

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



Interim Financial Report as of 30 September 2021

12 November 2021 Board of Directors

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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 Mediolì

Giorgio Ferraris

Consolidated income statement

| <i>(amounts in € units)</i> | Nine Months 30/09/2021 | Nine Months 30/09/2020 |
|---|---------------------------|---------------------------|
| Revenues and income | | |
| Revenues from contracts with customers | 143,375,070 | 122,614,712 |
| Other revenues and income | 1,694,601 | 678,276 |
| Total revenues | 145,069,671 | 123,292,988 |
| Operating costs | | |
| Costs for consumption of raw materials, change in inventories of finished goods and work in progress. | (87,077,702) | (74,754,010) |
| Personnel costs | (25,079,682) | (21,446,132) |
| Costs for services | (14,013,632) | (10,921,047) |
| Other operating costs | (916,607) | (777,699) |
| Amortisation, depreciation, and impairment losses | (9,640,744) | (8,534,477) |
| Total operating costs | (136,728,367) | (116,433,366) |
| Changes in fair value of financial assets and liabilities | (10,027,799) | 6,834,138 |
| Financial income | 24,854 | 44,621 |
| Financial charges | (513,262) | (239,121) |
| Income before taxes | (2,174,903) | 13,499,260 |
| Income taxes | (713,607) | (2,483,465) |
| Profit/(loss) for the financial year | (2,888,510) | 11,015,795 |

Consolidated comprehensive income statement

| <i>(amounts in € units)</i> | Nine Months 30/09/2021 | Nine Months 30/09/2020 |
|--|---------------------------|---------------------------|
| Profit/(loss) for the financial year (A) | (2,888,510) | 11,015,795 |
| Components that will not be subsequently reclassified to profit/(loss) for the financial year | | |
| Revaluation of net employee benefit liabilities/assets | 37,620 | (2,684) |
| Tax effect | (9,029) | 644 |
| Other comprehensive income (B) components | 28,591 | (2,040) |
| Comprehensive profit/(loss) (A+B) | (2,859,918) | 11,013,754 |

Consolidated statement of financial position

| <i>(amounts in € units)</i> | 30/09/2021 | 31/12/2020 |
|---|--------------------|--------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and machinery | 92,643,470 | 93,413,964 |
| Goodwill | 12,563,283 | - |
| Other intangible fixed assets | 3,294,505 | 1,510,516 |
| Rights of use | 2,299,581 | 355,457 |
| Non-current financial assets | - | - |
| Deferred tax assets | 1,489,232 | 1,607,531 |
| Total non-current assets | 112,290,071 | 96,887,467 |
| Current assets | | |
| Inventories | 27,942,987 | 19,647,515 |
| Trade receivables | 25,335,075 | 12,660,157 |
| Tax receivables | 123,895 | - |
| Other current assets | 9,254,072 | 3,292,257 |
| Current financial assets | 70,228,951 | 71,608,964 |
| Cash and other liquid assets | 522,145 | 3,342,518 |
| Total current assets | 133,407,124 | 110,551,410 |
| Total assets | 245,697,195 | 207,438,877 |
| Shareholders' equity | | |
| Share Capital | 22,770,445 | 22,601,885 |
| Other reserves | 140,228,892 | 123,847,446 |
| Employee benefit reserve | (13,796) | (61,681) |
| FTA reserve | (6,669,789) | (9,883,868) |
| Profits carried forward | - | (8,859,849) |
| Profit/(loss) for the financial year | (2,888,510) | 13,364,228 |
| Total Shareholders' Equity | 153,427,242 | 141,008,161 |
| Non-current liabilities | | |
| Bonds | 6,651,708 | 6,632,483 |
| Non-current bank borrowings | 24,754,982 | 9,060,857 |
| Employee benefits | 1,366,296 | 1,062,790 |
| Provision for deferred taxes | 613,320 | 414,035 |
| Non-current lease payables | 1,356,111 | 147,179 |
| Other non-current financial liabilities | 3,000,000 | - |
| Total non-current liabilities | 37,742,417 | 17,317,343 |
| Current liabilities | | |
| Bonds | 3,307,077 | 3,297,542 |
| Current bank borrowings | 17,663,501 | 1,863,255 |
| Trade payables | 23,053,941 | 22,722,377 |
| Taxes payable | 682,296 | 2,480,968 |
| Current lease payables | 374,169 | 192,529 |
| Other current financial liabilities | 3,000,000 | 10,997,144 |
| Other current liabilities | 6,446,552 | 7,559,559 |
| Total current liabilities | 54,527,536 | 49,113,373 |
| Total Shareholders' equity and Liabilities | 245,697,195 | 207,438,877 |

