



*The Board of Directors of Fine Foods & Pharmaceuticals N.T.M. S.p.A.  
today approved the 30 June 2023 Half-Year Financial Report.*

## **First half of 2023: Consolidated revenues +26.7% and EBITDA +61%.**

*The Food (+32.8%) and Pharma (+34.9%) BUs drive the Group's growth.*

*Fine Foods' margins show a significant recovery compared to H1 2022.*

### Highlights

- Consolidated **Revenue** in H1 2023 was € 127.5 million, up 26.7% from € 100.6 million in H1 2022.
- The Group's **EBITDA** for the first six months of 2023 was € 12.6 million, up significantly (+61%) compared to € 7.8 million in the same period of 2022.
- The Group's H1 2023 **EBITDA Margin**, which coincided with the Adjusted EBITDA Margin, was 9.9%, with a significant improvement from 7.8% in 2022
- The Group's H1 2023 **Operating Result (EBIT)** was € 0.4 million compared to € 0.5 million in 2022 due to the Pharmatek's goodwill impairment which was part of a broader reorganisation of the Cosmetic BU, which included the disposal of some non-strategic business lines. Without this effect, EBIT would have been € 4.8 million, compared to € 1.1 million in 2022.
- The **Result for the Period** for the first half of 2023 was € -1.7 million (€ -6 million as of 30 June 2022). Net of the above impairment, the result for H1 2023 would have been a positive € 2.7 million.
- The Group's **Net Financial Position** as of 30 June 2023 was € 57.8 million, compared to € 43.6 million as of 31 December 2022.

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*Verdellino (Bergamo, Italy), 13 September 2023* - 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, and cosmetics industries, listed on Euronext STAR Milan (ticker: FF), today approved the Half-Year Financial Report as of 30 June 2023.



H1 2023 showed **Consolidated Revenues of € 127.5 million, up 26.7%** compared to € 100.6 million in H1 2022.

Revenues of the **Food Business Unit** in H1 2023 were € 75.4 million **with a growth of 32.8%** compared to € 56.8 million in H1 2022.

The **Pharma Business Unit** contributed to the growth in H1 2023, rising from € 25.8 million in H1 2022 to € 34.8 million in H1 2023 **(+34.9%)**.

The **Cosmetic Business Unit** contribution in the first six months of 2023 was € 17.2 million compared to € 18 million recorded in the same period of 2022. This decrease was also generated by the disposal of some non-strategic business lines.

**Fine Foods & Pharmaceuticals N.T.M. S.p.A. Chief Executive Officer Giorgio Ferraris, said:** *"The first half of 2023 closed with significantly higher revenues (+26.7%) compared to the same period of 2022 driven by our Food and Pharma BUs, which have almost completely overcome the difficulties arising from the international economic and geopolitical trends. The Cosmetic BU performance reflected the impact of the reorganisation which should be completed by the end of 2023. The positive performance of H1 is confirmed by a substantial order portfolio, which confirms a more than positive outlook for H2."*

The Group's H1 2023 **EBITDA** was € 12.6 million compared to € 7.8 million in the first half of 2022, showing a growth of **+61%**. EBITDA for H1 2023 coincided with the Adjusted EBITDA which was € 8.4 million in H1 2022.

The Group's H1 2023 **EBITDA Margin**, which coincided with the Adjusted EBITDA Margin, **was 9.9%**, with a significant improvement from 7.8% in 2022. The H1 2022 Adjusted EBITDA Margin was 8.3%.

The margin improvement derived from the reduction in the impact of personnel and energy costs on revenues, and better absorption of fixed costs on revenues. The energy percentage cost is still higher than the historical cost. This impact is estimated at almost 0.6% on EBITDA, equal to about € 0.8 million, which would have brought EBITDA to € 13.4 million, with a margin of 10.5%.

The **Operating result (EBIT)** for H1 2023 was € 0.4 million and showed a slight decrease compared to H1 2022 generated mainly by the goodwill impairment of Pharmatek (merged into Euro Cosmetic), of € 4.4 million. Without this effect, EBIT would have been € 4.8 million. This impairment was part of the broader reorganisation of the Cosmetic Business Unit, which included the disposal of some non-strategic business lines. H1 2023 EBIT was affected by the above energy impact, net of which it would have been € 1.3 million, € 5.7 million net of the above impairment.

The **Income Before Taxes** for H1 2023 was € -0.1 million compared to € -5.9 million in H1 2022. This result was almost entirely attributable to the impairment of Pharmatek's goodwill which merged by incorporation into Euro Cosmetic.

