

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 € 22,770,445.02 Fully paid up
VAT number: 09320600969



Half-year Financial Report as of 30/06/2021

13 September 2021 Board of Directors

Table of contents

Corporate positions	page	3
Half-year Report on Operations	"	5
30 June 2021 condensed consolidated interim Financial Statements	"	30

CORPORATE POSITIONS

Board of Directors

Chairman and CEO

Marco Francesco Eigenmann

CEO

Giorgio Ferraris

Directors

Ada Imperadore

Adriano Pala Ciurlo

Chiara Mediolì

Marco Costaguta

Susanna Pedretti

Board of Statutory Auditors

Chairman

Laura Soifer

Statutory Auditors

Luca Manzoni

Mario Tagliaferri

Auditing Company

EY S.p.A.

Manager responsible for preparing the Company's Financial Reports

Pietro Bassani

Appointed by the Board of Directors on 21 April 2021 under Article 27-bis of the Articles of Association.

Committees

Control and Risk Committee

Ada Imperadore

Susanna Pedretti

Supervisory Body

Cristiana Renna

Paolo Villa

Susanna Pedretti

Remuneration Committee

Ada Imperadore

Susanna Pedretti

Related Party Committee

Ada Imperadore

Susanna Pedretti

Environmental, Social and Governance (ESG) Committee

Ada Imperadore

Chiara Medioli

Giorgio Ferraris

Half-year Report on Operations

Report on Operations: Summary

Introduction	7
Profit and loss figures	7
Information on the Group companies	7
Market development	11
Management Performance	14
Business outlook	14
Fine Foods & Pharmaceuticals N.T.M. S.p.A. Share trend	15
Balance sheet and financial position	16
Financial situation	18
Income Statement	18
Alternative Performance Indicators	20
Main risks and uncertainties for the Group	21
Key non-financial indicators	24
Environmental information	24
Work Risk Assessment Document	25
Personnel Management Information	25
Research and development	26
Relationships with subsidiary, associated, parent companies and companies controlled by the parent companies	26
Related Party Relationships	26
Treasury shares buyback programme	27
2018-2021 Fine Foods N.T.M. S.P.A. stock grant incentive plan	27
Parent Company shares	28
Use of financial instruments significant to the assessment of the financial position and net result for the year	28
Significant events in the first half of 2021	28
Events following the end of the period	28
Personal data protection - Privacy	29

Directors' Half-year Report

Introduction

The 30 June 2021 condensed consolidated interim Financial Statements have been prepared under the International Accounting Standards -IAS and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), recognised in the European Union under (EC) Regulation no. 1606/2002 at the end of the financial year. All of the above standards and interpretations are referred to as "IAS/IFRS".

The 30 June 2021 condensed consolidated interim Financial Statements have been prepared under IAS 34 Interim Financial Reporting. On 19 January 2021, Fine Foods acquired 100% of Pharmatek PMC S.r.l., an unlisted company based in Cremona (CR) specialising in the production of cosmetics, medical-surgical aids and medical devices. Apart from the newly acquired Company, there are no other companies included under "consolidation." The condensed consolidated interim Financial Statements include the results of Pharmatek for the first six months of FY2021.

The 30 June 2021 consolidated financial position shows the following summarised results: revenues increased compared to the previous year to reach € 98,614,404 (+31%), the operating result increased (+145%) and was € 6,455,180. The first half of 2021 closed with a loss of € (6,466,919) generated by the negative change in the fair value of listed and unlisted warrants, which have been fully converted into shares.

Profit and loss figures

Economic indicators for the year (In thousands of Euro)	30/06/2021	30/06/2020
Revenues	98,614	75,438
EBITDA	12,863	8,245
Operating profit (EBIT)	6,455	2,637
Profit (Loss) for the financial year	(6,467)	4,747

The above table provides an initial outline of the Group's economic performance as of 30 June 2021, described in detail later in the relevant sections of this Report and the explanatory notes to the consolidated interim Financial Statements.

Information on the Group companies

Fine Foods & Pharmaceuticals N.T.M. S.p.A. (hereafter referred to as "Fine Foods" or the "Company"), registered and domiciled in Bergamo, is a joint-stock company, with its registered office in Via Berlino 39, Verdellino - Zingonia (BG). The Company, listed on the STAR segment of the MTA of Borsa Italiana, is an independent Italian Contract Development & Manufacturing Organisation (CDMO). It develops and manufactures contract products for the pharmaceutical and nutraceutical industry; the Fine Foods Group is also active in the cosmetics, biocides and medical devices industries with its recent acquisition of Pharmatek-PMC.

Founded in 1984, from a pharmaceutical and nutraceutical synergy, Fine Foods has been pursuing quality and innovation on behalf of its customers as its primary objective. With € 172 million revenue in 2020 and an 11 per cent CAGR over the last decade, it is a growing and future-oriented company. The sustainability of the business model and the holistic approach to ESG, together with product innovation, are drivers that will allow the Group to fully develop its intrinsic potential.

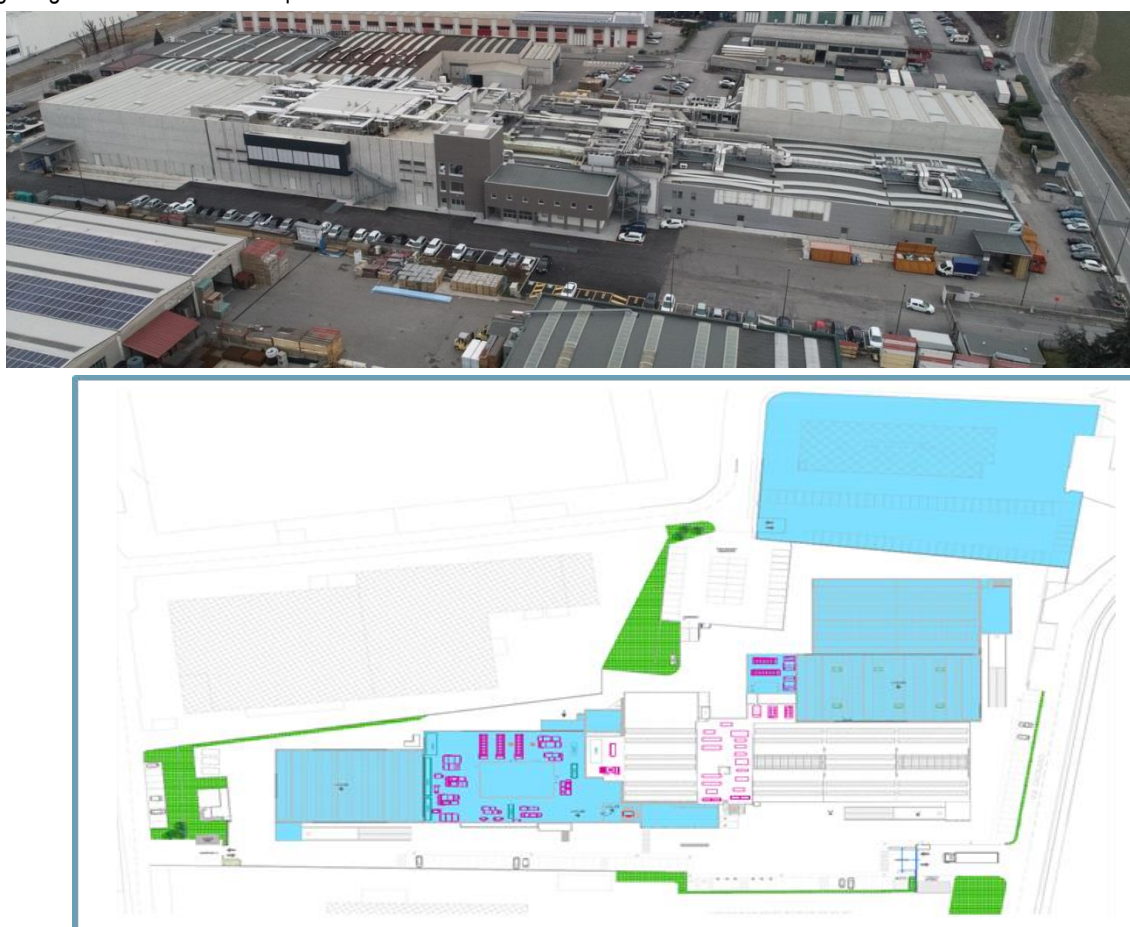
Fine Foods develops and manufactures drugs, food supplements and other nutraceutical products and medical devices for pharmaceutical and nutraceutical companies. These products are in the form of powders, soluble, effervescent and chewable granules, filmed and effervescent tablets and hard gelatine capsules, and in various types of packaging: sachets, sticks, pillboxes, jars, blisters,

tubes and strips. The fact we operate in the pharmaceutical and nutraceutical sectors allows us to benefit from commercial synergies, knowledge and technologies developed in both markets.



The pharmaceutical production is carried out at the Company's 26,100 sqm Brembate plant. In the 2016-2019 period, € 15.2 million worth of investments were made to expand this plant. This expansion was completed in the 2019 financial year. During the 2020 financial year, a € 3.8 million further development was carried out, bringing the total covered square metres to 14,200 sqm. The Brembate pharmaceutical plant has the authorisation to produce pharmaceuticals and European GMP certification, both issued by the Italian Medicines Agency (AIFA, Agenzia Italiana del Farmaco), and occupational and environmental safety approval.

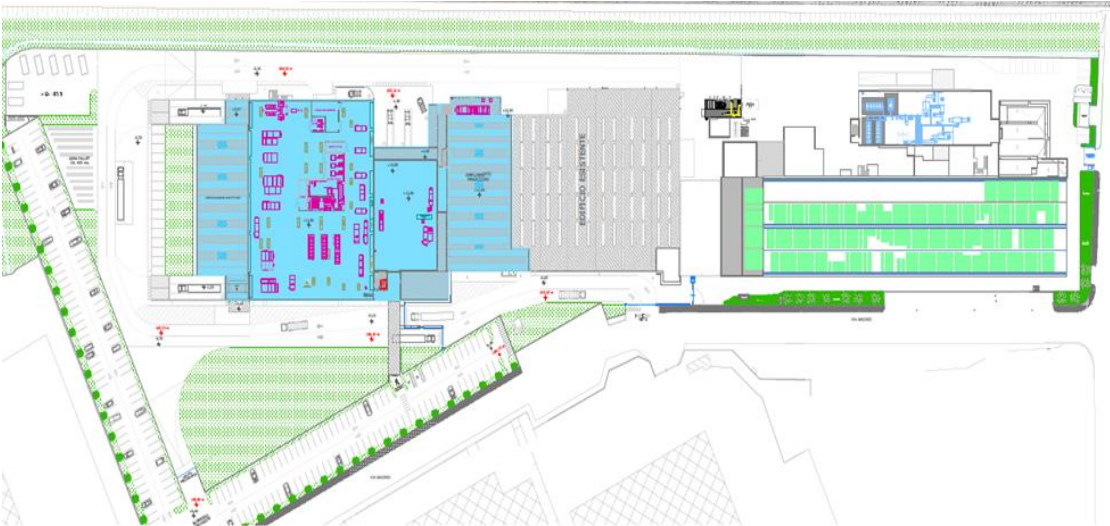
The following images show the Brembate plant from above.



The production of nutraceuticals is carried out at the Company's 45,600 sqm plant in Zingonia, Verdellino. In the 2016-2019 period, € 19.7 million worth of investments were made to expand this plant, and these were completed in 2019. The Zingonia - Verdellino plant

produces nutraceutical products under HACCP (Hazard Analysis and Critical Control Points) regulations and GMP (Good Manufacturing Practices) applicable to food supplements. The Company has obtained authorisation from the Ministry of Health and is constantly monitored by the Local Health Authority (ATS). It holds appropriate certifications for environmental, food and worker safety and to produce medical devices. It successfully passed an inspection by the US Food Drug Administration in 2017. The Zingonia - Verdellino plant has a total covered surface area of 28,800 sqm, including a recent expansion of 12,900 sqm of covered surface area resulting in an 80 per cent increase on the pre-existing surface area.

The images below show the Zingonia plant from above.



Fine Foods does not have trademarks or hold any product patent rights. These remain the customer's property. The Company has relationships with approximately 100 loyal customers, including major Italian and multinational pharmaceutical and nutraceutical companies such as Amway, Aesculapius, Alfasigma, Alkaloid, Angelini, Apotex, Aptalis, Aurobindo, Avon, Bayer, Bial, Biopharm, Chiesi, Coop, Doc, Dompè, EG, Ennogen, Fairmed Healthcare, Farma-Derma, Fidifarm, Giuliani, Guna, Herbalife, IBSA, Italfarmaco, Krka, Laborest, Menarini, Molteni, Named, Nestlé, Novartis, Omega Pharma, Pensa, Pepsico, Pharmanutra, Pierre Fabre, Recordati, Sanofi, Sofar, Teva, Viatrix, Zentiva.



Fine Foods N.T.M. S.p.A. has a series of certifications.

- UNI EN ISO 9001: standard defining quality management system requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties.
- UNI EN ISO 14001: standard defining environmental protection management system requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties through the following processes: reception and storage of raw materials and packaging materials, grinding, mixing, granulation, screening, compressing, filming, capsuling; packaging in bags, blisters, bottles, jars and tubes; storage and shipment of finished products.
- ISO 45001: standard defining Occupational Health and Safety Management System requirements. Scope: research, development and production of food supplements, food for special groups, pharmaceuticals for third parties through the following processes: reception and storage of raw materials and packaging materials, grinding, mixing, granulation, screening, compressing, dedusting, filming, capsuling; packaging in bags, blisters, bottles, jars and tubes; storage and shipment of finished products.
- SMETA (Sedex Member Ethical Trade Audit): an audit and reporting methodology created by Sedex (one of the world's leading business ethics organisations providing an online platform used by over 60,000 members in more than 180 countries to help companies operate responsibly and sustainably, protect their workers and ensure an ethical supply chain) using a best practice model in ethic business audit techniques. It provides a central and standard audit protocol for organisations interested in demonstrating a commitment to social issues and ethical and environmental standards in their supply chain. The Company uses a SMETA audit as a tool to enhance the practices adopted in its ethical and responsible business. SMETA bases its assessment criteria on the ETI (Ethical Trade Initiative) code, integrating it with applicable national and local laws and comprises four modules: health and safety, labour standards, environment and business ethics.

Fine Foods N.T.M. S.p.A. adopts an Organisation, Management and Control System under Legislative Decree 231/2001 "regulating the administrative responsibility of legal persons, companies and associations, including those without legal status", which introduced into the Italian regulatory system the concept of administrative liability for legal persons resulting from the commission of a criminal offence. Supervising the operation and compliance with the rules and principles in this system is entrusted to a Supervisory Body with independent initiative and control powers.

Verdellino-Zingonia plant:

- UNI EN ISO 13485: standard defining the regulatory requirements of a quality management system to produce medical devices. Scope: designing and producing invasive medical devices concerning body orifices for gastrointestinal and oral use on injured mucosa.
- UNI EN ISO 22000: standard defining the food safety management system requirements. Scope: production and packaging, on behalf of third parties, of food supplements and foods for special groups, in powder, granules, tablets and capsules.

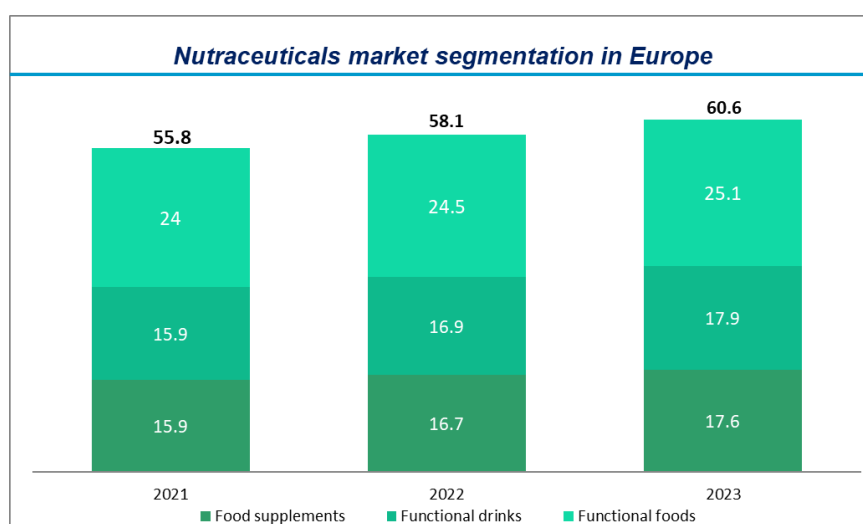
The subsidiary Pharmatek develops and manufactures contract products ranging from cosmetics (haircare, skincare, rinse-off products) to medical-surgical aids and medical devices. Pharmatek produces medical-surgical aids designed for hand hygiene and cosmetic products for the body and face under its brand. The “PharmaQui” line stands out for its medical-surgical aids, such as disinfecting and sanitising gels for hands and environments.

Pharmatek is authorised by the Ministry of Health to produce PMCs (Medical-surgical aids).

Market development

Fine Foods is one of the players in the European nutraceutical market and is focused on contract manufacturing of food supplements. The nutraceutical market is the Group’s primary target market, and where 74.3% of revenue from customer contracts was recorded in H1 2021.

