The Board of Directors approved today the Consolidated Half-Year Financial Report as of 30 June 2022.

€ 100 MILLION REVENUES EXCEEDED IN HALF YEAR 2022

Despite the International economic and geopolitical environment,
the first half of 2022 closed with a growth compared to the first half of 2021.

- Revenues for the first half of 2022 were € 100.6 million, up from € 99.7 million[1] in the first half of 2021, despite the international economic and geopolitical situation. The Q2 2022 revenue trend is in line with previous quarters.
- EBITDA in H1 2022 was € 7.8 million compared to € 12.9 million in H1 2021. Adjusted EBITDA[2] for the period was € 8.4 million, down from € 13.1 million in H1 2021. This reduction was due to the economic situation, resulting in production chain inefficiencies (primarily related to procurement and price increase of raw and packaging materials) and a significant increase in energy costs (which impacted the reduction in EBITDA Margin by approximately 2%).
- EBITDA Margin in H1 2022 was 7.8%, down from 12.9%[1] in H1 2021. Adjusted EBITDA Margin was 8.3% in H1 2022, compared to the H1 2021 Adjusted EBITDA Margin of 13.2%[1]. The Adjusted EBITDA Margin in the last quarters (Q4 2021, Q1 2022 and Q2 2022) showed a gradual improvement from 4.7%, to 7.8%, to 8.9%, respectively, despite the increase in the energy cost.
- The Operating Profit (EBIT) in H1 2022 was € 0.5 million, down from € 6.5 million in H1 2021. The Adjusted EBIT was € 1.1 million, down from € 6.7 million in H1 2021, due to the impact on Adjusted EBITDA, as above mentioned, and a depreciation and amortisation increase.
- The Income Before Taxes for H1 2022 was € -5.9 million compared to € -4.1 million in H1 2021: this loss is mainly attributable to the negative result from financial operations. The result generated by the Parent Company's equity securities management saw a negative change in Fair Value of € 5.8 million in the first six months of 2022.[3] This lead to a Loss for the period in H1 2022 of € 6 million (Loss for the Adjusted period € 5.6 million) compared to a loss of € 6.5 million in H1 2021 (Profit for the Adjusted period € 3.4[4] million in H1 2021); without the above effect, the net result would have been break-even as of 30 June 2022. Despite the negative fair value of the securities management in the first half of the year, the overall management showed a positive performance of about € 5.9 million as of 30 June 2022.
- The Group's Net Financial Position as of 30 June 2022 was € 42.2 million, with a negative change of € 26.5 million compared to the NFP of € 15.7 million as of 31 December 2021. The change was mainly due to the increase in commercial Net Working Capital, CAPEX and dividends distributed in H1 2022 following the resolution to approve the Financial Statements for the year ended 31 December 2021.

[1] See footnote
[2] See footnote
[3] See footnote
[4] See footnote

Fine Foods & Pharmaceuticals N.T.M. S.p.A. Chief Executive Officer, Giorgio Ferraris, said:

"Q2.22 confirmed the recovery trend from the most critical quarter of the current crisis, i.e. Q4.21, although the geopolitical and macroeconomic environment is significantly penalising 2022 margins. We are optimistic about the outlook for the next six to twelve months and on the continued improvement of the critical supply chain issues, except for energy costs, which are subject to random factors."

Verdellino (Bergamo, Italy), 13 September 2022 - The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A. - an Italian independent Contract Development & Manufacturing Organisation (CDMO) that develops and manufactures contract products for the pharmaceutical, nutraceutical, cosmetics, biocides and medical devices industries, listed on Euronext STAR Milan (ticker: FF), today approved the Half-Year Financial Report as of 30 June 2022.

The first half of 2022 reported Revenues of € 100.6 million, up from € 99.7 million in the first half of 2021 despite the international economic and geopolitical situation.

Q2 2022 revenue performance (€ 49.8 million) was in line with previous quarters, totalling € 50.8 million in Q1 2022 and € 50 million in Q4 2021.