This led to a **loss** in H1 2023 of € 1.7 million (€ -6 million in H1 2022). The **adjusted result** for H1 2023, **net of the goodwill impairment, was € 2.7 million** compared to the adjusted loss for the period of € 5.6 million as of 30 June 2022.

The result for both periods was impacted by changes in the Fair Value of financial assets. In H1 2023, the Parent Company's asset securities management showed a positive change in Fair Value of € 1.7 million. The



trend contrasted the corresponding period of the previous year (negative change in Fair Value of € 5.8 million). As of 30 June 2023, the Company closed its position with the primary Credit Institution which was entrusted with the management service for its investment portfolio in January 2019. The overall portfolio management, from the opening to closure, was positive for € 5.7 million.

**Tangible Fixed Assets** increased by approximately € 1.6 million in H1 2023, due to net investments of € 8 million and depreciation for the period of € 6.4 million.

**Intangible fixed assets and rights of use** were € 17.1 million as of 30 June 2023 (€ 22.8 million at the end of FY 2022). This decrease was mainly due to the Pharmatek's goodwill impairment of € 4.4 million.

**Working capital** as of 30 June 2023 was € 58.7 million compared to € 44.2 million at the end of the previous financial year. The **Commercial Net Working Capital**, of € 62 million (compared to € 46.3 million as of 31 December 2022), changed as follows: increase in trade receivables (€ 9.5 million), inventories (€ 10.9 million) and trade payables (€ 4.7 million).

**Shareholders' Equity** as of 30 June 2023 was € 129.1 million, up from 31 December 2022 (€ 133.3 million).

The Group's **Net Financial Position** as of 30 June 2023 was € 57.8 million, compared to the NFP of € 43.6 million as of 31 December 2022. The change was mainly due to the absorption of the Commercial Net Working Capital, CAPEX made in the period and distribution of FY 2022 dividends.

#### SIGNIFICANT EVENTS OCCURRING AFTER 30 June 2023

No significant events occurred after the end of the period.

#### BUSINESS OUTLOOK

The global economy is recovering after the difficult period generated by the Covid-19 pandemic and the recent geopolitical events. However, global economic activity is impacted by high inflation and restrictive financing conditions. The energy cost, although lower than in the previous period, remains significantly higher than historical trends.

The Group will develop the business along three main lines - Food, Pharma, and Cosmetics - by strengthening corporate functions' activities. Fine Foods will seize any opportunities for growth through external lines.

The increase in turnover recorded in the first half of the year confirmed the effectiveness of the commercial actions taken for the Food BU and allowed us to forecast a largely positive outlook.

The Pharma BU is expected to significantly grow due to the key multi-year agreements signed with important international customers that will require a production plant expansion.

The integration and optimisation of processes will continue for the Cosmetic BU. Investments for the Trezano site production capacity expansion are nearing completion. Efficiency is expected to improve when fully operational and customer demand is expected to increase. The Cremona plant was permanently closed and production transferred to Trezano.

The second quarter showed a decrease in margin compared to the first quarter which was mainly attributable to the Cosmetic BU reorganisation activities. Despite this, management remains reasonably confident of the margin improvement trend, in view of the results achieved in the period after the end of the half-year.



The Groups believes in a fair and sustainable future, creating long-term value for the benefit of its stakeholders and contributing to the development and well-being of the communities in which it operates. Fine Foods has been a benefit corporation since April 2021. ESG issues for Fine Foods are a structured set of activities and the Group intends to continue its sustainability programme in the future.

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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 2023, 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](http://www.finefoods.it), Investor Relations/Financial Reports section, and the authorised storage system 1info - [www.1info.it](http://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](http://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, nutraceutical and cosmetics industries. Founded in 1984, Fine Foods proved to be a reliable and capable strategic partner for customers in the reference sectors. The company's organisation can provide successful design process and solid, long-term partnerships. The continuous search for excellence is part of the company's business model and includes research and development, innovation, process reliability, product quality, ESG, and sustainable management of the Group's supply chain. Fine Foods is a benefit corporation which relies on certifications and ratings under international standards. These guarantee its sustainability commitment across the business. With € 207 million revenue in 2022 and more than 10 per cent CAGR over the last decade, Fine Foods is a growing and future-oriented company.