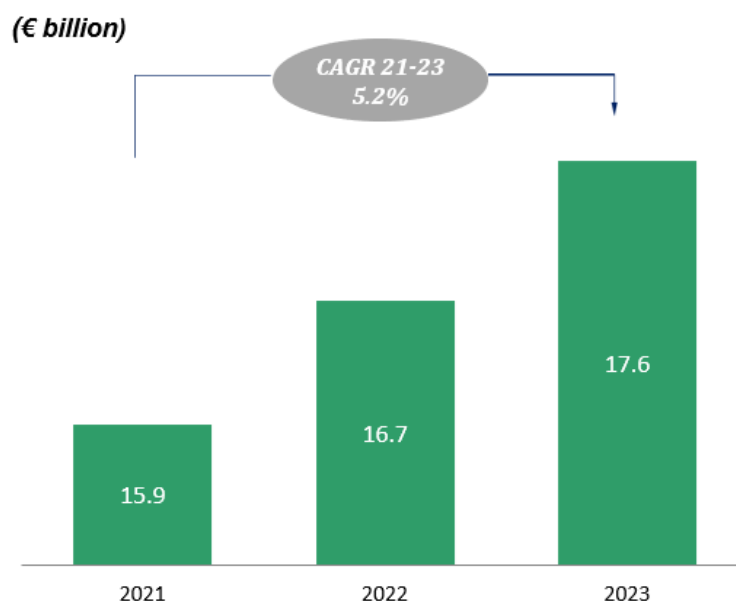
The diagram below shows the forecasts for 2021, 2022 and 2023 for the Nutraceutical market, in terms of value, in Europe, divided into food supplements, functional drinks and foods.



Source: Company processing on data from Euromonitor International, Consumer Health 2021 Edition/Health and Wellness 2021 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices, paid by the Company and not publicly available.

Within this market, the Issuer’s target segment is the food supplements segment in Europe. The segment’s expected value is estimated to grow from €16 billion in 2021 to €18 billion in 2023, with a CAGR '21-'23 of 5.2%. In the first half of 2021, revenues from customer contracts generated by the Group’s Nutraceuticals business unit recorded €73,289,329 compared to €54,222,451 in the previous period, with a growth of 35.1%.

Food supplements market value in Europe

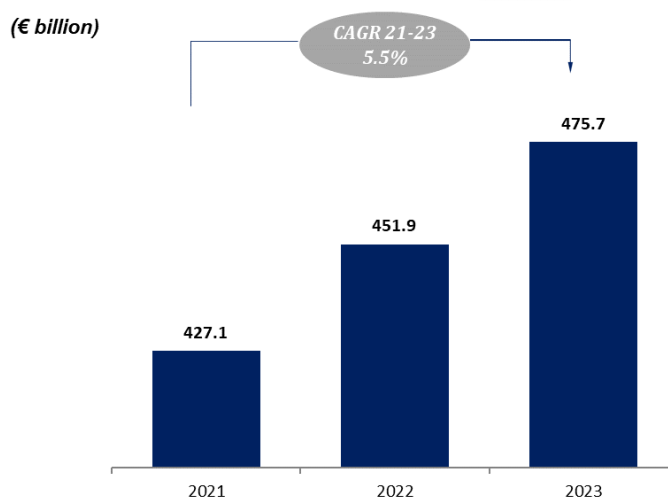


Source: Company processing on data from Euromonitor International, Consumer Health 2021 Edition, Retail Value RSP, EUR Fixed Ex Rates, Current Prices, paid by the Company and not publicly available.

The Pharmaceutical market is the Group's second-largest market, where 19.6% of revenue from customer contracts was recorded in H1 2021. In the first half of 2021, the Company recorded revenues of €19,285,464 in the Pharma Business Unit.

The diagram below shows the forecasts for 2021, 2022 and 2023 for pharmaceutical production value in Europe. A CAGR '21-'23 of 5.5% was recorded for the relevant period.

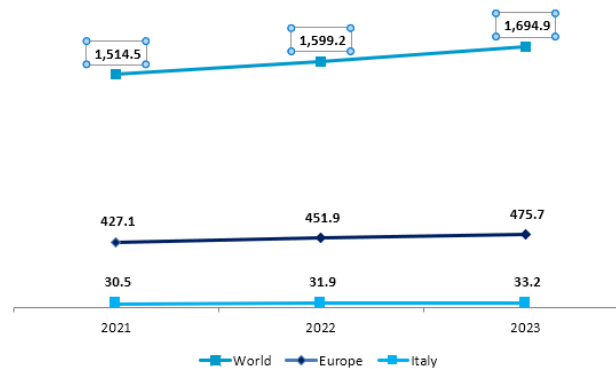
Pharmaceutical production value in Europe



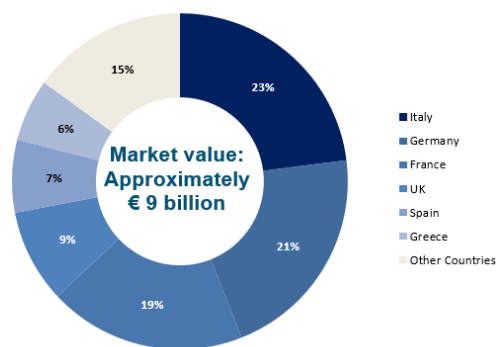
The pharmaceutical market was stable with customers loyal to their suppliers. Expected growth can be seen in the development of CDMOs that produce medicines for pharmaceutical companies (i.e. Fine Foods). The expected demand for pharmaceutical products is steadily growing due to the increase in the average age of the world's population and the rise in health standards adopted, especially in developed countries. The expected value of pharmaceutical production in Italy is growing, with a CAGR '21-'23 of 4.3%. The diagram below shows the forecast for the general trend for extended European pharmaceutical output.

General Pharmaceutical Production Trend

(€ billion)



As for the pharmaceutical market composition, the Issuer segment targets the Pharmaceutical CDMO, which in 2018 in Europe was:



Source: Company processing on Prometeia data: Pharmaceutical CDMO: Prometeia - Farindustria 2020 survey.

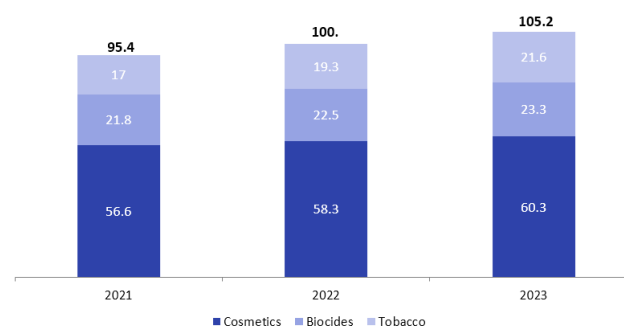
Pharmatek operates in the Group's third-largest market, and it is composed of cosmetics, biocides and tobacco. In the first half of 2021, 6.1% of revenues from contracts with customers were recorded in this area.

"Cosmetics" refers to the aggregation of Euromonitor's "Bath and Shower", "Deodorants", "Hair Care" and "Skin Care" categories. "Biocides" refers to the aggregation of the Euromonitor's "Oral Care", "Dermatologicals", "Surface Care" and "Adult Mouth Care" categories. "Tobacco" refers to Euromonitor's "Smokeless Tobacco, E-vapour products and Heated tobacco" category.

This market has shown a CAGR of 4.5% for the 2018 - 2020 period and is forecast at a CAGR of 5% for the 2021 - 2023 period. The diagram below shows the European forecasts for 2021, 2022 and 2023 for this market, in terms of value.

Pharmatek's reference market segmentation in Europe

(€ billion)



Source: Company processing on data from of Euromonitor International, Consumer Health 2021 Edition/Health and Wellness 2021 Edition/Beauty and Personal Care 2020 Edition/Tobacco Edition 2020/Home Care Edition 2021, Retail Value RSP, EUR Fixed Ex Rates, Current Prices, paid by the Company and not publicly available.

The cosmetics market in Europe is expected to grow at a CAGR '21-'23 of 3.2%, up from the previous trend (CAGR '18-'20 of 1.1%).

The European biocides market is expected to grow from around €21.8 billion in 2020 to about €23.3 billion in 2023, at a CAGR '21-'23 of 3.4%.

The Tobacco market has experienced significant growth in recent years (CAGR '18-'20 of 24.4%), and this growth is expected to continue in the future, albeit at a lower rate (CAGR '21-'23 of 12.7%).

Management Performance

As of 30 June 2021, the Group's expansion trend of the last few years was confirmed: the item Revenues in the Income Statement increased from € 75.4 million in the first half of 2020 to € 98.6 million in 2021, with an increase of 31%. Part of this increase stems from the Pharmatek acquisition, which generated revenues of € 6 million in this period, while the remaining € 17.1 million increase is part of the Company's organic growth.

As of 30 June 2021, the Group's operating result was €6.5 million compared to €2.6 million in the first half of 2020. This substantial growth in operating result is due to the Pharmatek acquisition, which contributed approximately 0.6 million, and to the positive performance of the "Food" business unit, which reported an operating result of 6.7 million in the first half of 2021 compared to 2.6 million in 2020.

EBITDA and EBITDA margin showed excellent results. The income statement would show a significant profit for the period if the negative effect of the change in the warrants' fair value, converted to date, is removed.

Business outlook



In the first months of 2021, the international scenario saw a decisive recovery in world trade and a gradual improvement in production, leading to sustained economic growth, but with different timing among the various countries.

ISTAT forecasts for Italy saw a sustained GDP growth in 2021 (+4.7 per cent) and 2022 (+4.4 per cent), thanks to the Government's implementation of the measures contained in the National Recovery and Resilience Plan (PNRR). The achievement of these targets is closely related to the pandemic crisis evolution and the Government's ability to implement these measures.

Despite the inflationary pressures in the coming months caused by the increase in oil and commodity prices, in the 2021-22 period GDP increase will be driven by domestic demand net of inventories (+4.6 and +4.5 percentage points, respectively), by investments (+10.9% and +8.7%) and by household and Non-profit institutions serving households (NPISH) spending (+3.6% and +4.7%).

As for the labour sector, employment measured in annual work units (AWU), will be in line with GDP, with an acceleration in 2021 (+4.5%) and an increase in 2022 (+4.1%). The evolution of the unemployment rate will reflect the gradual normalisation of the labour market, reducing the rate from 9.8% in 2021 to 9.6% in 2022. The number of people seeking new employment will increase due to the gradual easing of public measures in the employment field.

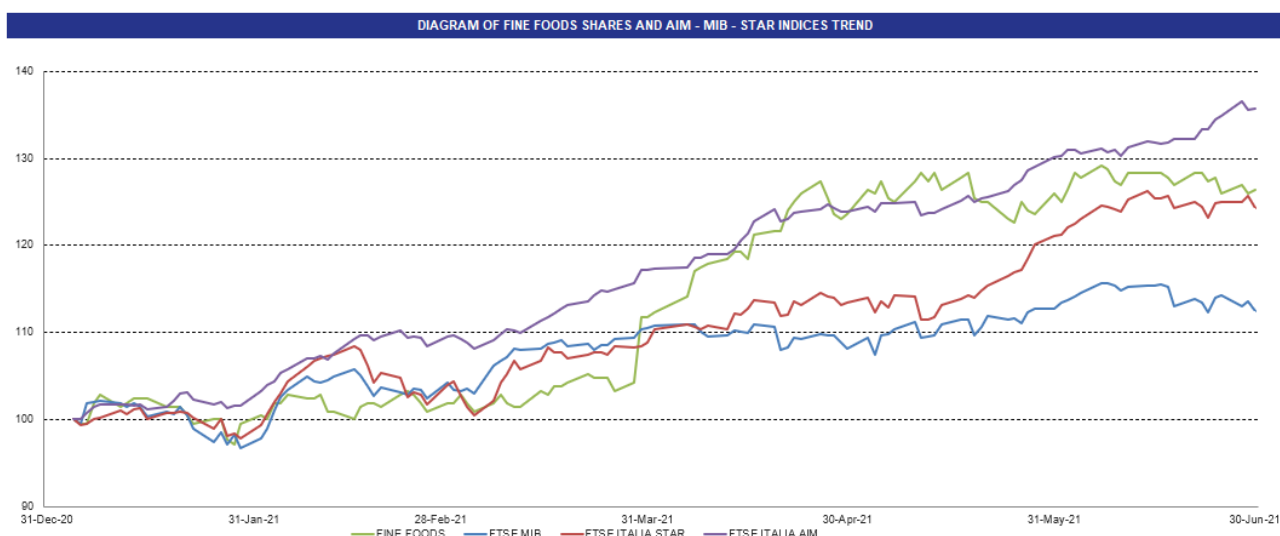
The Fine Foods Group expects good sales volumes for the second half of 2021 - a substantial alignment with the historical growth of the Parent Company and its subsidiary Pharmatek's positive performance.

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

As of 30 June 2021, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. share was listed at € 13.40 per share, with an increase of 27.6 percentage points than the listing as of 30 December 2020 (€ 10.50 per share).

Market capitalisation as of 30 June 2021 was € 342.5 million.

The diagram below shows the Fine Foods share performance compared with the leading stock market indices in the first half of 2021:



The table below shows the main share and stock market data as of 30 June 2021.

Share and stock market data	FY2021
First listing price (04/01/2021)	10.60
Maximum listing price	13.70
Minimum listing price	10.30
Last listing price (30/06/2021)	13.40
No. of listed outstanding shares	22,060,125
No. of unlisted outstanding shares	3,500,000
Total capitalisation	€ 342.5 million

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.

The diagram below shows the net financial debt under Consob recommendation of 21 April 2021 and ESMA32-382-1138 guidelines.

Thousands of Euro	30/06/2021	31/12/2020
A. Liquid assets	4,606	3,106
B. Cash or cash equivalents	-	-
C. Other current financial assets	70,184	71,609
D. Liquidity (A) + (B) + (C)	74,791	74,715
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	16,693	14,487
F. Current portion of non-current financial debt	1,630	1,627
G. Current financial debt (E + F)	18,323	16,114
- <i>guaranteed</i>	-	-
- <i>secured by collateral</i>	4,934	4,925
- <i>not guaranteed</i>	13,389	11,190
H. Net current financial debt (G - D)	(56,468)	(58,601)
I. Non-current financial debt (excluding current portion and debt instruments)	26,165	9,208
J. Debt instruments	6,645	6,632
K. Trade payables and other non-current payables	3,000	-
L. Non-current financial debt (I + J + K)	35,810	15,841
- <i>guaranteed</i>	-	-
- <i>secured by collateral</i>	14,890	15,693
- <i>not guaranteed</i>	20,920	147
M. Total Financial Debt (H + L)	(20,658)	(42,760)

Working capital	30/06/2021	31/12/2020
Inventories	26,362,402	19,647,515
Trade receivables	24,654,559	12,660,157
Other current assets	8,941,272	3,292,257
Trade payables	(26,523,810)	(22,722,377)
Other current liabilities	(11,925,903)	(10,040,527)
Provisions for risks and charges / deferred taxes	(544,214)	(414,035)
Total working capital (A)	20,964,305	2,422,990
Fixed assets	30/06/2021	31/12/2020
Tangible fixed assets	93,019,099	93,413,964
Intangible assets and rights of use	18,390,944	1,865,973
Other receivables and non-current assets	1,623,548	1,607,531
Employee severance indemnities and other provisions	(1,395,170)	(1,062,790)
Total fixed assets (B)	111,638,421	95,824,677
Net Invested Capital (A) + (B)	132,602,727	98,247,667
Sources	30/06/2021	31/12/2020
Shareholders' equity	153,260,441	141,008,161
Net financial debt	(20,657,714)	(42,760,494)
Total Sources	132,602,727	98,247,667

Net invested capital as of 30 June 2021 amounted to € 132.6 million (€ 98.2 million as of 31 December 2020) and is covered by:

- Shareholders' equity, € 153.3 million (€ 141 million as of 31 December 2020);
- The positive net financial position of € 20.7 million (compared to a positive net financial position of € 42.8 million as of 31 December 2020).

Working capital as of 30 June 2021 was € 21 million compared to € 2.4 million at the end of the previous year. This deterioration was mainly generated by a negative change in trade receivables (€ 12 million) and inventories (€ 6.7 million) partly generated by the Pharmatek acquisition, which has approximately € 4.9 million in inventories and trade receivables as of 30 June 2021.

Intangible assets and rights of use amounted to € 18.4 million as of 30 June 2021 compared to € 1.9 million as of 31 December 2020, with an increase of € 16.5 million mainly due to the goodwill generated by the Pharmatek acquisition (€ 12.6 million) and the rights of use of the newly acquired Company (Net book value of € 3.9 million as of 30 June 2021).