The Pharma Business Unit decreased due to the pandemic in 2021 and confirmed its revenue recovery in Q2 2022, reaching € 25.8 million in H1 2022. This represented a growth of 30.8% compared to the same period of the previous year.

The contribution of the Cosmetic Business Unit in the first half of 2022 was € 18 million. Pharmatek was acquired in January 2021 and Euro Cosmetic in October 2021. The Group is implementing the two companies' progressive organisational and production integration, which will lead to greater commercial efficiency in the coming quarters.

Revenues of the Food Business Unit in H1 2022 were € 56.8 million compared to € 73.9 million in H1 2021. This result was mainly attributable to a production decrease in markets affected by the Russian-Ukrainian conflict and a slowdown in our customers' activities in the Multilevel Marketing sector. They saw a sales drop following the recovery of the post-Covid economy.

The Food BU result, which was reduced in the first half, was fully offset by the sales increases of the Pharma and Cosmetics BUs.

EBITDA in H1 2022 was € 7.8 million compared to € 12.9 million in H1 2021. Adjusted EBITDA for H1 2022 of € 8.4 million was down from € 13.1 million in H1 2021. This reduction was due to the economic situation, resulting in production chain inefficiencies (primarily related to procurement and price increase of raw materials) and a significant increase in energy costs (which impacted the EBITDA margin reduction by approximately 2%).

H1 2022 EBITDA Margin was 7.8% and Adjusted EBITDA Margin was 8.3%, down from 12.9% and 13.2% in H1 2021, respectively. The Adjusted EBITDA Margin in the last quarters (Q4 2021, Q1 2022 and Q2 2022) showed a gradual improvement from 4.7%, to 7.8%, to 8.9%, respectively, despite the increase in the energy cost.

To cope with the economic situation, the Group adopted a policy of recharging increased raw and packaging material costs and increased energy costs to customers. Supply chain difficulties and production downtime were reduced thanks to our inventories management policy. The company continued optimising energy costs using co-generators, installing photovoltaic systems, and purchasing part of the energy requirements with forward contracts.

The **Operating profit** (EBIT) in H1 2022 was € 0.5 million, down from € 6.5 million in H1 2021; Adjusted EBIT was € 1.1 million, down from € 6.7 million in H1 2021, due to the above effects impacting Adjusted EBITDA and an increase in depreciation and amortisation for the period.

The **Income Before Taxes** for H1 2022 was € -5.9 million compared to € -4.1 million in H1 2021: this loss is mainly attributable to the negative result from financial operations. The result generated by the Parent Company's equity securities management saw a negative change in Fair Value of € 5.8 million in the first six months of 2022. This lead to a **Loss for the period** in H1 2022 of € 6 million (Loss for the Adjusted period € 5.6 million) compared to a loss of € 6.5 million in H1 2021 (Profit for the Adjusted period € 3.4 million in H1 2021); without the above effect, the net result would have been break-even as of 30 June 2022. Despite the negative fair value of the securities management in the first half of the year, the overall management showed a positive performance of about € 5.9 million as of 30 June 2022.

Tangible Fixed Assets, Intangible Fixed Assets and Rights to Use were €129.1 million as of 30 June 2022 compared to € 127.5 million as of 31 December 2021, increasing by € 1.5 million due to investments of approximately € 9 million and amortisation of approximately € 7.3 million.

The **Working capital** as of 30 June 2022 was € 48.8 million compared to € 34.6 million at the end of the previous financial year. This decline was generated by the increase in trade receivables (€ 12.3 million) and inventories (€ 7.5 million), which rose sharply due to the unavailability of raw and packaging materials. The “Other current assets” item showed an improvement mainly due to a VAT receivable reduction of € 3.7 million in the period.

The **Shareholders' Equity** as of 30 June 2022 was impacted by the loss for the period and the distribution of Dividends.

The **Net Financial Position** as of 30 June 2022 was € 42.2 million, with a negative change of € 26.5 million compared to the NFP of € 15.7 million as of 31 December 2021. The change was due to the increase in Commercial Net Working Capital, CAPEX made in the period of about € 8.8 million, and the dividends distributed in H1 2022 (€ 3.9 million) following the resolution to approve the Financial Statements for the year ended 31 December 2021.