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## Interim consolidated income statement

<i>(amounts in € units)</i>	Notes	Half-year as of 30 June 2023	Half-year as of 30 June 2022
<b>Revenues and income</b>			
Revenues from contracts with customers	2.1	127,460,518	100,579,641
Other revenues and income	2.2	1,108,891	232,668
<b>Total revenues</b>		<b>128,569,409</b>	<b>100,812,309</b>
<b>Operating costs</b>			
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	2.3	79,184,580	60,551,439
Personnel costs	2.4	22,571,196	19,629,655
Costs for services	2.5	13,212,226	12,067,688
Other operating costs	2.6	984,846	725,352
Amortisation, depreciation, and impairment losses	2.7	12,168,816	7,298,070
<b>Total operating costs</b>		<b>128,121,664</b>	<b>100,272,205</b>
<b>Operating result</b>		<b>447,745</b>	<b>540,104</b>
Changes in fair value of financial assets and liabilities	2.8	1,702,536	(5,845,820)
Financial income	2.9	32,367	7,728
Financial charges	2.10	(2,290,377)	(595,628)
<b>Income before taxes</b>		<b>(107,729)</b>	<b>(5,893,615)</b>
Income taxes	2.11	1,555,543	142,183
<b>Profit/(loss) for the financial year</b>		<b>(1,663,272)</b>	<b>(6,035,798)</b>

## Interim consolidated comprehensive income statement

<i>(amounts in € units)</i>		Half-year as of 30 June 2023	Half-year as of 30 June 2022
<b>Profit/(loss) for the financial year (A)</b>	<b>Notes</b>	<b>(1,663,272)</b>	<b>(6,035,798)</b>
<b>Components that will not be subsequently reclassified to profit/(loss) for the financial year</b>			
Revaluation of net employee benefit liabilities/assets		(28,741)	324,505
Tax effect		6,898	(40,099)
<b>Other comprehensive income (B) components</b>		<b>(21,843)</b>	<b>284,406</b>
<b>Comprehensive profit/(loss) (A+B)</b>		<b>(1,685,115)</b>	<b>(5,751,392)</b>



## Interim consolidated statement of financial position

<i>(amounts in € units)</i>	Notes	Half-year as of 30 June 2023	Financial Statements as of 31/12/2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and machinery	3.1	105,763,602	104,162,050
Goodwill	3.2	11,507,954	15,907,954
Other intangible fixed assets	3.3	1,805,112	1,780,551
Rights of use	3.4	3,790,372	5,163,111
Other non-current assets	3.7	354,120	820,871
Deferred tax assets	3.5	7,324,358	7,312,662
<b>Total non-current assets</b>		<b>130,545,518</b>	<b>135,147,200</b>
<b>Current assets</b>			
Inventories	3.8	51,283,098	40,422,499
Trade receivables	3.9	48,824,877	39,347,321
Tax receivables	3.10	243,859	2,268,044
Other current assets	3.11	7,880,625	5,890,398
Current financial assets	3.12	3,844,715	66,512,584
Cash and other liquid assets	3.13	49,243,212	10,232,262
<b>Total current assets</b>		<b>161,320,386</b>	<b>164,673,109</b>
<b>Total assets</b>		<b>291,865,904</b>	<b>299,820,309</b>
<b>Shareholders' equity</b>			
Share Capital	4.1	22,770,445	22,770,445
Other reserves	4.1	114,419,640	126,461,456
Employee benefit reserve	4.1	184,343	206,186
FTA reserve	4.1	(6,669,789)	(6,669,789)
Profits carried forward	4.1	22,610	22,610
Profit/(loss) for the financial year	4.1	(1,663,272)	(9,501,145)
<b>Total Shareholders' Equity</b>		<b>129,063,976</b>	<b>133,289,763</b>
<b>Non-current liabilities</b>			
Bonds	4.2	-	-
Non-current bank borrowings	4.3	70,079,730	77,573,797
Employee benefits	4.5	2,311,693	2,419,013
Provision for risks and charges	4.6	36,305	41,105
Provision for deferred taxes	3.6	248,757	240,553
Non-current lease payables	3.4	1,271,003	2,222,216
<b>Total non-current liabilities</b>		<b>73,947,488</b>	<b>82,496,684</b>
<b>Current liabilities</b>			
Bonds	4.2	3,329,404	3,323,051
Current bank borrowings	4.4	35,871,031	36,590,346
Trade payables	4.7	38,121,073	33,450,468
Taxes payable	4.8	159,014	-
Current lease payables	3.4	380,421	651,576
Other current liabilities	4.9	10,993,497	10,018,421
<b>Total current liabilities</b>		<b>88,854,440</b>	<b>84,033,862</b>
<b>Total Shareholders' equity and Liabilities</b>		<b>291,865,904</b>	<b>299,820,309</b>



## Interim consolidated cash flow statement

		Half-year as of 30 June 2023	Half-year as of 30 June 2022
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>(1,663,272)</b>	<b>(6,035,798)</b>
<b>Adjustments to reconcile profit after tax with net cash flows:</b>			
Depreciation and impairment of property, plant and machinery	2.7	6,821,818	6,382,993
Amortisation and impairment of intangible fixed assets	2.7	411,551	443,964
Amortisation of rights of use	2.7	535,446	471,112
Other write-downs of fixed assets	2.7	4,400,000	-
Financial income	2.9	(32,367)	(7,728)
Financial charges	2.10	2,290,888	568,076
Changes in fair value of financial assets and liabilities	2.8	(1,702,536)	5,845,820
Financial charges on financial liabilities for leases	3.4	(512)	27,552
Income taxes	2.11	1,552,408	(27,953)
Personnel costs for stock grants	2.4	-	-
Gains on the disposal of property, plant and machinery	2.2	(21,888)	(37,826)
Current assets write-downs	3.8,3.9	497,988	662,594
Net change in severance indemnity and pension funds	4.5	(174,114)	(203,827)
Net change in provision for risks and charges	4.6	(4,800)	260,345
Net change in deferred tax assets and liabilities	3.5,3.6	3,135	177,915
Interest paid	2.10	(2,219,685)	(575,006)
Income taxes paid	2.11	-	-
<b>Changes in net working capital:</b>			
(Increase)/decrease in inventories	3.8	(11,128,342)	(7,991,340)
(Increase)/decrease in trade receivables	3.9	(9,750,142)	(12,507,781)
(Increase)/decrease in other non-financial assets and liabilities		92,733	4,428,328
Disposal of assets held for sale		-	-
Increase/(decrease) in trade payables	4.7	4,702,605	898,346
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>(5,389,086)</b>	<b>(7,220,212)</b>
<b>Investments:</b>			
Investments in tangible fixed assets	3.1	(8,761,356)	(8,198,109)
Disposal of tangible fixed assets	3.1	359,874	105,590
Investments in intangible fixed assets	3.3	(436,112)	(450,078)
Net (investments)/disposals in financial assets	3.12	52,370,405	258,874
Acquisition of Subsidiaries	3.2	-	-
<b>NET CASH FLOWS FROM INVESTMENTS</b>		<b>43,532,810</b>	<b>(8,283,723)</b>
<b>Financing:</b>			
New financing	4.3,4.4	27,284,521	71,680,229
Funding repayment	4.2,4.3,4.4	(23,491,549)	(47,453,448)
Principal payments - lease liabilities	3.4	(385,075)	(541,321)
Dividends paid to the parent company's shareholders	4.1	(2,452,708)	(3,866,869)
Share capital increase	4.1	-	-
Sale/(purchase) of treasury shares	4.1	(87,963)	(748,815)
<b>CASH FLOWS FROM FINANCING</b>		<b>867,225</b>	<b>19,069,776</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>39,010,949</b>	<b>3,565,841</b>
<b>Cash and short-term deposits as of 1 January</b>		<b>10,232,262</b>	<b>17,118,957</b>
<b>Cash and short-term deposits as of 30 June</b>		<b>49,243,212</b>	<b>20,684,799</b>



## 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
<b>Balance as of 1 January 2023</b>	4.1	22,770,445	5,000,000	(13,680,454)	29,741,389	86,743,750	14,240,490	4,416,281	(6,669,789)	206,186	22,610	(9,501,145)	133,289,763
Profit/(loss) for the financial year												(1,663,272)	(1,663,272)
Other income statement components										(21,843)			(21,843)
<b>Comprehensive profit/(loss)</b>										(21,843)	-	(1,663,272)	(1,685,115)
Dividends							(2,452,708)						(2,452,708)
IRS derivatives provision													-
Purchase of treasury shares				(87,963)									(87,963)
2022 profit allocation							(9,501,145)					(9,501,145)	-
<b>Balance as of 30 June 2023</b>	4.1	22,770,445	5,000,000	(13,768,417)	29,741,389	86,743,750	2,286,638	4,416,281	(6,669,789)	184,343	22,610	(1,663,272)	129,063,977