Financial indicators

Indicator	30/06/2021	31/12/2020	Calculation Method
Capital structure margin	54,413,681	45,728,224	Shareholders' equity - Property, plant and machinery - Other intangible assets - Rights of use
Asset ratio	1.6	1.5	Shareholders' equity/(Property, plant and machinery - Other intangible assets - Rights of use)
Liquidity margin	51,614,182	41,790,522	Total current assets - Inventories - Total current liabilities
Current ratio	1.9	1.9	(Total current assets - Inventories)/Total current liabilities
DSO	45	27	(Trade receivables/Sales revenues)*365
DPO	80	80	(Trade payables/Raw material purchase cost)*365
DIO	80	68	(Inventories/Cost of Raw Materials)*365

Financial situation

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

Income Statement

Item	30/06/2021	%	30/06/2020	%	Absolute change	% Changes
Revenues from contracts with customers	98,614,404	100%	75,438,236	100%	23,176,168	30.7%
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	(59,643,455)	(60.5%)	(45,500,496)	(60.3%)	(14,142,959)	31.1%
VALUE ADDED	38,970,949	39.5%	29,937,740	39.7%	9,033,209	30.2%
Other revenues and income	1,193,913	1.2%	615,035	0.8%	578,878	94.1%
Costs for services	(9,153,877)	(9.3%)	(7,246,057)	(9.6%)	(1,907,820)	26.3%
Personnel costs	(17,431,308)	(17.7%)	(14,449,817)	(19.2%)	(2,981,491)	20.6%
Other operating costs	(716,916)	(0.7%)	(611,722)	(0.8%)	(105,194)	17.2%
EBITDA	12,862,761	13.0%	8,245,179	10.9%	4,617,582	56%
ADJUSTED EBITDA	13,135,506	13.3%	8,942,336	11.9%	4,193,170	46.9%
Amortisation, depreciation, and impairment losses	(6,407,581)	(6.5%)	(5,608,308)	(7.4%)	(799,273)	14.3%
EBIT	6,455,180	6.5%	2,636,871	3.5%	3,818,309	144.8%
ADJUSTED EBIT	6,727,925	6.8%	3,334,028	4.4%	3,393,897	101.8%
Financial income	23,059	0%	10,439	0%	12,620	120.9%
Financial charges	(366,322)	(0.4%)	(252,839)	(0.3%)	(113,483)	44.9%
Changes in fair value of financial assets and liabilities	(10,182,613)	(10.3%)	3,558,937	4.7%	(13,741,550)	(386.1%)
INCOME BEFORE TAXES	(4,070,696)	(4.1%)	5,953,408	7.9%	(10,024,104)	(168.4%)
ADJUSTED INCOME BEFORE TAXES	8,938,852	9.1%	2,930,246	3.9%	6,008,606	205.1%
Income taxes	(2,396,222)	(2.4%)	(1,206,586)	(1.6%)	(1,189,636)	98.6%
Profit (loss) for the financial year	(6,466,918)	(6.6%)	4,746,822	6.3%	(11,213,740)	(236.2%)
ADJUSTED income/(loss)	6,466,534	6.6%	1,529,153	2%	4,937,381	322.9%

The table below shows value-added reconciliations, EBITDA, EBIT, Income before taxes and the profit (loss) for the period and the Adjusted related values.

Value-added was determined using the following income statement classification:

	30/06/2021	30/06/2020
Revenues from contracts with customers	98,614,404	75,438,236
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	(59,643,455)	(45,500,496)
Value Added	38,970,949	29,937,740

The diagram below shows the definition of the subtotals for the other income statement items.

	30/06/2021	30/06/2020
Profit/(loss) for the financial year (1)	(6,466,918)	4,746,822
Income taxes	2,396,222	1,206,586
Income before taxes (2)	(4,070,696)	5,953,408
Changes in fair value of financial assets and liabilities	10,182,613	(3,558,937)
Financial charges	366,322	252,839
Financial income	(23,059)	(10,439)
EBIT (3)	6,455,180	2,636,871
Amortisation	6,407,581	5,608,308
EBITDA (4)	12,862,761	8,245,179

Extraordinary and non-recurring items that have been adjusted during the period ended 30 June 2021 and 30 June 2020 are shown in the table below. For further details, please refer to what is reported below.

	30/06/2021	30/06/2020
Translating costs	272,746	138,542
Non-recurring Covid costs		558,615
Total non-recurring income and charges (5)	272,746	697,157

As a result of these non-recurring costs, Adjusted EBITDA, Adjusted EBIT and Adjusted income before taxes and Adjusted profit (loss) are shown in the table below.

ADJ EBITDA (4) + (5)	13,135,507	8,942,336
ADJ EBIT (3) + (5)	6,727,926	3,334,028
Income before taxes	(4,070,696)	5,953,408
Change in FV Warrant	12,736,802	(3,720,321)
Non-recurring income and charges (5)	272,746	697,157
ADJ Income before taxes	8,938,852	2,930,244
Income taxes	(2,396,222)	(1,206,586)
tax effect on non-recurring income and charges (5) * 27.9%	(76,096)	(194,507)
ADJ income/(loss)	6,466,534	1,529,153

Revenues from sales and services increased from € 75.4 million as of 30 June 2020 to € 98.6 million as of 30 June 2021, with an increase of 30.7%. This growth was produced also by the Pharmatek acquisition, which generated revenues of € 6 million in the first half of 2021; on a like-for-like basis, revenue growth was 23%.

Other revenues and income amounted to € 1.2 million compared to € 0.6 million as of 30 June 2020.

Raw material costs on sales revenues, of approximately 60.5%, is substantially in line with what was shown in the 2020 Half-year Financial Report.

Personnel costs amounted to € 17.4 million, with an increase of € 3 million compared to FY 2020. This change is attributable to the Pharmatek acquisition (€ 1.3 million), contractual increases and productivity gains, and the stock grant incentive plan share for top management for the 2018-2021 period.

As of 30 June 2021, EBITDA reached € 12.9 million, up from € 8.2 million in the previous year. The revenue percentage increased from 11% as of 30 June 2020 to 13% as of 30 June 2021.

EBIT amounted to € 6.5 million compared to € 2.6 million as of 30 June 2020. The lower increase recorded compared to EBITDA is the effect of higher depreciation and amortisation recorded during the first half of 2021.

During the first half of 2021, a portion of non-recurring charges of € 273,000, relating to the Company translisting to the MTA STAR segment, was incurred.

In the first half of 2021, 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 costs deriving from a reorganisation of shifts.

These EBITDA Adjustments have been adjusted for the related tax effect (27.9% tax rate) for calculating Adjusted Profit (Loss).

Adjusted EBITDA amounted to € 13.1 million, up from € 8.9 million in the previous year. The revenue percentage increased from 12% as of 30 June 2020 to 13.3% as of 30 June 2021.

The Adjusted Income Before Taxes is presented net of the change in fair value of listed and unlisted warrants, for a total of € 12.7 million as of 30 June 2021 and Euro 3.7 million as of 30 June 2020. The adjustment deriving from the warrants valuation freezing in the Income Statement is without any tax effects.

Alternative Performance Indicators

To facilitate an understanding of Fine Foods' financial and economic performance, the directors have identified in the previous paragraphs several Alternative Performance Indicators ("APIs"). These indicators are the tools that assist the directors in identifying operating trends and making investments, resource allocations and other operating decisions.

For a correct interpretation of these APIs, the following should be noted:

- these indicators are constructed exclusively from historical data and are not indicative of the company's future performance;
- APIs are not required by the International Financial Reporting Standards (IFRS) and, although derived from the Company's Financial Statements, are not subject to audit;
- the APIs must not be considered as a replacement for the indicators provided for by the International Financial Reporting Standards (IFRS);
- these APIs should be read alongside the financial information derived from the Company's Financial Statements;
- the definitions of the indicators used, since they do not derive from the reference accounting standards, may not be consistent with those adopted by other groups/companies or comparable to them;
- the APIs used have been developed with continuity and uniformity of definition and representation for periods when financial information is included in these consolidated interim Financial Statements.

The APIs below were selected and presented in the Report on Operations because the Group believes that:

- the Net financial debt allows a better assessment of the overall debt level, the equity strength and the debt repayment capacity;
- Fixed assets and Net investments in tangible and intangible fixed assets, calculated as the sum of increases (net of decreases) in tangible fixed assets (including the right to use leased assets) and intangible fixed assets - Net working capital and Net invested capital allow a better assessment of the ability to meet short-term commercial commitments through current commercial assets and the consistency between the investments and financing sources structure over time;
- EBITDA is the operating result before depreciation, amortisation and provisions. The defined EBITDA is a measure used by management to monitor and evaluate the Company's operating performance. EBITDA is not an IFRS accounting measure and is an alternative measure for evaluating the Company's operating performance. Since the reference accounting principles do not regulate the EBITDA composition, the criteria for its definition applied by the Company may not be consistent with those adopted by other groups/companies or comparable to them.
- The ADJUSTED EBITDA is the operating result before Amortisation, depreciation and provisions minus operating revenues and costs that, although inherent to the business, are non-recurring and significantly impact results. The defined ADJUSTED EBITDA is a measure used by Company management to monitor and evaluate the Company's operating performance.

ADJUSTED EBITDA is not an IFRS accounting measure and is an alternative measure for evaluating the Company's operating performance. Since the reference accounting principles do not regulate the ADJUSTED EBITDA composition, the criteria for its definition applied by the Company may not be consistent with those adopted by other groups/companies or comparable to them.

- The ADJUSTED EBIT is the Company operating result minus operating revenues and costs that, although inherent to the business, are non-recurring and significantly impact results. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.
- The *ADJUSTED INCOME BEFORE TAX* is the Company income before taxes minus operating revenues and costs that, although inherent to the business, are non-recurring and significantly impact results and the fair value change of warrants. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.
- The ADJUSTED NET INCOME is the Company net result minus operating revenues and costs that, although inherent to the business, are non-recurring and significantly impact results and the fair value change of warrants, after deduction of the relevant tax. The Company's calculation criteria may not be consistent with those adopted by other groups. The balance obtained by the Company may not be comparable.

These indicators are commonly used by analysts and investors in the sector to which the Company belongs to evaluate the Company's performance.

Main risks and uncertainties for the Group

The following paragraph illustrates the main risks to which the Group is exposed and the director's mitigating actions.

Liquidity risk

The Group monitors the liquidity shortage risk using a liquidity planning tool. The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines and loans, mortgages and bonds. The Group's policy is to keep loan numbers due in the next 12 months within 60%. As of 30 June 2021, 34% of the Group's debt is due in less than one year (2020: 41%), calculated based on the book value of debts in the consolidated interim Financial Statements. The Group has assessed the risk concentration with reference to debt refinancing and concluded that it is low. Access to funding sources is sufficiently available, and debts due within 12 months can be extended or refinanced with existing credit institutions.

The table below summarises the Group's due date profile of financial liabilities based on undiscounted contractually agreed payments.

30/06/2021	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Other financial liabilities (Earn Out)	6,000,000	3,000,000	3,000,000	
Bonds	9,949,073	3,303,883	6,645,190	
Non-current bank borrowings	24,744,835		23,083,077	1,661,758
Current bank borrowings	11,561,276	11,561,276		
Non-current lease payables	1,420,323		846,094	574,229
Current lease payables	457,506	457,506		
Total financial liabilities	54,133,014	18,322,665	33,574,362	2,235,988

31/12/2020	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Other current financial liabilities (Warrants)	10,997,144	10,997,144		
Bonds	9,930,025	3,297,542	6,632,483	
Non-current bank borrowings	9,060,857		6,570,599	2,490,257
Current bank borrowings	1,863,255	1,863,255		
Non-current lease payables	147,179		147,179	
Current lease payables	192,529	192,529		
Total financial liabilities	32,190,987	16,350,470	13,350,261	2,490,257

Interest rate risk

This risk refers to financial instruments on which interest accrues, which are recorded in the statement of financial position (particularly, bank borrowings, loans, leases, etc.), which are at variable rates and not hedged by derivative financial instruments.

The Group's financial debt is almost equally distributed between fixed-rate (Bonds) and variable-rate (Bank borrowings).

Risks related to the COVID-19 virus (Coronavirus)

During 2020 and 2021, the Group had to follow restrictive measures adopted by national governments to deal with the COVID-19 ("Coronavirus"), including the adoption by all Group companies of anti-contagion protocols in line with the Authorities' requirements. The COVID-19 pandemic and the actions taken by the Issuer to comply with the measures adopted by the Italian Government to deal with the health emergency resulted in a slowdown for the Issuer in the growth process of volumes sold and turnover on Italian and foreign markets in the first half of 2020 compared to the same period in 2019, so that the 2020 financial year was characterised by lower turnover growth compared to previous years (+7.7% in 2020 compared to 2019, +14.6% in 2019 compared to 2018). In the first half of 2021, the Group having already coped with the measures adopted by the Italian Government to deal with the health emergency, the effects of Covid gradually receded. However, should the COVID-19 pandemic continue or worsen, resulting in the adoption of more restrictive measures by the relevant national authorities for the sectors where the Group operates, it could be exposed to the risk of a further slowdown or decline in its product sales. The possible occurrence of such circumstances could have significant adverse effects on the Group's economic and financial situation.

Risks related to the concentration of revenues on major customers

The Group has a significant concentration of revenues on its main customers, amounting to approximately 76% on the top five customers as of 30 June 2021. The loss of one or more of these relationships would have a significant impact on Group revenues. Most of the contracts with the Group's main customers do not have minimum guaranteed quantities. If these relationships continue, there is no certainty that the amount of revenues generated by the Group in subsequent years will be similar to or greater than those recorded in previous years. The possible occurrence of such circumstances could have significant adverse effects on the Group's economic and financial situation.

Credit risk

This is the risk that a customer or a financial instrument counterparty causes a financial loss by failing to fulfil an obligation; for the Group, the risk is mainly related to the failure to collect trade receivables. Fine Foods' main counterparties are major companies active in the nutraceutical and pharmaceutical sectors. The Group carefully evaluates its customers' credit standing, considering that, due to its business's nature, the relationships with its customers are long-term.

Price risk

The price risk is mitigated using a solid cost accounting procedure that can identify the production cost. In this way, remunerative and competitive prices are established and adopted with the customer.

Risk of changes in cash flows

The risk of changes in cash flows is not considered significant in view of the Group'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.

Tax risks

The Company is subject to the taxation system under applicable Italian tax laws. Unfavourable changes to this legislation, and any Italian tax authorities or Law orientation related to the application, interpretation of tax regulations to determine the tax burden (Corporate Income Tax "IRES", Regional Tax on Production Activities "IRAP") and the Value Added Tax "VAT", could have significant negative effects on the Company's economic and financial situation.

The Company is exposed to the risk that the financial administration or law may adopt different interpretations or positions concerning tax and fiscal legislation from those adopted by Fine Foods in carrying out its business. Tax and fiscal legislation, and its interpretation, are complex elements due to the continuous legislation evolution and interpretation from administrative and jurisdictional bodies.

The Company will periodically undergo inspections to verify such regulations' correct application and the correct payment of taxes. Disputes with Italian or foreign tax authorities could involve the Company in lengthy proceedings, resulting in the payment of penalties or sanctions, with possible significant adverse effects on its business, economic and financial situation.

Due to the complexity and continuous changes in tax and fiscal regulations and their interpretation, it is impossible to exclude that the financial administration or law may make interpretations, or take positions, that contrast with those adopted by the Company. This might result in negative consequences on its economic and financial situation.

Risks related to supplier relationships

The Group risks increased costs for the procurement of materials or raw materials necessary to carry out its business, possible delays in production due to the more difficult availability of raw materials, with adverse effects on the Group's business, economic and financial position. The Group's business is characterised, in certain cases, by a limited substitutability of suppliers, particularly in the pharmaceutical sector.

Manufacturer's liability risks

The Group faces risks related to products manufactured with a quality that does not comply with the customer's specifications which could have side effects, or undesired and unexpected effects, on consumers' health. This could expose the Group to possible liability action or claims for compensation, with potentially adverse effects on the Group's economic and financial position.

Risks related to the pharmaceutical and nutraceutical market performance

The nutraceuticals (food) and medical surgical aids (PMC) markets in Europe are expected to grow less in the 2020-2023 period than in the 2018-2020 period. The Group risks not adapting to market evolution in the reference sectors quickly enough due to moderate or highly competitive pressure, depending on the reference markets, with potentially adverse effects on the Group's economic and financial position.

Risks related to changes in the regulatory framework

The Group faces risks connected with the many changes in the legislation applicable in the countries in which it operates, and its interpretation, for example, the legislation on special powers of the State in strategic sectors ("Golden Power"). In addition, there is

currently a change in the applicable regulations for medical-surgical aids (PMC) that requires Pharmatek to apply for new authorisations to continue marketing its PMC products. If the Group is unable to obtain the authorisation required by European regulations or anticipate and respond to changes in applicable regulations, this could have an adverse effect on the Group's economic and financial position.

Risks related to production authorisations

The Group faces the risk of non-approval, by governmental or health authorities and institutions, of the individual production stages that characterise its activities, if it is found not to comply with the regulatory requirements applicable to plants and the production of pharmaceuticals and nutraceutical products, with potentially adverse effects on its economic and financial position.

Risks relating to environmental, occupational health and safety regulations

The Group is exposed to the risk of accidental contamination of the environment in which its employees work, and possible accidents in the workplace. Any violations of environmental regulations, and the adoption of prevention and protection systems in the field of safety that are not appropriate to the Group's needs, could lead to the application of administrative sanctions, including significant monetary sanctions or an injunction, including suspensions or interruptions of production, with potentially adverse effects on the Group's economic and financial position.

Key non-financial indicators

We provide the following company business non-financial indicators for a better understanding of the Company situation, operating trend and result:

- The Group maintains consolidated and continuous relationships with approximately 300 customers;
- The Group can count on 113 production lines located in the various plants;
- The Group produces more than 2,000 Stock-Keeping Units (SKUs);
- The Group employs more than 650 people.

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 June 2021, the Parent Company underwent an environmental recertification 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-June 2022.

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, Group Companies give all the types of waste that are generated by the Zingonia - Verdellino, Brembate and Cremosano sites to authorised third parties.

Work Risk Assessment Document

Under Legislative Decree no. 81 of 09/04/2008 and Legislative Decree no. 106/09 and subsequent amendments, which contain reference standards for workplace health and safety, the Parent Company has drawn up the Risk Assessment Document (DVR - Documento di Valutazione dei Rischi) filed at its registered office and revised on 09 April 2021, version no. 15, while the subsidiary Pharmatek filed the first version of the Document at its registered office on 8 July 2020.

In June 2021, the Parent Company underwent the annual audit for the ISO 45001:2018 certification, the international standard for an occupational health and safety management system (previously, the reference standard to which the Company complied with was OHSAS 18001:2007).

During the first half of 2021, an accident occurred at Fine Foods involving serious injuries to personnel enrolled in the employee register for which no company liability was ascertained.

In November 2020 and April 2021, two reports of occupational diseases were filed; in both cases, INAIL did not recognise these diseases and, consequently, the Parent Company was not found liable.

During the first half of 2021, there were no serious accidents at work at the Pharmatek subsidiary that resulted in serious injuries to personnel enrolled in the employee register nor cases of occupational disease for which corporate responsibility was ascertained.

