to be received	-162,284	-315,358
Total	24,676,048	20,608,429

Taxes payable

The following table shows the breakdown of the "Taxes payable" item.

Taxes payable detail	30/06/2020	31/12/2019

Substitute tax on severance indemnity	20,624	20,336
Fasi social security institute	1,295	0
Payables for withholding taxes on employees	711,871	630,096
Payables for withholding taxes on self-employment	26,686	4,127
Payables for IRES	948,284	252,744
Payables for IRAP	117,981	
Total	1,826,742	907,303

Payables due to pension and social security institutions

The following table shows the breakdown of the "Payables due to pension and social security institutions" item.

Payables due to pension and social security institutions detail	30/06/2020	31/12/2019
Payables to INPS	1,223,470	1,024,540
Payables to INPS for solidarity contribution	1,813	1,952
Payables to Cassa Vita (life insurance fund)	1,132	1,086
Payables to Previdai	44,474	47,752
Payables to Inail	0	34,762
Payables to private funds	30,181	29,207
Payables for Trade Union membership	4,207	2,519
Payables to Alifond	88,460	87,114
Accrued contributions on thirteenth and fourteenth-month salary	199,559	174,939
Accrued contributions on accrued holidays	487,000	447,594
Total	2,080,296	1,851,465

Other payables

The following table shows the breakdown of the "Other payables" item.

Other payables detail	30/06/2020	31/12/2019

Remuneration to be paid	115,027	63,575
Payables for thirteenth-month salary accrued	624,623	897
Payables for fourteenth-month salary accrued	513	542,234
Payables for unused accrued holidays	1,586,031	1,457,459
Payables for salary-deducted loans	12,065	11,003
Payables for compensation to directors	90,000	140,000
Advances from customers	56,993	45,193
Payables for exemption contribution for disabled people	50,000	47,064
Insurance payables	90,004	118,675
Payables for the Board of Statutory Auditors' remuneration	32,760	65,520
Other payables	4,263	6,038
Total	2,662,279	2,497,658

Breakdown of payables by geographical area

The following table shows the breakdown of payables by geographical area

Geographical area	Bonds	Bank Borrowing	Trade payables	Taxes payable	Payables due to pension and social security institutions	Other payables	Payables
Italy	9,911,375	24,111,650	17,232,631	1,826,742	2,080,296	2,662,280	57,824,975
Abroad			7,443,417				7,443,417
Total	9,911,375	24,111,650	24,676,048	1,826,742	2,080,296	2,662,280	65,268,392

Payables secured by collateral on corporate assets

The following table, separately for each item, shows the payables secured by collateral on the corporate assets, with an indication of the guarantees' nature.

	Payables backed by mortgages	Total payables secured by collateral	Payables unsecured by collateral	Total
Bonds payable	9,911,375	9,911,375		9,911,375
Bank Borrowing	11,547,548	11,547,548	12,564,102	24,111,650
Trade payables	-		24,676,048	24,676,048
Taxes payable	-		1,826,742	1,826,742
Payables due to pension and social security institutions	-		2,080,296	2,080,296
Other payables	-		2,662,280	2,662,280
Total	21,458,923	21,458,923	43,809,469	65,268,392

Accrued expenses and deferred income

The following table shows the composition of the items resulting from the Financial Statements.

Accrued expenses detail	30/06/2020	31/12/2019
Interest payable on Bonds	38,653	39,267
Interest payable on unsecured loans	395	799
Total	39,048	40,066

Income Statement

The Income Statement shows the net result for the half-year.

It provides a representation of management operations, through a summary of revenues and expenses that have contributed to determining the net result. The revenues and expenses are distinguished according to the relevant management: operating, ancillary, and financial activities.

Ordinary activities create income components through ongoing operations and in the sector relevant to their performance. These components identify and qualify the distinctive aspect of the Company's financial activity.

The financial activity consists of transactions that generate financial income and charges.