Consolidated cash flow statement

| | Nine months 30/09/2021 | Nine months 30/09/2020 |
|---|---------------------------|---------------------------|
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | (2,888,510) | 11,015,795 |
| Adjustments to reconcile profit after tax with net cash flows: | | |
| Depreciation and impairment of property, plant and machinery | 8,559,117 | 7,889,224 |
| Amortisation and impairment of intangible fixed assets | 659,294 | 433,377 |
| Amortisation of rights of use | 371,576 | 211,875 |
| Other write-downs of fixed assets | 14,155 | - |
| Financial income | (24,854) | (44,621) |
| Financial charges | 499,428 | 236,325 |
| Changes in fair value of financial assets and liabilities | 10,027,799 | (6,834,138) |
| Financial charges on financial liabilities for leases | 13,834 | 2,796 |
| Income taxes | 357,665 | 2,068,904 |
| Personnel costs for stock grants | 793,833 | 762,076 |
| Gains on the disposal of property, plant and machinery | (72,853) | 33,478 |
| Current assets write-downs | 542,601 | 695,950 |
| Net change in severance indemnity and pension funds | (109,339) | (57,677) |
| Net change in deferred tax assets and liabilities | 355,942 | 414,561 |
| Interest paid | (483,189) | (190,384) |
| Income taxes paid | (3,538,262) | (677,775) |
| Changes in net working capital: | | |
| (Increase)/decrease in inventories | (7,006,852) | (3,794,151) |
| (Increase)/decrease in trade receivables | (9,093,958) | (2,228,456) |
| (Increase)/decrease in other non-financial assets and liabilities | (7,177,918) | 740,670 |
| Disposal of assets held for sale | 495,000 | - |
| Increase/(decrease) in trade payables | (3,799,739) | 1,131,478 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | (8,616,719) | 793,515 |
| Investments: | | |
| Investments in tangible fixed assets | (6,983,087) | (9,973,142) |
| Disposal of tangible fixed assets | 162,879 | (33,478) |
| Investments in intangible fixed assets | (751,113) | (596,843) |
| Net (investments)/disposals in financial assets | 4,151,576 | 2,819,171 |
| Acquisition of Subsidiaries | (9,645,232) | - |
| NET CASH FLOWS FROM INVESTMENTS | (13,064,978) | (7,784,293) |
| Financing: | | |
| New financing | 31,621,332 | 4,391 |
| Funding repayment | (302,129) | - |
| Principal payments - lease liabilities | (301,297) | (210,621) |
| Dividends paid to the parent company's shareholders | (3,205,727) | (2,743,472) |
| Share capital increase | 168,560 | 37,842 |
| Sale/(purchase) of treasury shares | (6,230,907) | (2,983,446) |
| CASH FLOWS FROM FINANCING | 21,749,833 | (5,895,306) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (2,820,374) | (1,870,289) |
| Cash and short-term deposits as of 1 January | 3,342,518 | 2,627,472 |
| Cash and short-term deposits as of 30 September | 522,145 | 757,182 |

Consolidated Shareholders' equity changes

| | 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 | | | | | | | | | | | (2,888,510) | (2,888,510) |
| Other income statement components | | | | | | | | | 47,885 | | | 47,885 |
| Comprehensive profit/(loss) | | | | | | | | | 47,885 | | (2,888,510) | (2,840,625) |
| Dividends | | | | | | (3,205,727) | | | | | | (3,205,727) |
| Stock Grant | | | | | | | 793,833 | | | | | 793,833 |
| Purchase of treasury shares | | | (6,230,907) | | | | | | | | | (6,230,907) |
| 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 September 2021 | 22,770,445 | 5,000,000 | (14,990,194) | 29,741,389 | 86,743,750 | 19,556,720 | 14,177,227 | (6,669,789) | (13,796) | - | (2,888,510) | 153,427,242 |

Explanatory Notes

Accounting Standards and consolidation

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.