During the 2020 financial year, Fine Foods and Pharmatek's Supervisory Bodies did not find any anomalies concerning implementing the current Organisation, Management and Control System under Legislative Decree no. 231/2001. They based their findings on the evidence of the assigned activities performance and deemed the control system correct and generally supplemented by a constant procedure updating process. This applied even during the Covid emergency.

Personnel Management Information

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

Attention was paid to personnel's professional growth. In the first half of 2021, 1,194 training courses and seminars were held, for all levels, making 5,116 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	Total hours
ZINGONIA	814	2,995
BREMBATE	366	1,791
Pharmatek (Cremosano)	14	330
TOTAL	1,194	5,116

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 or charges relating to occupational illnesses on employees or former employees and mobbing cases.

During the year, the Company promptly implemented all the protections legally prescribed during the Covid emergency. It reserved an unconditional commitment to worker safety issues, whether or not the staff were employed, and the population surrounding its sites. The Company based its strategy on:

- dissemination of a safety culture within the organisation;
- specific dedicated operating procedures and adequate management systems;
- prevention and protection from exposure to contagious and non-contagious risks;
- the minimisation of risk exposure in each production activity;
- surveillance and monitoring of prevention and protection activities.

This process involved the following phases:

- identifying exposure to possible hazards related to the methods, products, and operations carried out;
- risk assessment of the event severity and frequency;
- identifying prevention actions, where possible, and mitigating residual risk;
- investigation and analysis of incidents to learn lessons and increase prevention capacity;
- developing risk minimisation plans based on technological investments, implementing safety management systems, and staff training and education.

Research and development

Fine Foods is active in the contract manufacturing and development of oral solid forms for the pharmaceutical and nutraceutical industries. Through its subsidiary Pharmatek PMC S.r.l., the Group manufactures and develops, including on its own behalf, medical-surgical aids, disinfectant and hygienic products, and cosmetics.

Research and development come from a structured cooperation with customers aimed at providing them with new formulations for their products, ensuring 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

During 2021, the Parent Company distributed a profit of € 0.14 per share to the holding company Eigenfin S.r.l. as per the shareholders' resolution approving the 2020 Financial Statements.

Related Party Relationships

On 30 June 2021, as part of the translisting on the MTA, the Parent Company's Board of Directors updated the Procedure for related party transactions, under Article 2391-bis of the Italian Civil Code and Article 4 of the "Regulations for transactions with related parties" issued by Consob with Resolution no. 17221 of 12 March 2010, to incorporate certain Consob observations. This procedure is available on the Company's website (<https://www.finefoods.it/>). During the first half of 2021, transactions between the Company and related parties identified under the provisions of international accounting standard IAS 24 included the remuneration of Directors and the allocation of stock grants to corporate officers with strategic responsibilities, carried out under applicable regulations, based on assessments of mutual interest and economic benefit. The assignment of stock grant rights, in the meaning of the Procedure for Related Party Transactions adopted by the Parent Company, is excluded from the Procedure application, since, under this Procedure Article 13, letter f) compensation plans based on Financial Instruments approved by the shareholders' meeting on 14.12.2018 fall within the list of excluded transactions.

Treasury shares buyback programme

On 15 May 2020, the Parent Company's Board of Directors resolved to launch the treasury share buyback programme to implement and comply with the authorisation to buyback and dispose of treasury shares approved by the 30 April 2020 Shareholders' Meeting.

The Programme will last 18 months after the 30 April 2020 authorising resolution date, unless there is an early interruption which will be legally reported to the Market. The arrangement in one or more issues of treasury shares is without time limits.

The table below summarises the situation regarding treasury shares as of 18/06/2021:

	Number	Fees Euro
Initial balance	816,808	8,759,287
Purchased shares	204,278	2,527,785
Shares allocated free of charge		
Shares sold		
Shares cancelled due to excess capital		
Shares cancelled to cover losses		
Final balance	1,021,086	11,287,072

As of 31 August 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A. holds 1,154,763 treasury shares equal to 4.5178% of the share capital, at a weighted average price of € 11.5874, for a total value of € 13,380,714.

Under art. 2357-ter of the Civil Code, the purchase of treasury shares involved booking a "Negative reserve for treasury shares in portfolio" under liabilities in the consolidated interim Financial Statements. 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 Article 2357 of the Civil Code.

2018-2021 Fine Foods N.T.M. S.P.A. stock grant incentive plan

On 14 December 2018, the Ordinary Shareholders' Meeting approved the medium-long term stock grant incentive plan for the Company and its subsidiaries' management.

The Shareholders' Meeting authorised the buyback and disposal of ordinary treasury shares under the terms contained in the explanatory report approved by the Board of Directors on 23 November 2018.

The Plan provides for the free assignment to the rights beneficiaries to receive ordinary shares up to 440,000 shares at the end of the vesting period (31 December 2021). This is subject to the achievement of pre-determined performance objectives identified by the governing body and the maintenance of the beneficiaries' employment relationship with the Company at the end of the vesting period. Following the approval of the last Financial Statements included in the vesting period by the Company Shareholders' Meeting, once the Plan activation condition has been achieved, each beneficiary can exercise all or part of the exercisable rights, receive the shares if Performance Indicator targets are met.

On 19 December 2019, the Parent Company completed the buyback of treasury shares to service the "2018-2021 FINE FOODS N.T.M. S.p.A. stock grant incentive plan" set at 440,000 ordinary shares.

Parent Company shares

During the year, the Company did not hold parent company shares or quotas.

Use of financial instruments significant to the assessment of the financial position and net result for the year

The Group has not undertaken any financial risk management policies, as it is not considered relevant to our Company.

Significant events in the first half of 2021

On 19 January 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A acquired 100 per cent of Pharmatek PMC S.r.l., an unlisted company based in Cremona (CR) specialising in the production of cosmetics, medical-surgical aids and medical devices.

This is a strategically important transaction that will allow Fine Foods to expand its production, reaching new market segments and customers. The acquisition will allow the exploitation of new research and development, technology, knowledge and innovation synergies for continuous improvement. With Pharmatek range of solutions, combining flexible and customisable services and excellent quality, Fine Foods can meet new production sectors' needs and provide its customers with an increasingly complete range. Technological updates, rigorous certifications and the constant search for the best solutions are key points that drive innovation in an ever-evolving production for the Group.

The transaction price is € 11.2 million, subject to a price-adjustment of € 6 million if specific EBITDA targets are achieved over the next three years. The total disbursement, including earn-outs, is estimated at € 17.2 million. Please refer to the attached notes for further details on the acquisition.

On 18 March 2021, the Parent Company signed a new Intesa San Paolo bank loan for € 8 million. The loan was disbursed on 23 March 2021 in a single instalment and expires on 18 September 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

On 19 March 2021, the Parent Company signed a new Deutsche Bank loan of € 8.5 million. The loan was disbursed on 23 March 2021 in a single instalment which expires on 23 March 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

On 21 April 2021, the shareholders' meeting resolved to distribute a dividend of € 0.13 per share.

During the first half of 2021, following the fulfilment of the conditions for the conversion of warrants issued by the Company, the warrants were converted, and the related shares issued to service the plan. Details of the impact of this transaction on the Company's economic and financial position are provided in the relevant sections of the notes to the Financial Statements.

Events following the end of the period

On 9 November 2020, the Company informed the market of the translisting from the AIM market to the MTA. From 12 July 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A. was listed on the STAR Segment of the Mercato Telematico Azionario ("MTA") organised and managed by Borsa Italiana S.p.A. At the end of the process, which has received Consob and Borsa Italiana approval, the Company's ordinary shares are traded on the main list. Fine Foods debuted on the AIM Italia multilateral trading system on 1 October 2018 with a capitalisation of € 216.5 million. On 9 July, the last day on AIM, it rose to € 347.6 million in addition to dividends distributed in FY2019, 2020 and 2021 totalling € 8.2 million, and creating approximately € 139.3 million of value equal to 64.3% of the initial capitalisation in less than three years.

Personal data protection - Privacy

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, 13 September 2021

for the Board of Directors
Chairman

Marco Francesco Eigenmann

30 June 2021 condensed consolidated interim Financial Statements

Table of contents

Interim consolidated income statement	33
Interim consolidated comprehensive income statement	33
Interim consolidated statement of financial position	34
Interim consolidated cash flow statement	35
Interim consolidated Shareholders' equity changes	36
1. Corporate information 38	
1.1 Extraordinary transactions	38
1.2 Significant events during the period	39
1.3 Covid-19 pandemic effect on the year's Financial Statements	40
1.4 Form and content of the 30 June 2021 consolidated interim Financial Statements	40
1.5 Operating sectors: disclosure	45
1.6 Capital management	48
1.7 Financial risk management	49
INCOME STATEMENT	50
2.1 Revenues from contracts with customers	50
2.2 Other revenues and income	50
2.3 Costs for raw materials, change in inventories of finished goods and work in progress.	51
2.4 Personnel costs	51
2.5 Costs for services	51
2.6 Other operating costs	52
2.7 Amortisation, depreciation, and impairment losses	52
2.8 Changes in Fair Value on financial assets and liabilities	52
2.9 Financial income	53
2.10 Financial charges	53
2.11 Income taxes	53
BALANCE SHEET	54
ASSETS	54
3.1 Property, plant and machinery	54
3.2 Goodwill	55
3.3 Other intangible fixed assets	55
3.4 Leases	55
3.5 Deferred tax assets	56
3.6 Provision for deferred taxes	57
3.7 Inventories	57

3.8 Trade receivables	58
3.9 Other current assets	59
3.10 Current and non-current financial assets	59
3.11 Cash and other liquid assets	60
SHAREHOLDERS' EQUITY	62
4.1 Shareholders' equity	62
LIABILITIES	64
4.2 Bonds	64
4.3 Non-current bank borrowings	64
4.4 Current bank borrowings	65
4.5 Other current financial liabilities	65
4.6 Employee benefits	65
4.7 Trade payables	66
4.8 Taxes payable	66
4.9 Other current liabilities	67
4.10 Other non-current financial liabilities	67
5. Other information 67	
5.1 Commitments and guarantees	67
5.2 Contingent liabilities	67
5.3 Grants, contributions and similar	67
5.4 Related party transaction information	68
5.5 Events after the Financial Statements date	68

Interim consolidated income statement

<i>(amounts in € units)</i>	Notes	Half-year as of 30 June 2021	Half-year as of 30 June 2020
Revenues and income			
Revenues from contracts with customers	2.1	98,614,404	75,438,236
Other revenues and income	2.2	1,193,913	615,035
Total revenues		99,808,317	76,053,271
Operating costs			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	2.3	(59,643,455)	(45,500,496)
Personnel costs	2.4	(17,431,308)	(14,449,817)
Costs for services	2.5	(9,153,877)	(7,246,057)
Other operating costs	2.6	(716,916)	(611,722)
Amortisation, depreciation, and impairment losses	2.7	(6,407,581)	(5,608,308)
Total operating costs		(93,353,138)	(73,416,399)
Changes in fair value of financial assets and liabilities	2.8	(10,182,613)	3,558,937
Financial income	2.9	23,059	10,439
Financial charges	2.10	(366,322)	(252,839)
Income before taxes		(4,070,697)	5,953,409
Income taxes	2.11	(2,396,222)	(1,206,586)
Profit/(loss) for the financial year		(6,466,919)	4,746,823

Interim consolidated comprehensive income statement

<i>(amounts in € units)</i>		Half-year as of 30 June 2021	Half-year as of 30 June 2020
Profit /(loss) for the financial year (A)	Notes	(6,466,919)	4,746,823
Components that will not be subsequently reclassified to profit/(loss) for the financial year			
Revaluation of net employee benefit liabilities/assets		36,107	(2,684)
Tax effect		(8,666)	644
Other comprehensive income (B) components		27,441	(2,040)
Comprehensive profit/(loss) (A+B)		(6,439,478)	4,744,783

Interim consolidated statement of financial position

		Half-year as of	Financial Statements as of
(amounts in € units)	Notes	30/06/2021	31/12/2020
Assets			
Non-current assets			
Property, plant and machinery	3.1	93,019,099	93,413,964
Goodwill	3.2	12,563,283	-
Other intangible fixed assets	3.3	3,369,580	1,510,516
Rights of use	3.4	2,458,081	355,457
Non-current financial assets	3.10	111,581	-
Deferred tax assets	3.5	1,511,967	1,607,531
Total non-current assets		113,033,591	96,887,467
Current assets			
Inventories	3.7	26,362,402	19,647,515
Trade receivables	3.8	24,654,559	12,660,157
Other current assets	3.9	8,941,272	3,292,257
Current financial assets	3.10	70,184,394	71,608,964
Cash and other liquid assets	3.11	4,606,334	3,342,518
Total current assets		134,748,960	110,551,410
Total assets		247,782,551	207,438,877
Shareholders' equity			
Share Capital	4.1	22,770,445	22,601,885
Other reserves	4.1	143,644,843	123,847,446
Employee benefit reserve	4.1	(18,139)	(61,681)
FTA reserve	4.1	(6,669,789)	(9,883,868)
Profits carried forward	4.1	-	(8,859,849)
Profit/(loss) for the financial year	4.1	(6,466,919)	13,364,228
Total Shareholders' Equity		153,260,441	141,008,161
Non-current liabilities			
Bonds	4.2	6,645,190	6,632,483
Non-current bank borrowings	4.3	24,744,835	9,060,857
Employee benefits	4.6	1,395,170	1,062,790
Provision for deferred taxes	3.6	544,214	414,035
Non-current lease payables	3.4	1,420,323	147,179
Other non-current financial liabilities	4.10	3,000,000	-
Total non-current liabilities		37,749,733	17,317,343
Current liabilities			
Bonds	4.2	3,303,883	3,297,542
Current bank borrowings	4.4	11,561,276	1,863,255
Trade payables	4.7	26,523,810	22,722,377
Taxes payable	4.8	4,745,638	2,480,968
Current lease payables	3.4	457,506	192,529
Other current financial liabilities	4.5	3,000,000	10,997,144
Other current liabilities	4.9	7,180,264	7,559,559
Total current liabilities		56,772,376	49,113,373
Total Shareholders' equity and Liabilities		247,782,551	207,438,877

Interim consolidated cash flow statement

		Half-year as of 30 June 2021	Half-year as of 30 June 2020
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		(6,466,919)	4,746,823
Adjustments to reconcile profit after tax with net cash flows:			
Depreciation and impairment of property, plant and machinery	2.7	5,676,940	5,190,495
Amortisation and impairment of intangible fixed assets	2.7	423,286	276,563
Amortisation of rights of use	2.7	256,598	141,250
Other write-downs of fixed assets		14,155	-
Financial income	2.9	(23,059)	(10,439)
Financial charges	2.10	356,486	250,975
Changes in fair value of financial assets and liabilities	2.8	10,182,613	(3,558,937)
Financial charges on financial liabilities for leases	3.4	9,836	1,864
Income taxes		2,130,749	956,736
Personnel costs for stock grants		506,662	508,050
Gains on the disposal of property, plant and machinery		(66,680)	(15,540)
Current assets write-downs		393,164	680,948
Net change in severance indemnity and pension funds		(83,465)	(61,386)
Net change in deferred tax assets and liabilities		265,473	249,850
Interest paid		(340,758)	(238,283)
Income taxes paid		(1,178,525)	-
Changes in net working capital:			
(Increase)/decrease in inventories		(5,281,116)	(1,650,346)
(Increase)/decrease in trade receivables		(8,409,154)	(7,266,458)
(Increase)/decrease in other non-financial assets and liabilities		(6,199,016)	1,264,815
Disposal of assets held for sale		495,000	-
Increase/(decrease) in trade payables		(329,870)	4,067,619
NET CASH FLOWS FROM OPERATING ACTIVITIES		(7,667,600)	5,534,599
Investments:			
Investments in tangible fixed assets	3.1	(4,461,539)	(6,053,615)
Disposal of tangible fixed assets	3.1	141,705	15,540
Investments in intangible fixed assets	3.3	(577,618)	(472,779)
Net (investments)/disposals in financial assets	3.10	4,051,764	2,764,051
Acquisition of Subsidiaries		(9,645,232)	-
NET CASH FLOWS FROM INVESTMENTS		(10,490,920)	(3,746,803)
Financing:			
New financing		26,430,000	-
Funding repayment		(1,232,881)	2,791,534
Principal payments - lease liabilities	3.4	(209,833)	(140,414)
Dividends paid to the parent company's shareholders	4.1	(3,205,727)	(2,743,472)
Share capital increase	4.1	168,560	37,166
Sale/(purchase) of treasury shares	4.1	(2,527,785)	(2,567,470)
CASH FLOWS FROM FINANCING		19,422,335	(2,622,656)
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,263,816	(834,860)
Cash and short-term deposits as of 1 January		3,342,518	2,627,472
Cash and short-term deposits as of 30 June		4,606,334	1,792,612

Interim consolidated Shareholders' equity changes

	Notes	Share Capital	Legal reserve	Negative reserve for treasury shares in the portfolio	Merger surplus reserve	Share premium reserve	Extraordinary reserve	Other reserves	FTA reserve	Employee benefit reserve	Profits/losses carried forward	Profit/loss for the financial year	Total Shareholders' equity
Balance as of 1 January 2020	4.1	22,564,043	5,000,000	(4,712,245)	29,741,389	86,743,750	6,072,106	707,274	(12,605,186)	(48,471)	-	(2,790,264)	130,672,396
Profit/(loss) for the financial year												4,746,823	4,746,823
Other income statement components										(2,040)			(2,040)
Comprehensive profit/(loss)		-	-	-	-	-	-	-	-	(50,511)	-	1,956,559	135,417,179
Dividends							(2,743,472)						(2,743,472)
Stock Grant								508,050					508,050
Purchase of treasury shares				(2,567,470)									(2,567,470)
Warrant exercise		37,166							2,868,582				2,905,748
2019 profit allocation							6,069,585				(8,859,849)	2,790,264	-
Balance as of 30 June 2020	4.1	22,601,209	5,000,000	(7,279,715)	29,741,389	86,743,750	9,398,219	1,215,324	(9,736,604)	(50,511)	(8,859,849)	4,746,823	133,520,036

Fine Foods Group - 30 June 2021 Half-year Financial Report

	Notes	Share Capital	Legal reserve	Negative reserve for treasury shares in the portfolio	Merger surplus reserve	Share premium reserve	Extraordinary reserve	Other reserves	FTA reserve	Employee benefit reserve	Profits/losses carried forward	Profit/loss for the financial year	Total Shareholders' equity
Balance as of 1 January 2021		22,601,885	5,000,000	(8,759,287)	29,741,389	86,743,750	9,398,219	1,723,375	(9,883,868)	(61,681)	(8,859,849)	13,364,228	141,008,161
Profit/(loss) for the financial year												(6,466,919)	(6,466,919)
Other income statement components										43,542			43,542
Comprehensive profit/(loss)										43,542		(6,466,919)	(6,423,377)
Dividends							(3,205,727)						(3,205,727)
Stock Grant								506,662					506,662
Purchase of treasury shares				(2,527,785)									(2,527,785)
Warrant exercise		168,560						11,660,019	3,214,079		8,859,849		23,902,506
2020 profit allocation							13,364,228					(13,364,228)	-
Balance as of 30 June 2021	4.1	22,770,445	5,000,000	(11,287,072)	29,741,389	86,743,750	19,556,720	13,890,056	(6,669,789)	(18,139)	-	(6,466,919)	153,260,441

1. Corporate information

The publication of the Fine Foods & Pharmaceuticals N.T.M. S.p.A. 30 June 2021 condensed consolidated interim Financial Statements was authorised by the Board of Directors on 13 September 2021.