The marginal ancillary activities consist of transactions that generate income which is part of ordinary activities but are not part of operating or financial activities.

The analysis of the composition of the Income Statement items and the comments on the general income and charges trend is described in the Half-year Report on Operations.

Production value

Revenues are booked in the Financial Statements on an accrual basis, net of returns, rebates, discounts, and premiums, and related taxes.

The asset sales revenues are booked when the substantial and non-formal transfer of ownership has taken place, assuming the transfer of risks and benefits as the reference parameter for the substantial transfer.

Revenues deriving from the provision of services are booked when the service is provided or performed. If there are ongoing services, the related revenues are booked for the accrued portion.

Production value detail	30/06/2020	30/06/2019	Changes

Revenues from sales and services	75,350,182	83,140,551	-7,790,369
Changes in product inventories	172,188	4,691,769	-4,519,581
Other revenues and income	873,530	797,903	75,627
Total	76,395,899	88,630,223	-12,234,324

Breakdown of revenues from sales and service by business category

The following table shows the breakdown of revenues from sales and services by business category.

Business category	Current period value
Product sales	75,192,782
Revenues from services	157,400
Total	75,350,182

Breakdown of revenues from sales and services by geographical area

The following table shows the breakdown of revenues from sales and services by geographical area.

Geographical area	Current period value
Italy	29,501,995
Abroad	45,848,187
Total	75,350,182

The effect of foreign turnover on the total for the period was approximately 61%.

Item A1 of the Income Statement went from € 83.1 million in the first half of 2019 to € 75.3 million in the first half of 2020, decreasing by 9.4%. This change is mainly due to the reduction in turnover in the nutraceutical sector. 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.

Other Revenues detail	30/06/2020	30/06/2019	Changes
Press Expenses	88,719	46,706	42,013
Laboratory Tests	20,629	60,055	-39,426
Packaging charges	38,344	58,450	-20,107

Charges for other expenses	406,671	509,895	-103,224
Capital gains	21,261	23,814	-2,553
Contingencies	297,906	98,983	198,923
Total	873,530	797,903	244,699

The "Other revenues" item includes income deriving from the invoicing of costs incurred on behalf of customers, capital gains and contingent assets.

Production costs

Costs and charges are allocated on an accrual and type basis, net of returns, rebates, discounts, and premiums, following the principle of correlation with revenues, and booked in the respective items under the OIC 12 accounting principles. The costs related to goods purchase are booked when the substantial and non-formal transfer of ownership has taken place, assuming the transfer of risks and benefits as the reference parameter for the substantial transfer. The costs for purchased services are booked when the service is provided or performed. If there are ongoing services, the related costs are booked for the accrued portion.

Production costs detail	30/06/2020	30/06/2019	Changes
Raw materials, ancillary materials, consumables, and goods	46,657,254	58,247,492	-11,590,238
Services	7,156,689	8,331,565	-1,174,876
Use of third-party assets	238,419	542,740	-304,321
Personnel	14,138,682	15,174,047	-1,035,365
Amortisation, depreciation, and write-downs	5,993,665	4,707,256	1,286,409
Changes in inventories of raw materials and goods	-916,925	-3,637,745	2,720,820
Other operating charges	580,342	958,708	-378,366
Total	73,848,127	84,324,063	-10,475,936

The incidence of costs for raw materials, ancillary materials, consumables and goods, net of the change in inventories of raw materials and goods, on the Value of Production, is about 60% which is in line with that booked in the first half of 2019.

Services Detail	30/06/2020	30/06/2019	Changes
Industrial services	4,672,680	5,801,600	-1,128,920
Business services	532,469	747,553	-215,083
Administrative and general services	1,951,539	1,778,705	172,834
Total	7,156,689	8,327,858	-1,171,169

In addition to the pro rata remuneration of Directors and Statutory Auditors, costs for Services include: ordinary maintenance, utilities, transport, consulting, outsourcing, cleaning, waste disposal, luncheon vouchers, promotional expenses and Insurance.