SIGNIFICANT EVENTS AFTER THE PERIOD-END

The Board of Directors' meeting was held on 13 May 2022. It checked the fulfilment of the Activation Condition of the 2018-2021 Stock Grant Plan and the achievement of the Performance Indicators i.e. Ebitda Performance and Stock Market Value Performance. It resolved that all rights assigned to each beneficiary of the Stock Grant Plan were exercisable. On 1 July 2022, the allocation and delivery of the free Shares were finalised.

On 15 July 2022 the Parent Company received a CONSOB letter concerning the "Request for information and documents under Article 187-octies, paragraph 3, letter a), of Legislative Decree no. 58/1998. Investigation on EURO COSMETIC shares [ISIN IT0005425456]" requesting information related to the Euro Cosmetic S.p.A. acquisition in 2021. The Parent Company will send the requested information and documents to the authority within the specified deadline (30 September 2022).

BUSINESS OUTLOOK

Due to the results achieved in H1 2022, the Group expects to meet the challenges of the current and future years and return to historical growth.

The Group is committed to developing the business along the three main lines - Pharma, Food and Cosmetics - by strengthening R&D, marketing and sales activities and implementing continuous improvement projects.

Due to synergies with the Parent Company, the development and integration activities of the acquired companies continue to generate future business opportunities in the cosmetics sector. Fine Foods will seize any opportunities for growth through external lines.

In addition to the policies for recharging the cost of raw and packaging materials to customers, the management of inventories, and incremental energy costs, the Group has installed two photovoltaic systems at its Trenzano (BS) and Brembate (BG) sites. The Parent Company applied for recognition by the relevant authorities of the 'White Certificates' resulting from the activation of the two co-generators.

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It should be noted that under Article 154-ter, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, the half-year financial report as of 30 June 2022, approved by the Board of Directors on today's date, will be made available today to shareholders and the public at the registered office, on the Company's website at www.finefoods.it, Investor Relations/Financial Statements and Reports section, and the authorised storage system 1info - www.1info.it.
Under Art. 154-bis, paragraph 2 of the Consolidated Law on Financial Intermediation, the Manager responsible for preparing the corporate financial reports, Pietro Bassani, declared that the accounting information contained in this press release corresponds to the document results, accounting books and records.

This press release is available on the Fine Foods website www.finefoods.it, in the Investor Relations/Press Releases section.

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Fine Foods & Pharmaceuticals N.T.M. S.p.A., listed on Borsa Italiana's Euronext STAR Milan (Ticker: FF) is an Italian independent CDMO (Contract Development and Manufacturing Organisation). It develops and manufactures contract products for the pharmaceutical and nutraceutical industries. Fine Foods is also active in the cosmetics, biocides and medical devices industries with its Pharmatek-PMC S.r.l. and Euro Cosmetic S.p.A. acquisitions. Founded in 1984, Fine Foods strives for innovation and quality in its products and solutions for its customers. This is approached with care, dedication and scientific rigour. With € 193 million revenue in 2021 and an 11 per cent CAGR over the last decade, Fine Foods is a growing and future-oriented company. Its business model sustainability, the synergy between the different business units, product quality, production flexibility, product and process innovation capability, an ESG holistic approach, and supporting customers in product development are the company's core values.

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1 The Group reclassified the revenues from services provided to customers (€ 1.9 million as of 30 June 2022 compared to about € 1 million as of 30 June 2021) from "other revenues" to "revenues", as the latter meet the requirements to be reported under "revenues from customer contracts." The comparative figures have been restated accordingly. Revenues from customer contracts as of 30 June 2021 are currently € 99.7 million compared to € 98.6 million presented before according to the Press Release issued on 13 September 2021. This did not effect the Income Statement subtotal Total revenue or other Income Statement items. The percentages for the 30 June 2021 figures reported in this press release have been recalculated based on the new value of customer contract revenues of € 99.7 million.
2 The ADJUSTED EBITDA is the operating result before Amortisation, Depreciation and Provisions minus operating revenues and costs that, although business related, were non-recurring and did not significantly impact results.
3 The loss for the first half of 2021 was attributable to the accounting effects generated by the change in fair value of listed and unlisted warrants held by the Parent Company that have been fully converted into shares.
4 The Adjusted Net Income for the first half of 2021, of € 3.4 million, was changed in the 30 June 2022 Half-Year Financial Report compared to € 6.5 million in the 30 June 2021 Half-Year Financial Report and in the related Press Release issued on 13 September 2021 to incorporate the taxation on the change in the fair value of the warrants specified in the reply to the question submitted by the Parent Company to the Inland Revenue Agency, received at the end of 2021.