The acquisition of the subsidiary Pharmatek PMC S.r.l. in January 2021, as detailed below, imposes the preparation of the consolidated Financial Statements and consolidated interim Financial Reports, the Financial Statements as of 30 June 2021 are the first consolidated Financial Statements prepared by directors. In the standard section, the consolidation standard has been outlined because it is for the first time applicable to the Group.

The tables shown in this document have been constructed as follows:

- The income statement and balance sheet as of 30 June 2021 refer to the consolidated Fine Foods. Pharmatek has been consolidated from 1 January 2021, as the acquisition took place in January 2021.
- The comparative balance sheet as of 31 December 2020, and the comparative income statement as of 30 June 2020, include the values of the parent company Fine Foods & Pharmaceuticals N.T.M. S.p.A. only

The Parent Company Fine Foods & Pharmaceutical N.T.M. S.p.A. (hereafter referred to as "Fine Foods" or the "Company"), registered and domiciled in Bergamo, is a joint-stock company, with its registered office in Via Berlino 39, Verdellino - Zingonia (BG). The Company, listed on the STAR segment of the MTA of Borsa Italiana, is an independent Italian Contract Development & Manufacturing Organisation (CDMO). It develops and manufactures contract products for the pharmaceutical and nutraceutical industry; the Fine Foods Group is also active in the cosmetics, biocides and medical devices industries with its recent acquisition of Pharmatek-PMC.

Founded in 1984, from a pharmaceutical and nutraceutical synergy, Fine Foods has been pursuing quality and innovation on behalf of its customers as its primary objective. With € 172 million revenue in 2020 and an 11 per cent CAGR over the last decade, it is a growing and future-oriented company. The sustainability of the business model and the holistic approach to ESG, together with product innovation, are drivers that will allow the Group to fully develop its intrinsic potential.

These Financial Statements have been drawn up in Euro.

1.1 Extraordinary transactions

On 19 January 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A acquired 100 per cent of Pharmatek PMC S.r.l., an unlisted company based in Cremona (CR) specialising in the production of cosmetics, medical-surgical aids and medical devices.

This is a strategically important transaction that will allow Fine Foods to expand its production, reaching new market segments and customers. The acquisition will allow the exploitation of new research and development, technology, knowledge and innovation synergies for continuous improvement. With Pharmatek range of solutions, combining flexible and customisable services and excellent quality, Fine Foods can meet new production sectors' needs and provide its customers with an increasingly complete range. Technological updates, rigorous certifications and the constant search for the best solutions are key points that drive innovation in an ever-evolving production for the Group.

The transaction price is € 11.2 million, subject to a price-adjustment of € 6 million if specific EBITDA targets are achieved over the next three years. The total disbursement, including earn-outs, is estimated at €17.2 million.

The fair value of Pharmatek's assets and liabilities at the date of acquisition was:

	Fair value recorded at the time of acquisition Thousands of Euro
Assets	
Property, plant and machinery	896
Other Intangible fixed assets	1,936
Assets for right of use	1,277
Other non-current assets	185
Deferred tax assets	71
Cash	1,555
Trade receivables	3,694
Inventories	1,718

Other current assets	470
Assets held for sale	495
Total assets	12,296
Liabilities	
Non-current bank borrowings	204
Employee benefits	471
Provision for deferred taxes	18
Lease payables	882
Trade payables	4,131
Taxes payable	1,087
Other liabilities	866
Total liabilities	7,659
Total net identifiable assets at fair value	4,637
Goodwill arising from the acquisition (provisional)	12,563
Consideration paid for the acquisition	17,200
Cash flow analysis at acquisition	
Net cash acquired with subsidiary (included in cash flows from investing activities)	1,555
Consideration paid	- 17,200
Net cash flow at acquisition	- 15,645

Please note that the Purchase Price Allocation is not yet finalized at the date of preparation of the 30 June 2021 condensed consolidated interim Financial Statements. Therefore, some values may need to be subsequently modified, with a corresponding adjustment of the goodwill value, by 31 December 2021 (i.e. within 12 months after the transaction).

Please note that the net cash flow at acquisition shown above comprises € 9,645,000 in cash and € 6,000,000 in financial debt for earn-out.

Within the segment information (IFRS8), the Company's balance sheet and financial position are reported in a separate CGU, the PMC/Biocides/Cosmetics Pharmatek unit.

1.2 Significant events during the period

On 18 March 2021, the Parent Company signed a new Intesa San Paolo bank loan for € 8 million. The loan was disbursed on 23 March 2021 in a single instalment and expires on 18 September 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

On 19 March 2021, the Parent Company signed a new Deutsche Bank loan of € 8.5 million. The loan was disbursed on 23 March 2021 in a single instalment which expires on 23 March 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

On 21 April 2021, the shareholders' meeting resolved to distribute a dividend of € 0.13 per share.

On 27 April 2021, under Article 6.4 (d)(ii) (C) and Article 5.2 of the Fine Foods Articles of Association, and Fine Foods N.T.M. S.p.A. Original Shareholder Warrants regulations (hereafter the "Regulations"), the conditions for the conversion of the fourth and final tranche of 50,000 special shares and the complete conversion of the 4,000,000 Fine Foods N.T.M. S.p.A. Original Shareholder Warrants have been fulfilled.

On 30 April 2021, 50,000 special shares were converted into a ratio of six ordinary shares for every single special share held. This means 300,000 new Fine Foods ordinary shares being issued without changing the share capital total amount.

The exercise of the Fine Foods N.T.M. S.p.A. Original Shareholder Warrants, under the Regulations, was automatically suspended until the ex-dividend date, i.e. 3 May 2021 (excluded), and the related capital increase started on 06 May 2021. The conversion of the 4,000,000 Fine Foods N.T.M. S.p.A. Original Shareholder Warrants resulted in the issue of 1,085,200 ordinary shares, resulting in a share capital increase of €103,203.

30 June 2021 was the "Time Limit" for the Warrants exercise, under the "Fine Foods & Pharmaceuticals N.T.M. S.p.A. Warrant Regulations." By this deadline, requests for the exercise of 2,371,242 Warrants with an Exercise Ratio of 0.2713 had been received. The Parent Company issued 643,303 ordinary shares to service this, for € 64,330, under the procedures set out in the Regulations.

1.3 Covid-19 pandemic effect on the year's Financial Statements

Pandemic actions implemented by the Company have been aimed at protecting employees' health and safety. The Company immediately and rigorously implemented safety and prevention regulations under government protocols.

During 2020 and 2021, the Company's protocols were promptly updated for the implementation of new directives issued by the governing bodies. The most 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.

During 2020 and the first half of 2021, the Company had to follow restrictive measures adopted by national governments to deal with the COVID-19 ("Coronavirus") pandemic, including the adoption of anti-contagion protocols in line with the authorities' requirements. Unlike what happened in the first half of 2020, the COVID-19 pandemic and its subsequent regulatory compliance did not slow down Italian and foreign markets sales volumes and turnover in the first half of 2021. However, should the COVID-19 pandemic significantly worsen, the adoption of more restrictive measures by the relevant national authorities for the sectors where the Company operates may result in its exposure to the risk of a possible slowdown or decline in its product sales. The possible occurrence of such circumstances could have significant adverse effects on business, economic and financial situation.

The Company has a favourable financial position of 30 June 2021, which allows it to face this particularly difficult period with cautious optimism. The main financial and operational risks to which the Company is exposed have been analysed (as described in the Report's relevant section). Regarding credit risk, it should be noted that the main Fine Foods counterparties, leading pharmaceutical and nutraceutical companies which had limited impact because of the pandemic, have substantially met their commercial deadlines. There were no supply chain issues or financial strains on the Company's strategic suppliers. Generally, the analysis carried out did not reveal any critical issues that could significantly impact the Company's economic and financial position.

1.4 Form and content of the 30 June 2021 consolidated interim Financial Statements

1.4.1 Principles followed when preparing the Financial Statements

The 30 June 2021 condensed consolidated interim Financial Statements have been prepared under the International Accounting Standards - IAS and International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRSIC) and the Standing Interpretations Committee (SIC), recognised in the European Union under (EC) Regulation no. 1606/2002 at the end of the financial year. All of the above standards and interpretations are referred to as "IAS/IFRS".

The 30 June 2021 condensed consolidated interim Financial Statements have been prepared under IAS 34 Interim Financial Reporting. The Group has prepared the condensed consolidated interim Financial Statements as a going concern. The directors consider there are no material uncertainties that cast doubt on this assumption. They have assessed a reasonable expectation that the Group has adequate resources to continue as a going concern for the near future, not less than 12 months from the Financial Statements' date.

The condensed consolidated interim Financial Statements do not present all the information required to prepare the annual consolidated Financial Statements. For this reason, it is necessary to read the condensed consolidated interim Financial Statements together with the Financial Statements as of 31 December 2020.

1.4.2 New accounting standards, interpretations and amendments adopted by the Group

The accounting standards and assessment criteria adopted to prepare the condensed consolidated interim Financial Statements are consistent with those used in the 31 December 2020 Financial Statements to which reference is made.

These condensed consolidated interim Financial Statements are the first subject of consolidation, and the Company has used the following standards for the first time.

Consolidation standards

The condensed consolidated interim Financial Statements include the 30 June 2021 Financial Statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A., the Parent Company, and companies' financial statements over which Fine Foods has control under IFRS 10.

Control happens when the Group is exposed or entitled to variable returns, arising from its relationship with the investee while affecting those returns by exercising its power over it.

The Group controls a subsidiary when:

- it has power over the investee (i.e. it has valid rights that give it the ability to direct the relevant activities of the investee);
- it has the exposure or rights to variable returns arising from the relationship with the investee;
- it has the ability to exercise power over the investee to affect the number of its returns.

There is a presumption that a majority of the voting power involves control. To support this presumption and when the Group holds less than a majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances to determine whether it controls the investee, including:

- contractual arrangements with other holders of voting rights;
- rights resulting from contractual arrangements;
- Group voting rights and potential voting rights.

The Group reconsiders whether it has control of a subsidiary if facts and circumstances indicate that there have been changes in one or more of those three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and expenses of the subsidiary acquired or disposed of during the period are included in the consolidated Financial Statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

Profit (loss) for the year and other Comprehensive Income Statement components are allocated to the shareholders of the parent and non-controlling interests, even if this results in the non-controlling interests having a negative balance. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity with the Group's accounting policies. Intragroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between Group entities are cancelled on consolidation. Changes in shareholding in a subsidiary that do not result in a loss of control are recorded in Shareholder's equity.

If the Group loses control of a subsidiary, it must cancel the related assets (including goodwill), liabilities, non-controlling interests and other components of Shareholder's equity, while any gain or loss is recorded in the Income Statement. Any retained shareholding shall be recorded at fair value.

Business combinations and goodwill

Business combinations, carried out after the transition to IFRS, are recorded using the purchase accounting method under IFRS 3.

The value of the combined entity is the aggregate of the fair values of the assets and liabilities acquired and the contingent liabilities assumed.

The cost of a business combination is identified as the fair value of the assets transferred, liabilities assumed, and equity instruments issued at the date control is acquired to implement the combination. It is compared with the fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date. Any positive difference between the purchase cost and the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities at purchase is recorded as goodwill. If the difference is negative, it is recorded directly in the Income Statement. If the business combination initial recording can only be provisionally determined, adjustments to the initial amounts are recorded within twelve months of the acquisition date. Minority interests are recorded based on the fair value of the net assets acquired. When a business combination is achieved in stages with subsequent purchases of shares, each step is assessed separately using the cost and fair value information of the assets, liabilities and contingent liabilities at the date of each transaction to determine any difference. When a subsequent purchase results in control of an entity, the previously held portion

is remeasured based on the fair value of the identifiable assets, liabilities and contingent liabilities determined at the date control is acquired.

The acquirer records any contingent consideration at fair value at the acquisition date. The change in fair value of contingent consideration classified as an asset or liability shall be recorded in Income Statement or other comprehensive income as a financial instrument within the IFRS 9 scope. In cases where contingent consideration is not within the IFRS 9 scope, it is measured under the relevant IFRS. If the contingent consideration is classified in Shareholders' equity, it is not remeasured, and its subsequent adjustment is booked under Shareholder's equity.

Goodwill is initially recorded at cost represented by the excess of all consideration paid and the amount recorded for non-controlling interests over the net identifiable assets acquired and liabilities assumed by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recorded in Income Statement.

After the initial recording, goodwill is assessed at cost net of accumulated impairment losses. For impairment testing purposes, goodwill acquired in a business combination is allocated from the acquisition date to each Group cash-generating unit that is expected to benefit from the combination synergies, regardless of whether other assets or liabilities of the acquired entity are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of part of that unit's operations, any goodwill associated with it is carried over when determining the gain or loss on disposal. Goodwill associated with the discontinued operation is determined based on the relative values of the discontinued operation, and the portion of the cash-generating unit retained.

Property, plant and machinery

Property under construction is recorded at historical cost net of any accumulated impairment losses. Property, plant and machinery are recorded at historical cost net of accumulated depreciation and accumulated impairment losses. This cost includes expenses for replacing part of the plant and machinery when they are incurred if they meet the booking criteria. When it is necessary to replace plant and machinery significant parts regularly, the Company depreciates them separately over their useful life. Similarly, during major overhauls, the cost is included in the plant or machinery book value as in replacements, if booking criteria are met. All other repair and maintenance costs are recorded in the income statement when incurred.

Depreciation is calculated on a straight-line basis over the asset's estimated useful life as follows:

Table of depreciation rates			
	Food	Pharma	Pharmatek
Industrial buildings based on their type	3%	5.50%	-
Light construction	10%	10%	-
Generic plant, based on their type	7.50%	10%	12.50%-15%
Specific plant and machinery, based on their type	14%	12%	12.50%-15%
Industrial and commercial equipment, based on their type	20%	40%	20%
Other assets: Furniture and furnishings	12%	-	12%
Other assets: Electronic office machines	20%	-	20%
Other assets: Transport vehicles	20%	-	-
Other assets: Cars	25%	-	25%
Other assets: Lifting equipment	-	-	20%

The book value of a property, plant and machinery item and any significant component initially recorded is cancelled at the time of its disposal or when no future financial benefit is expected from its use or disposal. The gain or loss arising on the asset cancellation (calculated as the difference between the asset's net book value and the consideration received) is recorded in the income statement when the item is cancelled.

The property, plant and machinery residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and, where appropriate, prospectively adjusted.

For new standards or amendments to existing standards that apply from 1 January 2021, please note:

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, I.A.S. 39, IFRS 7, IFRS 4 and IFRS 16

The amendments include the temporary easing of requirements concerning the effect on financial statements when the interest rate offered in the interbank market (IBOR) is replaced by an alternative rate that is substantially risk-free (Risk Free Rate- RFR):

The amendments include the following practical expedients:

- A practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform, to be treated as changes in a floating interest rate, equivalent to a change in an interest rate in the market;
- Allow changes required by the IBOR reform to be made within the hedge designation and hedge documentation without the hedging relationship having to be discontinued;
- Provide temporary relief to entities to comply with separate identification requirements when an RFR is designated as a hedge of a risk component.

These amendments have no impact on the Group's interim Financial Statements. The Group intends to use these practical expedients in the future when they are applicable.

Other standards or amendments not yet applicable at the date of this document are summarised in the table below:

Description	Approved at the date of these Financial Statements	Standard effective date
IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)	NO	01/01/2023
Amendments to IAS 1: <ul style="list-style-type: none"> • Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020, respectively) • Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) 	NO	01/01/2023
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)	NO	01/01/2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)	NO	01/01/2023

1.4.3 Consolidation area

Under Articles 38 and 39 of Legislative Decree 127/91 and Article 126 of Consob resolution no. 11971 of 14 May 1999, amended by resolution no. 12475 of 6 April 2000, details of the companies included in the consolidation area of Fine Foods & Pharmaceuticals N.T.M. S.p.A. as of 30 June 2021 are provided below.