The "Use of third-party assets" item includes the rental costs for third-party warehouses, forklifts, and pallet truck rental costs.

Other operating charges detail	30/06/2020	30/06/2019	Changes
Ordinary losses	5,721	5,475	246
Non recurring losses	161,749	282,240	-120,491
Indirect taxes, duties, and contributions	287,322	271,905	15,417
Fines and penalties	2,047	2,844	-797
Other costs and charges	123,503	396,244	-272,741
Total	580,342	958,708	-378,366

Financial income and charges

Financial income and charges are booked on an accrual basis for the portion accrued during the period.

Financial income detail	30/06/2020	30/06/2019	Changes
Interest income on bank accounts		-	-
Dividends on other Securities	322,357	230,383	91,974
Gains on the sale of other Securities	2,614,314	443,677	2,170,637
Other income	2,172	1,822	350
Total	2,938,843	675,882	2,262,961

Financial charges detail	30/06/2020	30/06/2019	Changes
Interest expenses on bank accounts	13,432	35,935	-22,503
Interest expenses on bonds	126,361	129,406	-3,045
Interest expenses on financing and bank loans	107,883	74,292	33,591
Interest expenses for deferments	-	40	-40
Losses on the sale of other Securities	1,065,649	12,286	1,053,363
Rebates and discounts payable	3,672	1,768	1,904
Total	1,316,997	253,727	1,063,270

Breakdown of interest and other financial charges by type of debt

The following table shows interest and other financial charges with a breakdown between those related to bonds, bank debts and other cases.

	Bonds	Bank Borrowing	Other	Total
Interest and other financial charges	126,361	121,315	1,069,321	1,316,997

Foreign currency exchange gains/losses

The Foreign currency exchange gains/losses are shown below

Exchange rate differences details	30/06/2020	30/06/2019	Changes
Realised foreign currency exchange gains	10,439	1,855	8,584
Realised foreign currency exchange losses	-5,433	-20,076	14,643
Total	5,006	-18,221	23,227

Current, deferred and prepaid income taxes**Current taxes**

The Company has estimated the taxes based on the application of current tax regulations.

Deferred taxation

This item includes the impact of deferred taxation on these Financial Statements. This is due to the temporary differences between the values attributed to an asset or liability following statutory criteria and the corresponding values recognised for tax purposes.

The Company determined the deferred taxation for IRES and IRAP.

The following tables provide:

- a description of the temporary differences that led to the recording of deferred tax assets and liabilities, specifying the rate applied and the changes from the previous year, the amounts credited or debited to the Income Statement or Shareholders' equity;
- the amount of deferred taxes booked in the Financial Statements relating to losses for the year or previous years and the reasons, the amount not yet booked and the reasons for the failure to record it;
- the items excluded from the calculation and the related reasons.

Recording of deferred and prepaid taxes and consequent effects

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	1,386,361	1,386,361
Net temporary differences	-1,386,361	-1,386,361
B) Tax effects		
Deferred tax (assets)/liabilities at the beginning of the financial year	-419,907	-68,231
Deferred or prepaid (income)/expenses for the financial year	87,178	14,167
Deferred tax (assets)/liabilities at the end of the financial year	-332,729	-54,064

Deductible temporary differences detail

Description	Amount at the end of the previous financial year	Changes which occurred during the financial year	Amount at the end of the financial year	IRES rate	IRES tax effect	IRAP rate	IRAP tax effect
Inventory write-down provision	875,938	314,705	561,233	24	134,696	3.9	21,888
Goodwill accumulated amortisation	873,665	48,537	825,128	24	198,033	3.9	32,176
Total deductible temporary differences	1,749,603	363,242	1,386,361	24	332,729	3.9	54,064

Cash Flow Statement

The Company has prepared a Cash Flow Statement, which is the summary document linking the changes occurred during the period in the company's assets with the changes in the financial situation. It highlights the values relating to the financial resources that the company needed during the period and the related uses.