Interim consolidated income statement

(amounts in € units)	Half-year as of 30 June 2022	Half-year as of 30 June 2021
Revenues and income		
Revenues from contracts with customers	100,579,641	99,658,393
Other revenues and income	232,668	149,924
Total revenues	**100,812,309**	**99,808,317**
Operating costs		
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	60,551,439	59,681,680
Personnel costs	19,629,655	17,431,308
Costs for services	12,067,688	9,153,877
Other operating costs	725,352	678,691
Amortisation, depreciation, and impairment losses	7,298,070	6,407,581
Total operating costs	**100,272,205**	**93,353,138**
Changes in fair value of financial assets and liabilities	(5,845,820)	(10,182,613)
Financial income	7,728	23,059
Financial charges	(595,628)	(366,322)
Income before taxes	**(5,893,615)**	**(4,070,697)**
Income taxes	142,183	2,396,222
Profit/(loss) for the financial year	**(6,035,798)**	**(6,466,919)**

Interim consolidated comprehensive income statement

(amounts in € units)	Half-year as of 30 June 2022	Half-year as of 30 June 2021
Profit /(loss) for the financial year (A)	**(6,035,798)**	**(6,466,919)**
Components that will not be subsequently reclassified to profit/(loss) for the financial year		
Revaluation of net employee benefit liabilities/assets	324,505	36,107
Tax effect	(40,099)	(8,666)
Other comprehensive income (B) components	**284,406**	**27,441**
Comprehensive profit/(loss) (A+B)	**(5,751,392)**	**(6,439,478)**

Interim consolidated statement of financial position

(amounts in € units)	Half-year as of 30 June 2022	Financial Statements as of 31 December 2021
Assets		
Non-current assets		
Property, plant and machinery	104,633,860	102,886,510
Goodwill	15,907,954	15,907,954
Other intangible fixed assets	2,343,788	2,337,675
Rights of use	6,190,137	6,408,388
Non-current financial assets		
Other non-current assets	338,277	237,333
Deferred tax assets	3,266,112	3,482,100
Total non-current assets	**132,680,129**	**131,259,960**
Current assets		
Inventories	42,557,041	35,050,484
Trade receivables	41,763,020	29,433,391
Tax receivables	2,428,427	2,421,853
Other current assets	6,285,751	9,554,455
Current financial assets	71,866,416	77,971,110
Cash and other liquid assets	20,684,799	17,118,957
Total current assets	**185,585,454**	**171,550,251**
Total assets	**318,265,583**	**302,810,211**
Shareholders' equity		
Share Capital	22,770,445	22,770,445
Other reserves	126,572,443	132,615,098
Employee benefit reserve	213,395	(71,012)
FTA reserve	(6,669,789)	(6,669,789)
Profits carried forward	22,610	-
Profit/(loss) for the financial year	(6,035,798)	(1,426,751)
Total Shareholders' Equity	**136,873,306**	**147,217,991**
Non-current liabilities		
Bonds	3,329,367	3,322,876
Non-current bank borrowings	89,933,821	35,298,177
Employee benefits	2,495,252	3,010,691
Provision for risks and charges	273,444	35,489
Provision for deferred taxes	1,083,185	1,081,159
Non-current lease payables	2,911,586	3,137,292
Total non-current liabilities	**100,026,655**	**45,885,684**
Current liabilities		
Bonds	3,316,345	3,310,176
Current bank borrowings	34,499,000	64,920,523
Trade payables	33,427,073	32,532,117
Taxes payable	5,536	5,536
Current lease payables	712,238	774,991
Other current liabilities	9,405,431	8,163,193
Total current liabilities	**81,365,623**	**109,706,537**
Total Shareholders' equity and Liabilities	**318,265,583**	**302,810,211**