Parent company:

Company name	Registered office	Currency	Share Capital
Fine Foods & Pharmaceuticals N.T.M. S.p.A.	Verdellino (BG)	EUR	22,770,445

Consolidated subsidiaries:

Company name	Ownership percentage	Registered office	Currency	Share Capital
Pharmatek PMC S.R.L.	100%	Cremosano (CR)	EUR	110,000

1.4.4 Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the valuation date during an ordinary transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or to transfer the liability takes place:

- in the main market for the asset or liability;

or

- in the absence of a main market, in the most advantageous market for the asset or liability.

The main or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market participants would use in pricing the asset or liability, assuming that they are acting in their best economic interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset to its highest and best use or by selling it to another market participant who would use it to its highest and best use.

The Group uses valuation techniques appropriate for the circumstances and for which there is sufficient available data to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised according to the fair value hierarchy, as described below:

- Level 1 - listed prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted prices included in Level 1 that are directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the inputs are not observable for the asset or liability.

The fair value measurement is classified entirely at the same level of the fair value hierarchy in which the input of the lowest level of the hierarchy used for the measurement.

The Company's Financial Statements show financial assets and financial liabilities, and derivative instruments at fair value. For these items, the Company defines whether transfers have occurred between the hierarchy levels by reviewing the categorisation (based on the lowest level input, which is significant for the fair value measurement) at each reporting date.

At each Financial Statements date, the Group's management analyses changes in the value of assets and liabilities for which revaluation or restatement is required under the Company's accounting policies.

For this analysis, the most recent valuation's main inputs are verified, linking the information used in the valuation to contracts and other relevant documents.

Management compared each change in each asset and liability fair value with the relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Group defines the classes of assets and liabilities based on the asset or liability nature, characteristics and risks and the fair value hierarchy level outlined above. The following table sets out the fair value measurement hierarchy for the Company's assets and liabilities as of 30 June 2021 and 31 December 2020.

30 June 2021	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	70,184,394	70,184,394	70,184,394		
Cash and other liquid assets	4,606,334	4,606,334	4,606,334		
Total financial assets	74,790,728	74,790,728	74,790,728		
Financial liabilities					
Other current financial liabilities (Earn Out)	3,000,000	3,000,000		3,000,000	
Other non-current financial liabilities (Earn Out)	3,000,000	3,000,000		3,000,000	
Current bonds	3,303,883	3,303,883		3,303,883	
Non-current bonds	6,645,190	6,645,190		6,645,190	
Non-current bank borrowings	24,744,835	24,744,835		24,744,835	
Current bank borrowings	11,561,276	11,561,276		11,561,276	
Non-current lease payables	1,420,323	1,420,323		1,420,323	
Current lease payables	457,506	457,506		457,506	
Total financial liabilities	54,133,013	54,133,013		54,133,013	-

31 December 2020	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	71,608,964	71,608,964	71,608,964		
Cash and other liquid assets	3,342,518	3,342,518	3,342,518		
Total financial assets	74,951,482	74,951,482	74,951,482		
Financial liabilities					
Other current financial liabilities (Warrants)	10,997,144	10,997,144	10,997,144		
Current bonds	3,297,542	3,297,542		3,297,542	
Non-current bonds	6,632,483	6,632,483		6,632,483	
Non-current bank borrowings	9,060,857	9,060,857		9,060,857	
Current bank borrowings	1,863,255	1,863,255		1,863,255	
Non-current lease payables	147,179	147,179		147,179	
Current lease payables	192,529	192,529		192,529	
Total financial liabilities	32,190,987	32,190,987	10,997,144	21,193,844	-

The Group's management has verified that the fair value of financial assets and liabilities approximates the book value.

1.5 Operating sectors: disclosure

For management and production purposes, the Group is organised into business units based on the products and services provided and has three operating sectors, which are described below:

- the Pharma sector: Fine Foods & Pharmaceuticals N.T.M. S.p.A. manufactures pharmaceuticals at its 26,100 sqm plant in Brembate, in the province of Bergamo. The plant produces powders and granules, tablets, film-coated tablets and hard gelatine capsules, packaged in sachets, blisters and pillboxes.
- the Food sector: Fine Foods & Pharmaceuticals N.T.M. S.p.A. produces nutraceuticals at its 45,600 sqm plant in Zingonia, in the province of Bergamo. The Zingonia plant produces soluble and effervescent powders and granules, soluble, effervescent and chewable tablets, film-coated tablets and hard gelatine capsules, packaged in pouches, sticks, sachets, jars, pillboxes, blisters and strips.
- the Pharmatek sector (PMC/Biocides/Cosmetics): Pharmatek S.r.l. develops and manufactures cosmetic products (hair care, skincare, rinse-off products), medical-surgical aids and medical devices at its plant in Cremosano - Cremona province.

The directors monitor the business units' results separately to make decisions on resource allocation and performance review. Sector performance is assessed based on the operating result. Financial management and income taxes of the Parent Company are managed at the Parent Company level and are not allocated to the operating sectors.

30 June 2021	Food	Pharma	Pharmatek	Total sectors
Revenues and income				
Revenues from contracts with customers	73,289,329	19,285,464	6,039,611	98,614,404
Other revenues and income	625,261	485,103	83,548	1,193,913
Total revenues	73,914,590	19,770,568	6,123,159	99,808,317
Operating costs				
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	48,617,864	8,127,824	2,897,767	59,643,455
Personnel costs	9,669,685	6,473,082	1,288,541	17,431,308
Costs for services	5,368,862	2,865,475	919,540	9,153,877
Other operating costs	482,920	192,208	41,788	716,916
Amortisation, depreciation, and impairment losses	3,084,656	2,961,831	361,095	6,407,581

Total operating costs	67,223,987	20,620,420	5,508,731	93,353,138
OPERATING RESULT	6,690,603	(849,852)	614,428	6,455,179

30 June 2020	Food	Pharma	Total sectors
Revenues and income			
Revenues from contracts with customers	54,222,451	21,215,785	75,438,236
Other revenues and income	414,974	200,061	615,035
Total revenues	54,637,425	21,415,846	76,053,271
Operating costs			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	36,196,539	9,303,957	45,500,496
Personnel costs	7,879,253	6,570,563	14,449,817
Costs for services	4,643,313	2,602,743	7,246,057
Other operating costs	387,349	224,373	611,722
Amortisation, depreciation, and impairment losses	2,903,585	2,704,722	5,608,308
Total operating costs	52,010,040	21,406,359	73,416,399
OPERATING RESULT	2,627,386	9,487	2,636,872

30 June 2021	Food	Pharma	Pharmatek	Non-sector	Total
Assets					
Non-current assets					
Property, plant and machinery	51,536,100	40,147,647	1,335,352	-	93,019,099
Goodwill	-	-	12,563,283	-	12,563,283
Other intangible fixed assets	1,048,134	483,023	1,838,422	-	3,369,580
Rights of use	274,809	135,160	2,048,112	-	2,458,081
Non-current financial assets	-	-	111,581	-	111,581
Deferred tax assets	-	-	-	1,511,967	1,511,967
Total non-current assets	52,859,043	40,765,830	17,896,750	1,511,967	113,033,591
Current assets					
Inventories	19,054,165	6,042,844	1,265,392	-	26,362,402
Trade receivables	15,595,109	5,468,797	3,590,652	-	24,654,559
Tax receivables	-	-	-	-	-
Other current assets	613,515	124,645	38,098	8,165,014	8,941,272
Current financial assets	-	-	-	70,184,394	70,184,394

Cash and other liquid assets	-	-	-	4,606,334	4,606,334
Total current assets	35,262,790	11,636,286	4,894,142	82,955,742	134,748,960

Total assets	88,121,833	52,402,117	22,790,892	84,467,709	247,782,551
---------------------	-------------------	-------------------	-------------------	-------------------	--------------------

Shareholders' equity

Share Capital	-	-	-	22,770,445	22,770,445
Other reserves	-	-	-	143,644,843	143,644,843
Employee benefit reserve	-	-	-	(18,139)	(18,139)
FTA reserve	-	-	-	(6,669,789)	(6,669,789)
Profits carried forward	-	-	-	-	-
Profit/(loss) for the financial year	-	-	-	(6,466,919)	(6,466,919)
Total Shareholders' equity	-	-	-	153,260,441	153,260,441

Non-current liabilities

Bonds	-	-	-	6,645,190	6,645,190
Non-current bank borrowings	-	-	-	24,744,835	24,744,835
Employee benefits	608,106	396,560	390,504	-	1,395,170
Provision for deferred taxes	-	-	-	544,214	544,214
Non-current lease payables	104,023	51,162	1,265,139	-	1,420,323
Other non-current financial liabilities	-	-	-	3,000,000	3,000,000
Total non-current liabilities	712,128	447,722	1,655,643	34,934,239	37,749,733

Current liabilities

Bonds	-	-	-	3,303,883	3,303,883
Current bank borrowings	-	-	-	11,561,276	11,561,276
Trade payables	19,437,996	4,811,025	2,274,789	-	26,523,810
Taxes payable	-	-	-	4,745,638	4,745,638
Current lease payables	171,500	84,349	201,656	-	457,506
Other current financial liabilities	-	-	-	3,000,000	3,000,000
Other current liabilities	3,664,596	2,751,247	613,329	151,092	7,180,264
Total current liabilities	23,274,092	7,646,622	3,089,774	22,761,889	56,772,376

Total Shareholders' equity and Liabilities	23,986,220	8,094,344	4,745,417	210,956,569	247,782,551
---	-------------------	------------------	------------------	--------------------	--------------------

31 December 2020

	Food	Pharma	Non-sector	Total
Assets				
Non-current assets				
Property, plant and machinery	51,560,087	41,853,878	-	93,413,964
Other intangible fixed assets	981,835	528,680	-	1,510,516
Rights of use	236,691	118,766	-	355,457
Deferred tax assets	-	-	1,607,531	1,607,531
Total non-current assets	52,778,613	42,501,324	1,607,531	96,887,467
Current assets				
Inventories	13,932,543	5,714,973	-	19,647,515
Trade receivables	8,659,755	4,000,402	-	12,660,157
Tax receivables	-	-	-	-

Other current assets	1,415,672	285,503	1,591,082	3,292,257
Current financial assets	-	-	71,608,964	71,608,964
Cash and other liquid assets	-	-	3,342,518	3,342,518
Total current assets	24,007,970	10,000,877	76,542,563	110,551,410
Total assets	76,786,583	52,502,201	78,150,094	207,438,877
Shareholders' equity				
Share Capital	-	-	22,601,885	22,601,885
Other reserves	-	-	123,847,446	123,847,446
Employee benefit reserve	-	-	(61,681)	(61,681)
FTA reserve	-	-	(9,883,868)	(9,883,868)
Profits carried forward	-	-	(8,859,849)	(8,859,849)
Profit/(loss) for the financial year	-	-	13,364,228	13,364,228
Total Shareholders' Equity	-	-	141,008,161	141,008,161
Non-current liabilities				
Bonds	-	-	6,632,483	6,632,483
Non-current bank borrowings	-	-	9,060,857	9,060,857
Employee benefits	704,706	358,084	-	1,062,790
Provision for deferred taxes	-	-	414,035	414,035
Non-current lease payables	98,816	48,362	-	147,179
Total non-current liabilities	803,522	406,447	16,107,375	17,317,343
Current liabilities				
Bonds	-	-	3,297,542	3,297,542
Current bank borrowings	-	-	1,863,255	1,863,255
Trade payables	17,417,429	5,304,948	-	22,722,377
Taxes payable	-	-	2,480,968	2,480,968
Current lease payables	139,531	52,997	-	192,529
Other current financial liabilities	-	-	10,997,144	10,997,144
Other current liabilities	4,192,149	3,055,237	312,173	7,559,559
Total current liabilities	21,749,109	8,413,182	18,951,081	49,113,373
Total Shareholders' equity and Liabilities	22,552,632	8,819,629	176,066,617	207,438,877

Please note that it is not necessary to reconcile the revenue and operating result reported in the Financial Statements with sector disclosure as there are no reconciling items.

As for the aggregation of revenues, the Group generates a significant part of its turnover from a limited number of customers, the first five customers, in the period ended 30 June 2021, cumulatively accounting for approximately 76% of the turnover.

The breakdown of revenues by geographical area is shown in paragraph "2.1. Revenues from contracts with customers."

1.6 Capital management

For Group's capital managing purposes, capital is the issued share capital, convertible preferred shares, the share premium reserve and other capital reserves attributable to the Parent Company's shareholders. The capital management primary objective is to maximise its value for shareholders. The Group manages the capital structure and makes adjustments based on economic conditions and financial covenant requirements. To maintain or adjust the capital structure, the Group may intervene on dividends paid to shareholders, repay the capital to shareholders or issue new shares. The Group controls capital using a gearing ratio, which is the ratio of net debt to total capital plus net debt. The Group's policy is to maintain this ratio below 40%. As of 31 December 2020 and 30 June 2021, as the Group's net financial position is positive (net cash), this target is achieved by definition.

	30/06/2021	31/12/2020
Interest-bearing loans and borrowings other than convertible preferred shares	36,306,111	10,924,111

Bonds payable	9,949,073	9,930,025
Earn out debt	6,000,000	10,997,144
Lease payables	1,877,829	339,707
Less: liquid assets and short-term deposits	(4,606,334)	(3,342,518)
Less: current financial assets	(70,184,394)	(71,608,964)
Net debt	(20,657,715)	(42,760,494)
Shareholders' equity	153,260,441	141,008,161
Equity and net debt	132,602,726	98,247,667
Gearing ratio	(16%)	(44%)

1.7 Financial risk management

1.7.1 Liquidity risk

The Group monitors the liquidity shortage risk using a liquidity planning tool. The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility of use with tools such as credit lines and loans, mortgages and bonds. The Group's policy is to keep loan numbers due in the next 12 months within 60%. As of 30 June 2021, 34% of the Company's debt is due in less than one year (31 December 2020: 41%), calculated based on the debts' book value on the Financial Statements. The Group has assessed the risk concentration with reference to debt refinancing and concluded that it is low. Access to funding sources is sufficiently available, and debts due within 12 months can be extended or refinanced with existing credit institutions.

The table below summarises the Group's due date profile of financial liabilities based on undiscounted contractually agreed payments.

30/06/2021	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Other current financial liabilities (Earn out)	6,000,000	3,000,000	3,000,000	
Bonds	9,949,073	3,303,883	6,645,190	
Non-current bank borrowings	24,744,836		23,083,077	1,661,758
Current bank borrowings	11,561,276	11,561,276		
Non-current lease payables	1,420,323		846,094	574,229
Current lease payables	457,506	457,506		
Total financial liabilities	54,133,014	18,322,665	33,574,362	2,235,988

31/12/2020	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Other current financial liabilities (Warrants)	10,997,144	10,997,144		
Bonds	9,930,025	3,297,542	6,632,483	
Non-current bank borrowings	9,060,857		6,570,599	2,490,257
Current bank borrowings	1,863,255	1,863,255		
Non-current lease payables	147,179		147,179	
Current lease payables	192,529	192,529		
Total financial liabilities	32,190,987	16,350,470	13,350,261	2,490,257

INCOME STATEMENT

2.1 Revenues from contracts with customers

Revenues as of 30 June 2021 were € 98,614,404, compared to € 75,438,236 in the previous year, with an increase of 31%, and relate to the three "Food", "Pharma" and "Pharmatek" Business Units. Revenue growth, net of the Pharmatek acquisition, was 23%.

A breakdown by business unit and geographical area is provided below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Business Unit – Food	73,289,329	54,222,451
Business Unit – Pharma	19,285,464	21,215,785
Business Unit – Pharmatek	6,039,611	-
Total Revenues from contracts with customers	98,614,404	75,438,236

This shows that the Group's Food sector turnover, accounting for approximately 74% of the turnover, is expanding, growing by 35%. The Pharma sector is slightly down in 2021, with a decrease of 9% compared to 2020. The decrease in revenues of Pharma BU is due to the transfer of all pharmaceutical production from Nembro to Brembate. This transfer required a series of extraordinary and supplementary activities, such as the requalification of plants, methods and production processes, which slowed down the estimated growth of revenues deriving from acquiring new orders from customers.

<i>(Amounts in Euro units)</i>	30 June 2021	30 June /2020
Italian Revenues	35,203,829	29,498,912
Foreign Revenues	63,410,575	45,939,324
Total Revenues from contracts with customers	98,614,404	75,438,236

The Group's turnover is mainly attributable to sales made abroad. In 2021 the Group invoiced 64% of its total turnover outside Italy, compared to 61% in the previous period.

2.2 Other revenues and income

As of 30 June 2021, the Group's other income was € 1,193,913 compared to € 615,035 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Other billing revenues	703,075	403,321
Media expenses	111,141	76,857
Write-down adjustments to receivables and liquid assets	37,641	39,330
Packaging charges	85,588	38,344
Laboratory analysis charges	144,185	20,629
Capital gains	101,201	21,261
Allowances and rounding up	2,400	2,173
Contingent assets	8,682	13,121
Total other revenues and income	1,193,913	615,035

Other billing revenues refer mainly to costs incurred by the Group and re-invoiced to customers for stability tests, storage of products, destruction of material, and document recording.

2.3 Costs for raw materials, change in inventories of finished goods and work in progress.

As of 30 June 2021, the cost of raw materials and consumables, net of change in inventories, was € 59,643,455 compared to € 45,500,496 in the previous year, with an increase of 31%. The impact of costs of purchasing materials on revenues from customer contracts is almost in line with the value recorded at the end of the first half of 2020 and equal to 60%.