Under the OIC 10 provision, the Company has adopted the indirect method where the cash flow is reconstructed by adjusting the period result of the non-monetary components.

Other information

Employment data

The following table shows the average number of employees, broken down by category and calculated considering the daily average.

	Executives	White-collar employees	Blue-collar employees	Total employees
Average number	14	256	313	583

The number of employees is growing in line with previously planned investment initiatives.

The following is precise data on employment at the end of the period:

Employment data (expressed in units)	30/06/2020	31/12/2019
Executives	14	13
White-collar employees	267	245
Blue-collar employees	310	312
Total	591	570

Categories of shares issued by the Company

The following table shows the number of Company shares and any movements that occurred during the period.

	Initial number	Shares subscribed during the period, number	Final number
Ordinary Shares	18,142,929	671,661	18,814,590
Redeemable Shares	1,200,000	-	1,200,000
Multiple voting Shares	3,500,000	-	3,500,000
Special Shares	100,000	-50,000	50,000
Total	22,942,929	621,661	23,564,590

In January 2020, in compliance with the provisions of article 6.4 (d) (i) of Fine Foods & Pharmaceuticals N.T.M. S.p.A. Articles of Association, 50,000 special shares (without voting

rights), equal to 25 per cent of their total, were converted into 300,000 ordinary shares, without nominal value.

The remaining increase of 371,661 ordinary shares derives from the conversion of listed warrants during the first half of 2020.

For the features of each category of Shares listed above, please refer to Article 6 of the Fine Foods & Pharmaceuticals N.T.M. S.p.A. Articles of Association published on the Company's website <http://www.finefoods.it>.

Securities issued by the Company

The Company has not issued any security or similar included in art. 2427 no. 18 of the Civil Code.

Details on other financial instruments issued by the Company

We confirm that the Company has issued the following financial instruments:

- 5,000,000 Warrants, of which 1,858,418 were exercised as of 30 June 2020, exercisable under Article 3 of the "Fine Foods & Pharmaceuticals N.T.M. S.p.A. Warrant Regulation" published on the Company's website <http://www.finefoods.it> These instruments were issued for subscribing shareholders and are listed on the AIM Italia trading system organised and managed by Borsa Italiana S.p.A.
- 4,000,000 unlisted and non-transferable warrants up to 20 months from the Effective Merger Date, which grant the right to subscribe newly issued shares of the merger-resulting Company and exercisable under the methods and terms indicated in the 7 June 2018 Board of Directors Report accompanying the Merger Plan as published on the Company's website <http://www.finefoods.it>

The conditions for exercising the Warrants are linked to a formula that includes the following variables: average monthly price, strike price and subscription price.

The possible transfer methods and the financial and administrative rights of these instruments follow the Articles of Association, Warrant Regulations and the related legal provisions.

Commitments, guarantees and contingent liabilities not resulting from the Balance Sheet

The following table shows the information on the guarantees.

	Amount
Guarantees	25,000,000
Collateral securities (mortgage on the property of Verdellino in favour of Mediocredito and Sace)	25,000,000

Related party transaction information

Other than the remuneration of directors, certain categories of employees and the Stock Grant plan approved on 14 December 2018, the Company has no relationships with related parties.

Information on agreements not resulting from the Balance Sheet

During the period, no agreement was made that did not result from the Balance Sheet.

Companies preparing the Financial Statements of the largest/smallest group of subsidiaries to which the company belong

The Parent Company that prepares the Consolidated Financial Statements is EIGENFIN S.r.l. with its registered office in Zingonia-Verdellino, where the 31 December 2019 Consolidated Financial Statements are filed.

Zingonia/Verdellino, 29/09/2020

**For the Board of Directors
Chairman**

Marco Francesco Eigenmann