Interim consolidated cash flow statement

	Half-year as of 30 June 2022	Half-year as of 30 June 2021
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**(6,035,798)**	**(6,466,919)**
Adjustments to reconcile profit after tax with net cash flows:		
Depreciation and impairment of property, plant and machinery	6,382,993	5,676,940
Amortisation and impairment of intangible fixed assets	443,964	423,286
Amortisation of rights of use	471,112	256,598
Other write-downs of fixed assets	-	14,155
Financial income	(7,728)	(23,059)
Financial charges	568,076	356,486
Changes in fair value of financial assets and liabilities	5,845,820	10,182,613
Financial charges on financial liabilities for leases	27,552	9,836
Income taxes	(27,953)	2,130,749
Personnel costs for stock grants	-	506,662
Gains on the disposal of property, plant and machinery	(37,826)	(66,680)
Current assets write-downs	662,594	393,164
Net change in severance indemnity and pension funds	(203,827)	(83,465)
Net change in provision for risks and charges	260,345	-
Net change in deferred tax assets and liabilities	177,915	265,473
Interest paid	(575,006)	(340,758)
Income taxes paid	-	(1,178,525)
Changes in net working capital:		
(Increase)/decrease in inventories	(7,991,340)	(5,281,116)
(Increase)/decrease in trade receivables	(12,507,781)	(8,409,154)
(Increase)/decrease in other non-financial assets and liabilities	4,428,328	(6,199,016)
Disposal of assets held for sale	-	495,000
Increase/(decrease) in trade payables	898,346	(329,870)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(7,220,212)**	**(7,667,600)**
Investments:		
Investments in tangible fixed assets	(8,198,109)	(4,461,539)
Disposal of tangible fixed assets	105,590	141,705
Investments in intangible fixed assets	(450,078)	(577,618)
Net (investments)/disposals in financial assets	258,874	4,051,764
Acquisition of Subsidiaries	-	(9,645,232)
NET CASH FLOWS FROM INVESTMENTS	**(8,283,723)**	**(10,490,920)**
Financing:		
New financing	71,680,229	26,430,000
Funding repayment	(47,453,448)	(1,232,881)

Principal payments - lease liabilities	(541,321)	(209,833)
Dividends paid to the parent company's shareholders	(3,866,869)	(3,205,727)
Share capital increase	-	168,560
Sale/(purchase) of treasury shares	(748,815)	(2,527,785)
CASH FLOWS FROM FINANCING	**19,069,776**	**19,422,335**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**3,565,841**	**1,263,816**
Cash and short-term deposits as of 1 January	**17,118,957**	**3,342,518**
Cash and short-term deposits as of 30 June	**20,684,799**	**4,606,334**

Interim 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 2022	**22,770,445**	**5,000,000**	**(15,939,707)**	**29,741,389**	**86,743,750**	**19,556,720**	**7,512,947**	**(6,669,789)**	**(71,011)**	**-**	**(1,426,751)**	**147,217,991**
Profit/(loss) for the financial year											(6,035,798)	**(6,035,798)**
Other income statement components									284,406			**284,406**
Comprehensive profit/(loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**--**	**284,406**	**-**	**(6,035,798)**	**(5,751,392)**
Dividends						(3,866,869)						**(3,866,869)**
IRS derivatives provision							22,390					**22,390**
Purchase of treasury shares			(748,815)									**(748,815)**
2021 profit allocation						(1,449,361)				22,610	1,426,751	**(3,866,869)**
Balance as of 30 June 2022	**22,770,445**	**5,000,000**	**(16,688,522)**	**29,741,389**	**86,743,750**	**14,240,490**	**7,535,337**	**(6,669,789)**	**213,395**	**22,610**	**(6,035,798)**	**136,873,306**