A breakdown is provided below:

(Amounts in Euro units)	30 June 2021	30 June 2020
Goods on purchase account	63,293,907	45,419,906
Raw materials, ancillary materials, and consumables	1,367,095	1,169,703
Change in inventories of raw materials, ancillary materials, consumables, and goods	(2,699,106)	(916,925)
Change in inventories of finished goods and work in progress	(2,318,441)	(172,188)
Total costs for consumption of raw materials, change in inventories of finished goods and work in progress	59,643,455	45,500,496

2.4 Personnel costs

As of 30 June 2021, the Group's personnel costs were € 17,431,308 compared to € 14,449,817 in the previous year, with an increase of 21%. This is detailed below:

(Amounts in Euro units)	30 June 2021	30 June 2020
Wages and salaries	11,194,328	9,519,566
Social security contributions	3,627,210	3,199,408
Severance indemnity	720,955	622,498
Stock Grant	506,662	508,050
Temporary employment	1,382,153	600,294
Total personnel costs	17,431,308	14,449,817

Under the international accounting standard IFRS 2, the "Stock Grant" item reflects the free assignment to the beneficiaries of rights to receive shares at certain vesting conditions linked to the Parent Company's performance. This stock grant plan will end on 31 December 2021.

2.5 Costs for services

As of 30 June 2021, the Group's service costs were € 9,153,877 compared to € 7,246,057 in the previous year, with a decrease of 26%. A breakdown is provided below:

(Amounts in Euro units)	30 June 2021	30 June 2020
Ordinary maintenance costs	1,818,841	1,404,170
Temporary employment	204,412	100,659
Various utilities	929,009	1,087,111
Transport, fuel and tolls costs	460,877	366,999
Consultancy costs	1,289,146	810,258
Cleaning, pest control and surveillance costs	654,343	628,407
Statutory auditors and directors remuneration	896,595	423,478
Costs for processing goods on behalf of third parties	464,794	400,727
Rental, lease and miscellaneous costs	265,719	180,565
Luncheon vouchers	313,035	285,012
Trade fair and advertising costs	87,329	21,292
Waste, effluent and solid waste disposal	432,171	442,795
Insurance	295,243	208,292
Electronic Data Processing fees	227,195	174,884
Bank fees	163,388	191,179

External and ecological analyses	193,899	159,768
Qualifications and Calibration	123,545	130,390
Sales commissions	129,936	101,385
Other costs	204,401	128,686
Total service costs	9,153,877	7,246,057

The "Rental, lease and miscellaneous costs" item refers to short term and low-value contracts for which the Group took advantage of the exemption granted by the principle, as reported in paragraph "3.4 Leases."

2.6 Other operating costs

Other operating costs as of 30 June 2021 were € 716,916 compared to € 611,722 in the previous year.

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Penalties and indemnities	41,388	28,176
Duties and taxes	305,316	292,577
Contingency liabilities	1,933	8,329
Capital losses from dismissal of assets	34,521	5,721
Membership Fees	98,723	66,233
Entertainment costs and gifts	4,849	4,624
Waste and reclamation costs	-	13,540
Costs for certifications, endorsements and Chamber of Commerce fees	18,921	5,797
Other operating costs	211,265	186,725
Total other operating costs	716,916	611,722

2.7 Amortisation, depreciation, and impairment losses

As of 30 June 2021, the Group's depreciation, amortisation and impairment losses were € 6,407,581 compared to € 5,608,308 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Depreciation of tangible assets	5,676,940	5,190,495
Amortisation of intangible assets	423,286	276,708
Amortisation of rights of use	256,598	141,105
Asset depreciation	50,757	-
Total amortisation, depreciation, and impairment losses	6,407,581	5,608,308

2.8 Changes in Fair Value on financial assets and liabilities

As of 30 June 2021, changes in the fair value of financial assets and liabilities showed a negative balance of € 10,182,613 compared to a positive balance of € 3,558,937 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Change in fair value of other securities	(2,554,189)	161,384
Change in fair value of warrants	12,736,802	(3,720,321)
Total changes in Fair Value on financial assets and liabilities	10,182,613	(3,558,937)

The "Changes in fair value of other securities" item shows the change in fair value of securities held with a major credit institution, as mentioned in paragraph 3.10 "Current financial assets."

The "Change in fair value of warrants" item represents the change in the Company's financial instrument market value. The difference in fair value of the Unlisted Warrants converted into shares on 28 April 2021 is € 6,679,200, while the change in fair value of the Listed Warrants converted into shares or settled as of 30 June 2021 is € 6,057,602.

2.9 Financial income

As of 30 June 2021, the Group's financial income was € 23,059 compared to € 10,439 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Foreign exchange gains	23,042	10,439
Bank interest income	17	-
Total financial income	23,059	10,439

2.10 Financial charges

As of 30 June 2021, the Group's financial charges were € 366,322 compared to € 252,839 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Interest expenses on bonds	130,213	120,111
Interest expenses on financing and bank loans	56,306	70,002
Interest expenses on bank accounts	138,402	51,312
Foreign exchange losses	29,060	5,433
Financial charges on severance indemnity discounting	2,505	4,116
Interest on financial liabilities for lease	9,836	1,864
Total financial liabilities	366,322	252,839

The increase in financial charges is mainly due to the higher debt exposure to banks after obtaining new loans, as detailed in the "significant events" section of this document.

2.11 Income taxes

The tax burden as of 30 June 2021 was € 2,396,222 compared to € 1,206,586 in the previous year.

<i>(Amounts in Euro units)</i>	30 June 2021	30 June 2020
Current taxes	2,130,749	956,736
Deferred tax assets and liabilities	265,473	249,850
Total income tax	2,396,222	1,206,586

For details on deferred taxes, see 3.5 Deferred tax assets and note 3.6 Deferred tax provision.

BALANCE SHEET

ASSETS

3.1 Property, plant and machinery

The net book value of tangible fixed assets as of 30 June 2021 was € 93,019,100 compared to € 93,413,965 as of 31 December 2020. Changes in tangible fixed assets and their respective accumulated depreciation are shown below.

<i>(Amounts in Euro units)</i>	Land and buildings	Plant and Machinery	Industrial and commercial equipment	Other assets	Fixed assets under construction and advances to suppliers	Total property, plant and machinery
Historical cost - 01 January 2021	56,604,623	100,398,158	8,608,334	7,625,525	4,324,691	177,561,331
Increases	390,418	1,186,390	463,621	617,180	1,258,738	3,916,347
Decreases	(7,978)	(187,423)	(144,580)	(269,068)		(609,049)
Reclassifications	2,241,578	1,192,644	31,495	38,700	(3,504,417)	-
Other changes					(3,864)	(3,864)
Pharmatek contribution	9,070	1,692,624	248,759	230,048	270,312	2,450,813
Historical cost - 30 June 2021	59,237,711	104,282,393	9,207,629	8,242,386	2,345,460	183,315,578
Accumulated depreciation - 01 January 2021	19,065,063	53,602,847	6,531,757	4,947,699	-	84,147,365
Increases	1,028,399	3,629,080	450,742	459,454		5,567,675
Decreases	(6,183)	(153,628)	(125,748)	(248,464)		(534,024)
Reclassifications						-
Pharmatek contribution	2,586	821,925	145,752	145,198		1,115,461
Accumulated depreciation - 30 June 2021	20,089,864	57,900,225	7,002,502	5,303,887	-	90,296,478
Net book value - 01 January 2021	37,539,561	46,795,310	2,076,577	2,677,826	4,324,691	93,413,965
Net book value - 30 June 2021	39,147,846	46,382,168	2,205,128	2,938,499	2,345,460	93,019,100

Please note that the Pharmatek subsidiary made investments in property, plant and machinery of € 549,000 and recorded depreciation of € 109,000 during the first half of 2021.

As for assets under construction, the main reclassification relates to the entry into operation of the new Brembate warehouse following the AIFA authorisation.

As of 30 June 2021, the existence of impairment indicators on the Pharma CGU assets, subject to impairment testing as of 31 December 2020, was verified through a sensitivity analysis conducted by including the most recent information in the impairment model developed as of 31 December 2020. This analysis did not reveal any impairment indicators.

3.2 Goodwill

The net book value of goodwill as of 30 June 2021 was € 12,563,283.

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Pharmatek Goodwill	12,563,283	-
Total Goodwill	12,563,283	-

For comments on goodwill, please refer to paragraph "1.1 Extraordinary transactions and significant events during the period" where the acquisition of Pharmatek is discussed.

When looking at goodwill consider:

- The acquisition took place during the first half of the year and was recent
- The CGU performance is in line with management forecasts
- The CGU shows positive economic indicators (EBITDA and net result)

There were no impairment indicators, and the directors did not perform any impairment tests.

3.3 Other intangible fixed assets

The net book value of intangible assets as of 30 June 2021 was € 3,369,580 compared to € 1,510,515 as of 31 December 2020.

Changes in intangible fixed assets and their respective amortisation provisions are shown below.

<i>(Amounts in Euro units)</i>	Industrial patents and intellectual property rights	Total intangible fixed assets
Historical cost - 31 December 2020	3,649,784	3,649,784
Increases	346,619	346,619
Decreases	-	-
Pharmatek contribution	1,955,886	1,955,886
Historical cost - 30 June 2021	5,952,289	5,952,289
Amortisation provision - 31 December 2020	2,139,268	2,139,268
Increases	325,977	325,977
Decreases	-	-
Pharmatek contribution	117,464	117,464
Amortisation provision - 30 June 2021	2,582,708	2,582,708
Net book value - 31 December 2020	1,510,515	1,510,515
Net book value - 30 June 2021	3,369,580	3,369,580

Intangible fixed assets mainly refer to software licences.

As for the Pharmatek acquisition impact, please note that the value recorded in the subsidiary's Financial Statements as Patent and intellectual property rights refers to the "Pharmaqui" trademark, amortised over ten years.

3.4 Leases

As already mentioned, the Group adopted IFRS 16 as of 1 January 2019.

The breakdown of the right of use by nature of the underlying assets is shown below:

<i>(Amounts in Euro units)</i>	Property	Equipment	Cars	Total
Right of use as of 31 December 2020	773,168	136,973	-	910,141
Increase	170,746	--	-	170,746 -
Write-downs	(14,808)	-	-	(14,808)
Pharmatek contribution	2,667,987	74,093	55,121	2,797,201
Right of use as of 30 June 2021	3,597,094	211,066	55,121	3,863,281
Amortisation provision as of 31 December 2020	468,332	86,352	-	554,685
Increase	89,512	12,494	-	102,006
Write-downs	(580)	-	-	(580)
Pharmatek contribution	702,369	22,820	23,901	749,089
Amortisation provision as of 30 June 2021	1,259,633	121,666	23,901	1,405,199
Net book value as of 31 December 2020	304,836	50,621	-	355,457
Net book value as of 30 June 2021	2,337,460	89,401	31,220	2,458,081

Below is a breakdown of the current and non-current liabilities arising from applying IFRS 16 as the Right of use as of 31 December 2020 and 30 June 2021.

Financial liability	
Financial liability as of 31 December 2020	339,708
Increases	170,746
Decreases	-
Interest	2,300
Fees	(101,719)
Pharmatek contribution	1,466,795
Financial liability as of 30 June 2021	1,877,830
Short-term financial liability	457,506
Long-term financial liability	1,420,323

The main Parent Company leases refer to two logistic centres used for the Food sector; for the Pharmatek subsidiary, they refer to the production plants at the Cremosano site.

Pharmatek paid lease instalments of € 118,000 and recorded interest expense of € 75,000 in the first half of 2021.

Under the IFRS 16 international accounting standard - "Leases" - an incremental borrowing rate (IBR) was considered as the sum of the risk-free rate (Swap Standard rate vs six-month Euribor for each due date), recorded at the transition date to the international accounting standards and a pure risk component of the "credit risk" attributable to the Group (1%).

The Group has some lease contracts that include options for extension or early termination. Management negotiates these options to flexibly administer the leased assets portfolio and align management to the Group's operational needs. Management exercises significant professional assessment to define extension or early termination options. Renewal for contracts that did not provide for it or for contracts already being considered for early termination was not considered.

3.5 Deferred tax assets

Deferred tax assets as of 30 June 2021 were € 1,511,967 compared to € 1,607,531 as of 31 December 2020, and are calculated on the portions of costs subject to deferred taxation under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a breakdown.

(Amounts in Euro units)	01/01/2021	2021 EC taxes	OIC	Pharmatek contribution	30/06/2021
Deferred tax assets for inventory write-down	810,932	(40,677)			770,255
Deferred tax assets for goodwill amortisation	216,667	(13,542)			203,125
Deferred tax assets for equity transaction costs	376,171	(94,043)			282,128
Deferred tax assets for other items	203,761	(205)	(8,666)	61,568	256,459
Total deferred tax assets	1,607,531	(148,466)	(8,666)	61,568	1,511,967

Deferred tax assets recorded on equity transaction costs refer to tangible fixed assets booked in the 2019 Financial Statements prepared under national accounting standards (OIC) and written down during FTA.

3.6 Provision for deferred taxes

As of 30 June 2021, the Group's deferred tax provision was € 544,214 compared to € 414,035 as of 31 December 2020, and was calculated under applicable rates at the reporting date (IRES 24% and IRAP 3.9%).

Below is a detail of the transactions that generated deferred taxes and their impact on the Income Statement and Shareholders' equity as of 30 June 2021.

(Amounts in Euro units)	31 December 2020	FY2021	OIC	Pharmatek contribution	30/06/2021
Deferred taxes on stock grant plans	413,610	121,599	-	-	535,209
Deferred tax assets for other items	424	(610)	-	9,190	9,004
Total deferred taxes	414,035	120,989	-	9,190	

3.7 Inventories

Inventories net of the related provision for finished products and goods as of 30 June 2021 was € 26,362,402 compared to € 19,647,515 as of 31 December 2020.

The increase in inventories as of 30 June 2021 is attributable to the acquisition of Pharmatek for € 1.3 million. The remaining € 5.4 million relates to the parent company Fine Foods and is due to increased raw material procurement.

(Amounts in Euro units)	30 June 2021	31 December 2020
Raw materials, ancillary materials, and consumables	17,254,579	13,579,465
Raw, ancillary materials and consumables write-down provision	(2,760,772)	(2,906,567)
Work in progress and semi-finished products	3,502,329	2,051,209
Finished products and goods	8,366,266	6,923,407
Total inventories	26,362,402	19,647,515

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.

Changes in the obsolescence provision are shown below:

Balance as of 31 December 2020	2,906,567
Accrual	283,949

Provision Use	(429,743)
Balance as of 30 June 2021	2,760,772

The inventory obsolescence provision accrued as of 30 June 2021 was € 2,760,772 and covered the write-downs carried out following the expiry of goods and a series of finished product batches that have not been taken back by the customer but which have been subject to indemnification with full reimbursement of the costs incurred.

Uses for the year are those disposals made in 2021 concerning expired or non-conforming batches.

3.8 Trade receivables

As of 30 June 2021, trade receivables were € 25,462,790 (€ 13,317,204 as of 31 December 2020), gross of the related bad debt provision of € 808,232 (€ 657,048 as of 31 December 2020).

The acquisition of Pharmatek led to an increase in receivables of € 3.7 million, the remaining € 8.5 million being attributable to the parent company Fine Foods. As of 30 June 2020, the balance of the Parent Company's trade receivables gross of the bad debt provision was € 25.3 million (compared to € 21.8 million in these Financial Statements as of 30 June 2021). This means that there is a higher balance of receivables in the half-year structurally than at the year-end.

The table below shows the distribution by geographical area of the trade receivables amount, which does not consider the bad debt provision.

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
ITALY trade receivables	14,277,011	7,223,993
EEC trade receivables	9,914,984	4,736,003
NON-EEC trade receivables	1,270,794	1,357,208
Total trade receivables	25,462,790	13,317,204

As of 30 June 2021, invoices to be issued were € 719,529, referring mainly to price adjustments applied by one of the main customers. These invoices were regularly issued when drafting these Financial Statements.

The first five customers represent 63% of the trade receivables (gross of the bad debt provision) reported in the Financial Statements for approximately € 16.1 million.

Changes in the bad debt provision are summarised below:

Balance as of 31 December 2020	657,048
Accrual	109,215
Provision Use	(67,290)
Pharmatek contribution	109,259
Balance as of 30 June 2021	808,232

Trade receivables, net of bad debt provision, are shown in the table below:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
ITALY trade receivables	14,135,240	6,965,820
EEC trade receivables	9,288,954	4,393,909
NON-EEC trade receivables	1,230,365	1,300,428
Total trade receivables	24,654,559	12,660,157

Customer credit quality is assessed based on a generic sector assessment. Individual credit limits are established for all customers based on this assessment. Open trade receivables and assets arising from contracts are monitored regularly. An impairment analysis is performed on receivables at each financial statements date, using a matrix to measure expected losses.

The calculation is based on the receivable recovery probability and historical analysis of losses on receivables that have never been of a significant amount. The assessment considers the money time factor and information on past events available at the reporting date, current conditions and expected market scenarios.

The following table shows the ageing of trade receivables:

(Amounts in Euro units)

30/06/2021	Total receivables	Not due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-180	Overdue +180
Italy	14,277,011	12,275,257	1,497,604	171,634	189,739	21,032	121,745
EEC	9,914,984	7,856,492	652,176	118,798	635,951	534,070	117,497
Non-EEC	1,270,794	947,608	231,961	21,190	28,844	15,952	25,240
Gross trade receivables	25,462,790	21,079,357	2,381,741	311,622	854,534	571,054	264,482
% write-down of receivables	3%	-	-	-	-	95%	100%
Bad debt provision	(808,231)	-	-	-	-	(543,750)	(264,482)
Net trade receivables	24,654,559	21,079,357	2,381,741	311,622	854,534	27,305	-

3.9 Other current assets

Total other current assets as of 30 June 2021 were € 8,941,272 compared to € 3,292,257 as of 31 December 2020. The table below provides a breakdown.