The Fine Foods Group's Interim Financial Report as of 30 September 2021 has been prepared under the Stock Exchange Regulations, which set the publication of the Interim Financial Reports as a requirement for maintaining a listing on the MTA - STAR segment.

The Interim Financial Report has 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 applicable at the end of the period. The accounting standards and assessment criteria adopted for the preparation of this Interim Financial Report are consistent with those adopted for the Financial Statements for the year ended 31 December 2020, to which reference is made. The following consolidation accounting standards, adopted for the first time in the Half-year Financial Report as of 30 June 2021, have been applied:

Consolidation standards

The consolidated Financial Statements include the 30 September 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 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.

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

- The income statement and balance sheet as of 30 September 2021 refer to the consolidated Fine Foods Financial Statements. 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 September 2020, include the values of the parent company Fine Foods & Pharmaceuticals N.T.M. S.p.A.

The interim financial report as of 30 September 2021 is not subject to auditing by the auditing company.

Net Financial Position

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

| Thousands of Euro | 30/09/2021 | 31/12/2020 |
|---|-------------------|-------------------|
| A. Liquid assets | 522 | 3,343 |
| B. Cash or cash equivalents | - | - |
| C. Other current financial assets | 70,229 | 71,609 |
| D. Liquidity (A) + (B) + (C) | 70,751 | 74,951 |
| E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) | 22,713 | 14,723 |
| F. Current portion of non-current financial debt | 1,631 | 1,627 |
| G. Current financial debt (E + F) | 24,345 | 16,350 |
| - <i>guaranteed</i> | - | - |
| - <i>secured by collateral</i> | 4,938 | 4,925 |
| - <i>not guaranteed</i> | 19,406 | 11,190 |
| H. Net current financial debt (G - D) | (46,406) | (58,601) |
| I. Non-current financial debt (excluding current portion and debt instruments) | 26,111 | 9,208 |
| J. Debt instruments | 6,652 | 6,632 |
| K. Trade payables and other non-current payables | 3,000 | - |
| L. Non-current financial debt (I + J + K) | 35,763 | 15,841 |
| - <i>guaranteed</i> | - | - |
| - <i>secured by collateral</i> | 14,907 | 15,693 |
| - <i>not guaranteed</i> | 20,856 | 147 |
| M. Total Financial Debt (H + L) | (10,644) | (42,760) |

As of 30 September 2021, current financial assets were € 70,166,391 (compared to € 71,608,964 as of 31 December 2020). This is detailed below:

| <i>(Amounts in Euro units)</i> | 30/06/2021 | 31/12/2020 |
|---------------------------------------|-------------------|-------------------|
| Other securities | 70,166,391 | 71,608,964 |
| Total current financial assets | 70,166,391 | 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 € 4,152,000 were made from 1 January 2021 to 30 September 2021.
- As of 30 September 2021, the positive change in Fair value amounted to € 2,709,000, bringing the portfolio's total value to € 70,166,000.

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. Financial liabilities include a debt of € 6 million to be paid to Pharmatek's shareholders upon achievement of certain EBITDA targets for 2021-2023.

Reclassified Balance Sheet

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

| | | |
|---|--------------------|-------------------|
| Working capital | 30/09/2021 | 31/12/2020 |
| Inventories | 27,942,987 | 19,647,515 |
| Trade receivables | 25,335,075 | 12,660,157 |
| Other current assets | 9,377,966 | 3,292,257 |
| Trade payables | (23,053,941) | (22,722,377) |
| Other current liabilities | (7,128,848) | (10,040,527) |
| Provisions for risks and charges / deferred taxes | (613,320) | (414,035) |
| Total working capital (A) | 31,859,920 | 2,422,990 |
| Fixed assets | 30/09/2021 | 31/12/2020 |
| Tangible fixed assets | 92,643,470 | 93,413,964 |
| Intangible assets and rights of use | 18,157,369 | 1,865,973 |
| Other receivables and non-current assets | 1,489,232 | 1,607,531 |
| Employee severance indemnities and other provisions | (1,366,296) | (1,062,790) |
| Total fixed assets (B) | 110,923,775 | 95,824,677 |
| Net Invested Capital (A) + (B) | 142,783,695 | 98,247,667 |
| Sources | 30/09/2021 | 31/12/2020 |
| Shareholders' equity | 153,427,242 | 141,008,161 |
| Net financial debt | (10,643,547) | (42,760,494) |
| Total Sources | 142,783,695 | 98,247,667 |

Net invested capital as of 30 September 2021 amounted to € 142.8 million (€ 98.2 million as of 31 December 2020) and is covered by:

- Shareholders' equity of € 153.4 million (€ 141 million as of 31 December 2020);
- The positive net financial position of € 10.6 million (compared to a positive net financial position of € 42.8 million as of 31 December 2020).

Working capital as of 30 September 2021 was € 31.9 million compared to € 2.4 million at the end of the previous year. This decline was mainly due to a negative change in trade receivables (€ 12.7 million) and inventories (€ 8.3 million).

Intangible assets and Rights of use amounted to € 18.2 million as of 30 September 2021 compared to € 1.9 million as of 31 December 2020, with an increase of € 16.3 million mainly due to the goodwill generated by the Pharmatek acquisition (€ 12.6 million) and the rights of use and other intangible assets of the newly acquired Company (Net book value of € 3.8 million as of 30 September 2021).

Reclassified Income Statement

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

| Item | 30/09/2021 | % | 30/09/2020 | % | Absolute change | % Changes |
|---|--------------------|---------------|-------------------|--------------|---------------------|-----------------|
| Revenues from contracts with customers | 143,375,070 | 100% | 122,614,712 | 100% | 20,760,358 | 16.9% |
| Costs for consumption of raw materials, change in inventories of finished goods and work in progress. | (87,077,702) | (60.7%) | (74,754,010) | (61.0%) | (12,323,691) | 16.5% |
| VALUE ADDED | 56,297,368 | 39.3% | 47,860,702 | 39.0% | 8,436,666 | 17.6% |
| Other revenues and income | 1,694,601 | 1.2% | 678,276 | 0.6% | 1,016,325 | 149.8% |
| Costs for services | (14,013,632) | (9.8%) | (10,921,047) | (8.9%) | (3,092,585) | 28.3% |
| Personnel costs | (25,079,682) | (17.5%) | (21,446,132) | (17.5%) | (3,633,550) | 16.9% |
| Other operating costs | (916,607) | (0.6%) | (777,699) | (0.6%) | (138,907) | 17.9% |
| EBITDA | 17,982,048 | 12.5% | 15,394,099 | 12.6% | 2,587,949 | 16.8% |
| ADJUSTED EBITDA | 18,833,723 | 13.1% | 16,325,664 | 13.3% | 2,508,059 | 15.4% |
| Amortisation, depreciation, and impairment losses | (9,640,744) | (6.7%) | (8,534,477) | (7%) | (1,106,267) | 13.0% |
| EBIT | 8,341,304 | 5.8% | 6,859,623 | 5.6% | 1,481,682 | 21.6% |
| ADJUSTED EBIT | 9,192,979 | 6.4% | 7,791,187 | 6.4% | 1,401,792 | 18% |
| Financial income | 24,854 | 0% | 44,621 | 0% | (19,766) | (44.3%) |
| Financial charges | (513,262) | (0.4%) | (239,121) | (0.2%) | (274,141) | 114.6% |
| Changes in fair value of financial assets and liabilities | (10,027,799) | (7%) | 6,834,138 | 5.6% | (16,861,937) | (246.7%) |
| INCOME BEFORE TAXES | (2,174,903) | (1.5%) | 13,499,260 | 11% | (15,674,163) | (116.1%) |
| ADJUSTED INCOME BEFORE TAXES | 11,413,575 | 8% | 7,924,689 | 6.5% | 3,488,886 | 44% |
| Income taxes | (713,607) | (0.5%) | (2,483,465) | (2%) | 1,769,858 | (71.3%) |
| Profit (loss) for the financial year | (2,888,510) | (2%) | 11,015,795 | 9% | (13,904,304) | (126.2%) |
| ADJUSTED income/(loss) | 10,462,351 | 7.3% | 5,181,317 | 4.2% | 5,281,034 | 101.9% |

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:

| | 30/09/2021 | 30/09/2020 |
|--|--------------------|--------------------|
| Revenues from contracts with customers | 143,375,070 | 122,614,712 |
| Costs for consumption of raw materials, change in inventories of finished goods and work in progress | (87,077,702) | (74,754,010) |
| Value Added | 56,297,368 | 47,860,702 |

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

| | 30/09/2021 | 30/09/2020 |
|---|--------------------|-------------------|
| Profit/(loss) for the financial year (1) | (2,888,510) | 11,015,795 |
| Income taxes | (713,607) | (2,483,465) |
| Income before taxes (2) | (2,174,903) | 13,499,260 |
| Changes in fair value of financial assets and liabilities | 10,027,799 | (6,834,138) |
| Financial charges | 513,262 | 239,121 |
| Financial income | (24,854) | (44,621) |
| EBIT (3) | 8,341,304 | 6,859,623 |
| Amortisation | 9,640,744 | 8,534,477 |
| EBITDA (4) | 17,982,048 | 15,394,099 |

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

| | 30/09/2021 | 30/09/2020 |
|---|----------------|----------------|
| Translisting and M&A costs | 851,675 | 234,824 |
| Non-recurring Covid costs | | 696,741 |
| Total non-recurring income and charges (5) | 851,675 | 931,565 |

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) | 18,833,723 | 16,325,664 |
| ADJ EBIT (3) + (5) | 9,192,979 | 7,791,187 |
| Income before taxes | (2,174,903) | 13,499,260 |
| Change in FV Warrant | 12,736,802 | (6,506,136) |
| Non-recurring income and charges (5) | 851,675 | 931,565 |
| ADJ Income before taxes | 11,413,575 | 7,924,689 |
| Income taxes | (713,607) | (2,483,465) |
| tax effect on non-recurring income and charges (5) * 27.9% | (237,617) | (259,907) |
| ADJ income/(loss) | 10,462,351 | 5,181,317 |

As of 30 September 2021, the Group's expansion trend of the last few years was confirmed: the item Revenues in the Income Statement increased from € 122.6 million as of 30 September 2020 to € 143.4 million in 2021, with an increase of 17%. Part of this increase stems from the Pharmatek acquisition, which generated revenues of € 8.7 million in this period, while the remaining € 11.9 million increase is part of the Company's organic growth.

| <i>(Amounts in Euro units)</i> | 30/09/2021 | 30/09/2020 |
|---|--------------------|--------------------|
| Business Unit – Food | 106,408,285 | 91,626,227 |
| Business Unit – Pharma | 28,182,303 | 30,988,486 |
| Business Unit – Pharmatek | 8,784,482 | |
| Total Revenues from contracts with customers | 143,375,070 | 122.614.712 |

This shows that the Group's Food sector turnover, accounting for approximately 74% of the turnover, is expanding, growing by 16.1%. 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> | 30/09/2021 | 30/09/2020 |
|---|--------------------|--------------------|
| Italian Revenues | 52,055,156 | 43,462,712 |
| Foreign Revenues | 91,319,913 | 79,152,000 |
| Total Revenues from contracts with customers | 143,375,070 | 122.614.712 |

The Group's turnover is mainly attributable to sales made abroad. In 2021, the Group invoiced 63.7% of its total turnover outside Italy, compared to 55.2% in the previous period.

Other revenues and income amounted to € 1.7 million compared to € 0.7 million as of 30 September 2020.

Raw material costs on sales revenues, of approximately 60.7%, are substantially in line with what was shown in the previous financial year.

Personnel costs amounted to € 25.08 million, with an increase of € 3.6 million compared to FY 2020. This change is attributable to the Pharmatek acquisition (€ 1.9 million), contractual increases and productivity gains, and the stock grant incentive plan share for top management for the 2018-2021 period.

As of 30 September 2021, EBITDA reached € 18 million, up from € 15.4 million in the previous year. The revenue percentage remained substantially constant, from 12.6% as of 30 September 2020 to 12.5% as of 30 September 2021.

As of 30 September 2021, the Group's operating result was € 8.3 million compared to € 6.9 million as of 30 September 2020. This substantial growth in operating result is due to the Pharmatek acquisition, which contributed approximately 1.1 million, and to the positive performance of the "Food" business unit, which reported an operating result of 8.9 million as of 30 September 2021 compared to 7 million in 2020.

As of 30 September 2021, € 852,000 of non-recurring charges for the admission and translisting of the Company to the MTA STAR segment and M&A activities were incurred.

As of 30 September 2020, non-recurring charges of € 697,000 were incurred due to the Covid 19 pandemic. These costs related 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 € 18.8 million, up from € 16.3 million in the previous year. The revenue percentage decreased from 13.3% as of 30 September 2020 to 13.1% as of 30 September 2021.

As of 30 September 2021, changes in the fair value of financial assets and liabilities showed a negative balance of € 10,027,799 compared to a positive balance of € 6,834,138 in the previous year. This is detailed below:

| <i>(Amounts in Euro units)</i> | 30/09/2021 | 30/09/2020 |
|--|---------------------|-------------------|
| Change in fair value of other securities | 2,709,003 | 328,001 |
| Change in fair value of warrants | (12,736,802) | 6,506,136 |
| Total changes in Fair Value on financial assets and liabilities | (10,027,799) | 6,834,138 |

The "Changes in fair value of other securities" item shows the change in fair value of securities held with a major credit institution.

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 September 2021 is € 6,057,602.

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 September 2021 and Euro 6.5 million as of 30 September 2020. The adjustment deriving from the warrants valuation freezing in the Income Statement is without any tax effects.

Events following the end of the period

On 08 October 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A. acquired a controlling stake in Euro Cosmestic S.p.A., taking over approximately 72.9% of the share capital, worth € 26,815,961. The Company obtained a credit line from Intesa San Paolo S.p.A. for short-term financing, valid until 31 March 2022, for € 27 million. In the coming months, the above credit line will be converted into a structured medium-term loan.

Euro Cosmetic shares are listed on Euronext Growth Milan, organised and managed by Borsa Italiana S.p.A. As a result, the Foods' obligation to launch a takeover bid for the remaining 1,286,800 shares of Euro Cosmetic was met. The bid consideration will be € 8.6 per ordinary share.

On 11 November 2021, Fine Foods & Pharmaceuticals N.T.M. S.p.A. acquired a plot of land located in the municipalities of Brembate (BG) and Filago (BG) with a registered surface area of approximately 100,000 sqm for approximately € 3 million.

Business outlook

Fine Foods' revenues as of 30 September 2021 were up compared to the corresponding period in 2020 at Group level and on a like-for-like basis. In spite of the difficulties caused by the SARS-CoV-2 virus outbreak and the consequent social and health situation, and the worldwide problems linked to the procurement of raw materials and the sharp increases in energy costs - the effects of which will impact the last months of 2021 and the 2022 financial year -, the Board of Directors believes that, for the 2021 financial year and future financial years, revenue growth, at Group level, can remain in line with the historical trend and accompanied by a progressive improvement in expected margins.

Declaration of the Manager in charge under Article 154-bis of Legislative Decree no. 58/98

Under paragraph 2 of Article 154-bis of Legislative Decree no. 58/1998 (Consolidated Law on Finance), the Manager in charge of preparing the company's financial reports, Pietro Bassani, certifies that the accounting information contained in the Interim Financial Report as of 30 September 2021 of Fine Foods & Pharmaceuticals N.T.M. S.p.A. reflects the accounting documents, books and records.

Verdellino-Zingonia, 12 November 2021

**The Manager
preparing the corporate
accounts
Pietro Bassani**