(Amounts in Euro units)	30 June 2021	31 December 2020
VAT receivables	7,187,470	939,832
Receivables for withholding tax on collected coupons, dividends and realised capital gains	860,401	528,562
Receivables for IRES repayment for IRAP deduction on personnel costs	16,622	-
Receivables for energy account withholdings	4,522	2,688
Accrued income and prepaid expenses	97,854	116,601
Other receivables	678,403	1,584,574
Tax receivables for facilitated investments	96,000	120,000
Total other current assets	8,941,272	3,292,257

The VAT receivable arose during the period as a result of a delay in issuing declarations of intent.

The "Accrued income and prepaid expenses" item mainly refers to accrued energy account fees and EDP fees.

The "Other receivables" item mainly refers to advances to suppliers for goods and services and advances for trade fair participation.

3.10 Current and non-current financial assets

As of 30 June 2021, non-current financial assets were € 111,581. This was entirely attributable to a medium/long-term financial receivable of the newly acquired Pharmatek:

(Amounts in Euro units)	30 June 2021	31 December 2020
Medium/long-term receivables	111,581	-
Total non-current financial assets	111,581	-

This receivable was reduced by € 73,005 from 31 December 2020 to 30 June 2021.

As of 30 June 2021, current financial assets were € 70,184,394 (compared to € 71,608,964 as of 31 December 2020). This is detailed below:

(Amounts in Euro units)	30 June 2021	31 December 2020
Other securities	70,184,394	71,608,964
Total current financial assets	70,184,394	71,608,964

In January 2019, the Parent Company appointed a leading Credit Institution to perform a discretionary and individualised management service on an investment portfolio that includes financial instruments and liquidity. As required by the international accounting standard IFRS 9 - Financial Instruments - these instruments were recorded at Fair value at the reference date.

- As of 31 December 2020, the portfolio Fair value was € 71,609,000.
- Drawdowns of € 3,979,000 were made during the first half of 2021.
- As of 30 June 2021, the positive change in fair value amounted to € 2,554,000, bringing the portfolio's total value to € 70,184,000.

The following table shows the percentage allocation of the investments held by the Parent Company and their currency exposure:

Portfolio allocation	30 June 2021	31 December 2020
Shares	27.42%	29.13%
Equity securities	17.92%	15.73%
Equity funds	9.50%	12.50%
Options	0%	0.90%
Bonds	68.99%	69.14%
Bonds	18.95%	12.90%
Bond funds	50.04%	56.24%
Alternative investments	0.88%	0.92%
Alternative funds	0.88%	0.92%
Liquid assets	2.71%	0.81%

The Parent Company's business model is to hold these securities for trading purposes. For this reason, the securities portfolio has been classified as financial assets measured at fair value with changes recorded directly in the income statement, in the "Changes in fair value of financial assets and liabilities" item.

The Parent Company is exposed to market risk, intended as exchange rate risk and interest rate risk.

Exchange rate risk.

The securities portfolio held by the Company is configured in percentage terms:

Currency exposure	Gross Exposure	Net Exposure
Swiss Franc	0.25%	0.25%
Euro	84.80%	84.80%
Pounds Sterling	1.79%	1.79%
U.S. dollars	11.24%	11.24%
Japanese Yen	1.92%	1.92%

Although issued mainly within the European Union, the diverse geographic and currency distribution of securities held requires deciphering their exchange rate risk. This is understood as the risk that the fair value or future cash flows of exposure will change as a result of exchange rates changes.

3.11 Cash and other liquid assets

As of 30 June 2021, the Group's cash and liquid assets were € 4,606,334 compared to € 3,342,518 as of 31 December 2020. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Bank and postal deposits	4,598,532	3,337,277
Cash and cash equivalents on hand	7,802	5,240
Total cash and other liquid assets	4,606,334	3,342,518

SHAREHOLDERS' EQUITY

4.1 Shareholders' equity

For the share capital please refer to the paragraph "Categories of shares issued by the Company."

All subscribed shares have been fully paid up.

Other reserves are detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Legal reserve	5,000,000	5,000,000
Negative reserve for treasury shares in the portfolio	(11,287,072)	(8,759,287)
Merger surplus reserve	29,741,389	29,741,389
Share premium reserve	86,743,750	86,743,750
Extraordinary reserve	19,556,720	9,398,219
Other reserves	13,890,057	1,723,375
Total reserves	143,644,843	123,847,446

Categories of shares issued by the Company

The following table shows the number and nominal value of Parent Company shares and any movements that occurred during the financial year.

	Initial number	Warrant conversion	Special shares conversion	Redeemable shares conversion	Final number
Ordinary Shares	18,142,929	1,738,772	300,000	1,200,000	22,060,125
Redeemable Shares	1,200,000			(1,200,000)	-
Multiple-voting Shares	3,500,000				3,500,000
Special Shares	100,000		(50,000)		-
Total	22,942,929	1,738,772	250,000	-	25,560,125

On 27 April 2021, under Article 6.4 (d)(ii) (C) and Article 5.2 of the Fine Foods Articles of Association, and Fine Foods N.T.M. S.p.A. Original Shareholder Warrants regulations (hereafter the "Regulations"), the conditions for the conversion of the fourth and final tranche of 50,000 special shares and the complete conversion of the 4,000,000 Fine Foods N.T.M. S.p.A. Original Shareholder Warrants have been fulfilled.

On 30 April 2021, 50,000 special shares were converted into a ratio of six ordinary shares for every single special share held. This means 300,000 new Fine Foods ordinary shares being issued without changing the share capital total amount.

The exercise of the Fine Foods N.T.M. S.p.A. Original Shareholder Warrants, under the Regulations, was automatically suspended until the ex-dividend date, i.e. 3 May 2021 (excluded), and the related capital increase started on 06 May 2021. The conversion of the 4,000,000 Fine Foods N.T.M. S.p.A. Original Shareholder Warrants resulted in the issue of 1,085,200 ordinary shares, resulting in a share capital increase of €103,202.51.

30 June 2021 was the "Time Limit" for the Warrants exercise, under the "Fine Foods & Pharmaceuticals N.T.M. S.p.A. Warrant Regulations." By this deadline, requests for the exercise of 2,371,242 Warrants with an Exercise Ratio of 0.2713 had been received. The Parent Company issued 643,303 ordinary shares to service this, for a total value of € 64,330.30 under the procedures set out in the Regulations.

In February 2021, 2,400 Listed warrants were converted into 206 ordinary shares, and in May 2021, 38,622 Listed Warrants were converted into 10,009 ordinary shares.

On 6 May 2021, 1,200,000 redeemable shares were converted into 1,200,000 ordinary shares based on Marco Francesco Eigenmann and Eigenfin S.r.l.'s request, holders of the same redeemable shares.

The Parent Company is constantly engaged in buy-back activities (repurchase of its shares on the market), which indicates that the Parent Company believes in its own structural and market growth and that its value is reflected in the negative reserve for the treasury shares in the portfolio. The buy-back plan initially covers the stock grant plans issued simultaneously with the AIM Italia market listing. Above all, it is aimed at future acquisitions and synergies to enhance the planned growth phase.

LIABILITIES

4.2 Bonds

As of 30 June 2021, the Parent Company's bonds were € 9,949,073 compared to € 9,930,025 as of 31 December 2020. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Bonds payable - Non-current liabilities	6,645,190	6,632,483
Bonds payable - Current liabilities	3,303,883	3,297,542
Total bonds	9,949,073	9,930,025

Bonds payable originated in 2016 with a duration of seven years, bearing interest and related costs were valued at amortised cost using the effective interest rate method, under IFRS 9 "Financial Instruments."

The main features of bonds 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);
- Half-yearly coupon at a fixed interest rate of 0.82% (zero-point eighty-two per cent) under the regulation.

These Bonds comply with the following Covenants (economic-financial parameters):

- the EBITDA and Net Financial Charges ratio recorded based on the latest Financial Statements, or the latest half-yearly statement must be greater than 5.00 (as adjusted with the Subscriber's consent);
- the Net Financial Debt to EBITDA ratio, as disclosed in the latest annual or interim Financial Statements, shall not exceed 4.00;
- the Net Financial Debt to Equity ratio, as disclosed in the latest annual or interim Financial Statements, shall not exceed 1.50.

They have been fully complied with as of the date of the 30 June 2021 Half-year Financial Report.

4.3 Non-current bank borrowings

As of 30 June 2021, non-current bank borrowings were € 24,744,835 compared to € 9,060,857 as of 31 December 2020. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Intesa loan	8,000,000	-
MedioCredito mortgage loan	8,244,835	9,060,857
Deutsche Bank loan	8,500,000	-
Total non-current bank borrowings	24,744,835	9,060,857

The debt for the mortgage loan taken out in 2016 by Fine Foods, due on 30 June 2027, with payment of interest and related costs, was valued at amortised cost using the effective interest rate method, under the provisions of international accounting standard IFRS 9 "Financial Instruments."

Below are the 06/08/2016 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%.
- There are no financial constraints on the loan

On 18 March 2021, the Parent Company signed a new Intesa San Paolo bank loan for € 8 million. The loan was disbursed on 23 March 2021 in a single instalment and expires on 18 September 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

On 19 March 2021, the Parent Company signed a new Deutsche Bank loan of € 8.5 million. The loan was disbursed on 23 March 2021 in a single instalment which expires on 23 March 2023. The applicable interest rate is equal to the one-month EURIBOR, which is increased by a fixed spread. This loan is not subject to financial constraints.

4.4 Current bank borrowings

As of 30 June 2021, current bank borrowings were € 11,561,276 compared to € 1,863,255 as of 31 December 2020, broken down as follows:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Invoice advances and hot money	9,931,077	236,105
Loans and mortgages - amount due within 12 months	1,630,199	1,627,149
Total current bank borrowings	11,561,276	1,863,255

As of 30 June 2021, the Group has used several invoice advances and hot money lines for better financial management.

4.5 Other current financial liabilities

As of 30 June 2021, the Group's other current financial liabilities were € 3,000,000 compared to € 10,997,144 as of 31 December 2020. This is detailed below.

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Listed warrants	-	4,796,344
Unlisted warrants	-	6,200,800
Earn-Out Debt - Current portion	3,000,000	
Total other current financial liabilities	3,000,000	10,997,144

The financial liability for listed and unlisted warrants was settled as of 30 June 2021 following the complete conversion of these financial instruments into Parent Company ordinary shares.

For the earn-out debt, please refer to the section on significant transactions during the period.

4.6 Employee benefits

As of 30 June 2021, the Employee benefits item was € 1,395,170 compared to € 1,062,790 as of 31 December 2020. This item refers exclusively to provisions set aside for severance indemnities.

<i>(Amounts in Euro units)</i>	
Balance as of 31 December 2020	1,062,790
Provision Use	(23,804)
Discounting interest current year	1,787
Actuarial profits and losses current year	(36,107)
Pharmatek contribution	390,504
Balance as of 30 June 2021	1,395,170

As required by the international accounting standard, IAS19, the valuation of the Severance indemnity fund follows the method of projecting the present value of the defined benefit obligation with the estimate of the benefits accrued by employees.

Following the changes introduced by Law no. 296 of 27 December 2006 ("2007 Budget Law") and subsequent implementing decrees and regulations, the severance indemnities accrued up to 31 December 2006 will continue to be held by the Company as a defined benefit plan (obligation for accrued benefits subject to actuarial valuation). Amounts accruing from 1 January 2007, due to the choices made by employees during the year, will be allocated to supplementary pension schemes or transferred by the Company to the treasury fund managed by INPS, from when the employee makes their choice, thus becoming defined contribution plans (no longer subject to actuarial valuation).

Defining the employee severance indemnity is the result of applying an actuarial model based on various demographic and economic assumptions.

The table below shows the financial technical bases used:

	30 June 2021	31 December 2020
Annual discount rate	0.79%	0.34%
Annual inflation rate	0.80%	0.80%
Severance indemnity increase annual rate	2.10%	2.10%

The annual discount rate used to define the obligation present value was based on paragraph 83 of IAS 19, concerning market yields of primary companies' bonds at the financial year closing date.

4.7 Trade payables

Trade payables as of 30 June 2021 were € 26,523,810, compared to € 22,722,377 as of 31 December 2020, broken down geographically as follows:

(Amounts in Euro units)	30 June 2021	31 December 2020
Trade payables in ITALY	20,928,901	16,721,145
EEC trade payables	4,988,674	5,523,393
NON-EEC trade payables	606,235	477,839
Total trade payables	26,523,810	22,722,377

4.8 Taxes payable

Total taxes payable as of 30 June 2021 was € 4,745,638 compared to € 2,480,968 as of 31 December 2020, and is broken down as follows:

(Amounts in Euro units)	30/06/2021	31/12/2020
Payables for IRES	4,201,614	2,345,854
Payables for IRAP	544,024	135,114
Total taxes payable	4,745,638	2,480,968

4.9 Other current liabilities

Total other current liabilities as of 30 June 2021 were € 7,180,264, compared to € 7,559,559 as of 31 December 2020, and are broken down as follows:

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Payables due to pension and social security institutions	2,274,156	2,386,984
Payables to employees for production bonuses and accrued thirteenth month's pay, fourteen month's pay holidays	3,657,626	3,700,207
Payables for withholding taxes on employees	790,211	618,996
Payables for withholding taxes on self-employment	43,562	8,169
Substitute tax on severance indemnity	22,165	19,127
Accrued expenses and deferred income	151,092	152,067
Other payables	241,452	674,008
Total other current liabilities and payables	7,180,264	7,559,559

The other payables item includes payables to the insurance company, to directors for unpaid remuneration and advances received from customers.

4.10 Other non-current financial liabilities

As of 30 June 2021, the Group's other non-current financial liabilities were € 3,000,000, while they were not present as of 31 December 2020. This is detailed below.

<i>(Amounts in Euro units)</i>	30 June 2021	31 December 2020
Earn-out debt - Non-current portion	3,000,000	-
Total other non-current financial liabilities	3,000,000	-

For the earn-out debt, please refer to the section on significant transactions during the period.

5. Other information

5.1 Commitments and guarantees

	Amount
Guarantees	25,000,000
Collateral securities (mortgage on the property of Verdellino in favour of Mediocredito and Sace)	25,000,000
Sureties	41,000

5.2 Contingent liabilities

At the date of this document's preparation, there were no liabilities and contingent liabilities to be reported in the financial position or to be disclosed.

5.3 Grants, contributions and similar

On the obligation to disclose in the Explanatory Notes any sums of money received during the year as grants, contributions, remunerated appointments and any financial advantages from public administrations, the Group certifies that no sum of money has been received.

5.4 Related party transaction information

Other than the remuneration of directors, certain categories of employees and the Stock Grant plan approved on 14 December 2018, during 2021, the Company did not enter into any transactions with related parties that were under unusual market conditions.

<i>(Amounts in Euro units)</i>	30 June 2021
Directors' remuneration	679,427
Stock Grant	506,662

5.5 Events after the Financial Statements date

On 9 November 2020, the Company informed the market of the translisting from the AIM market to the MTA. From 12 July 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A. was listed on the STAR Segment of the Mercato Telematico Azionario ("MTA") organised and managed by Borsa Italiana S.p.A. At the end of the process, which has received Consob and Borsa Italiana approval, the Company's ordinary shares are traded on the main list. Fine Foods debuted on the AIM Italia multilateral trading system on 1 October 2018 with a capitalisation of € 216.5 million. On 9 July, the last day on AIM, it rose to € 347.6 million in addition to dividends distributed in FY2019, 2020 and 2021 totalling € 8.2 million and creating approximately € 139.3 million of value equal to 64.3% of the initial capitalisation in less than three years.

There are no significant risks or uncertainties for the second half of the 2021 financial year.

Attestation of the 30 June 2021 condensed consolidated interim Financial Statements

under Article 154-bis of Legislative Decree no. 58/98

The Manager responsible for preparing the company's financial reports of Fine Foods & Pharmaceuticals N.T.M. S.p.A. Pietro Luigi Bassani certifies the following, under art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- The Financial Statements are appropriate in relation to the company features;
- the effective application of the administrative and accounting procedures for the preparation of the condensed consolidated interim Financial Statements, during the first half of 2021.

The undersigned declares that:

- The condensed consolidated interim Financial Statements:
 - have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;
 - reflect the accounting books and records;
 - provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area;
- the Half-year Report on Operations includes a reliable analysis of the significant events that occurred during the first six months of the financial year and the impact of such events on the Company's condensed consolidated interim Financial Statements, along with a description of the main risks and uncertainties for the remaining six months of the year. Furthermore, the Half-year Report on Operations contains a reliable analysis of significant related party transactions.

Verdellino-Zingonia, 13 September 2021

Chief Executive Officer

Giorgio Ferraris

The Manager

preparing the corporate

accounts

Pietro Luigi Bassani

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

Review report on the interim condensed consolidated
financial statements

(Translation from the original Italian text)

Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Shareholders of
Fine Foods & Pharmaceuticals N.T.M. S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the interim consolidated statement of financial position, the interim consolidated income statement, the interim consolidated comprehensive income statement, the interim consolidated Shareholders' equity changes and interim consolidated cash flow statement and the related explanatory notes of Fine Foods & Pharmaceuticals N.T.M. S.p.A. and its subsidiaries (the "Fine Foods Group") as of 30 June 2021. The Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Fine Foods Group as of June 30, 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other matters

The interim financial statements of Fine Foods & Pharmaceuticals N.T.M. S.p.A. for the period ended 30 June 2020 is unaudited.

Bergamo, September 13, 2021.

EY S.p.A.
Signed by: Marco Malaguti, Statutory Auditor

This report has been translated into the English language solely for the convenience of international readers

EY S.p.A.
Sede Legale: Via Lombardia, 31 - 00187 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited