

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 June 2022

13 September 2022 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

Half-year Report on Operations

Report on Operations: Summary

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Directors' Hal-year Report

Introduction

The 30 June 2022 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 period. All of the above standards and interpretations are referred to as "IAS/IFRS".

The 30 June 2022 condensed consolidated interim Financial Statements have been prepared under IAS 34 Interim Financial Reporting. The scope of consolidation as of 30 June 2022 includes, in addition to the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A., the subsidiaries Pharmatek PMC S.r.l and Euro Cosmetic S.p.A...

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 Euronext STAR Milan segment of Borsa Italiana, is an Italian independent Contract Development & Manufacturing Organisation (CDMO). It develops and manufactures contract products for the pharmaceutical and nutraceutical industries. Fine Foods Group is also active in the cosmetics, biocides and medical devices industries with its acquisition of Pharmatek-PMC and the most recent Euro Cosmetic acquisition.

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.

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. 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.

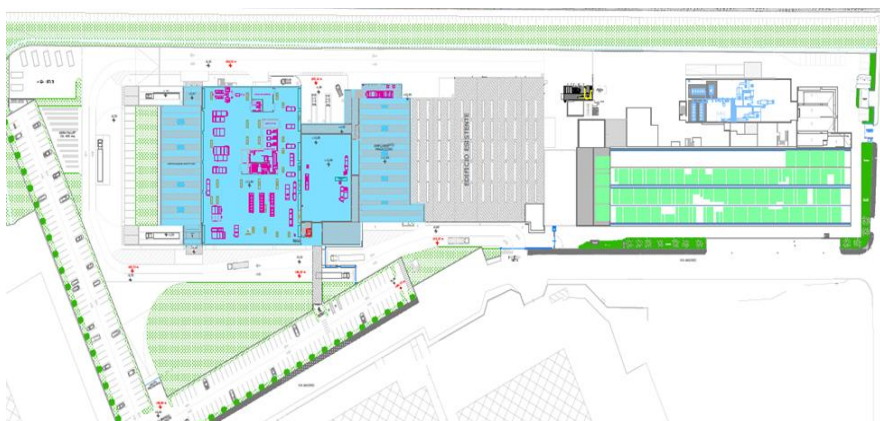
The following images show the Brembate plant from above.





The production of **nutraceuticals** is carried out at the Company's 45,600 sqm plant in Zingonia, Verdellino. The Zingonia - Verdellino plant produces 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. However, the Company has relationships with more than 100 highly loyal customers, including major Italian and multinational pharmaceutical and nutraceutical companies including Adare Pharmaceuticals, Aesculapius, Alfasigma, Alkaloid, Angelini, Aurobindo, Avon, Chiesi, Coop, Doc, Dompè, EG, Es Italia, Farma-Derma, Farmitalia, Fidifarm, Giuliani, Guna, Herbalife, IBSA, Italchimici, Italfarmaco, Krka, Menarini, Molteni, Novartis, Orion Corporation, Pensa, Pepsico, Perrigo, Pharma Line, Pharmanutra, Recordati, Sanofi, Società Prodotti Antibiotici, Sofar, Teva, UGA, Uni. Far.Co, Uriach, Vemedica, Vesale, Viatris, and Zentiva.

The following images show some of the Pharma and Food business units sample products:





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, dedusting, 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. The aim is to provide a central and standardised verification 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.

Verdellino-Zingonia plant:

- UNI EN ISO 13485: standard defining the regulatory requirements of a quality management system to produce medical devices. Scope: contract designing and manufacturing of invasive medical devices concerning body orifices for gastrointestinal and oral use on injured mucosa.
- FSSC 22000: is a certification scheme based on the ISO 22000 standard, which defines a food safety management system, integrated with the ISO/TS 22002-1 technical standard and FSSC 22000 additional requirements. Scope: production on behalf of third parties of food supplements and foods for special groups, in powder, granules, tablets and capsules. Plastic and poly laminate packaging.

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. In 2021 it became necessary to update the system following the new tax offences referred to in Article 25 quinquiesdecies and smuggling referred to in Article 25 sexiesdecies in Legislative Decree no. 231/2001. This updating included risk control for the offences referred to in the previous articles and a risk assessment review.

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) and has the following certifications:

- IFS HPC: certification scheme for suppliers and manufacturers of cosmetics, personal and household care products. Scope: production and packaging of oral hygiene products (e.g. mouthwash) and biocides used for human hygiene purposes.
- UNI EN ISO 9001: standard defining quality management system requirements. Scope: production of environmental and non-injured skin disinfectants and oral and skincare cosmetics.
- UNI EN ISO 13485: standard defining the regulatory requirements of a quality management system to produce medical devices. Scope: contract manufacturing, filling, and packaging of non-sterile medical devices in liquid form in single-dose, multi-dose, and tablets. Production and sale of non-sterile medical devices in effervescent tablets for cleaning orthodontic appliances. Managing instant ice production and sale.
- ICEA certification: Certification for developing, producing and selling products defined as Organic or Natural under the criteria and requirements set by the COSMOS standard.
- Certificate of conformity 205/CA/2019: this certification for organic cosmetics is a property of AIAB - Associazione Italiana per l'Agricoltura Biologica - and guarantees the adoption of a production methodology that involves the use of high-quality raw materials with a low environmental impact.
- Certificate of conformity 039/QV/2019: "Qualità Vegana" is a certification that aims to provide vegan consumers with information to make informed purchases.



The **Euro Cosmetic** subsidiary produces, markets, researches, and develops cosmetic products such as, but not limited to, liquid detergents for personal hygiene, skincare emulsions, oral hygiene, deodorants and alcohol-based perfumery under its own and third-party brands and the production of Surgical-Medical Aids.

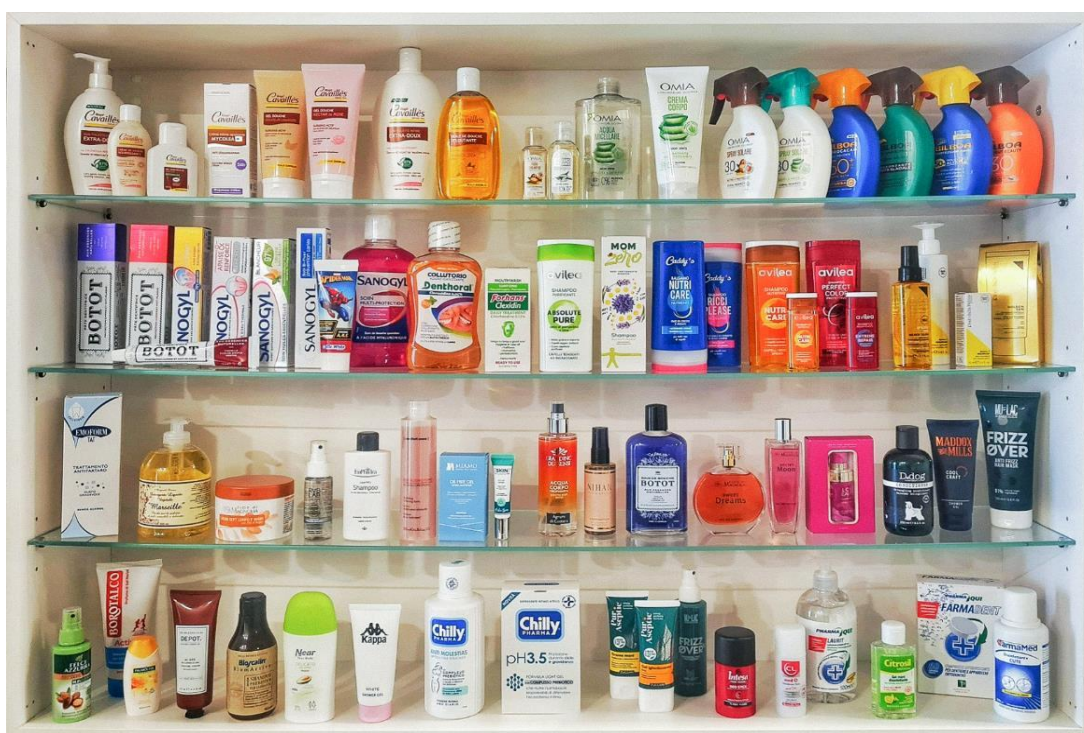
The Quality Management System within Euro Cosmetic is kept under control and constantly improves using internal and external audit programmes which verify the following:

- compliance with GMPc requirements (UNI EN ISO 22716);
- compliance with UNI EN ISO 9001 requirements - Ed. 2015;
- compliance with the requirements for the production of medical-surgical aids (Executive Decree n. 24/2020);
- compliance with the requirements agreed with customers in the Technical Specifications and Quality Agreements;
- compliance with IFS – HCP requirements;

- compliance with COSMOS Natural & Organic requirements;
- compliance with ECO BIO COSMESI requirements;
- compliance with ECO CERT- ORGANIC AND NATURAL COSMETICS requirements;
- RSPO SCCS (Roundtable on Sustainable Palm Oil – Supply Chain Certification Standard).



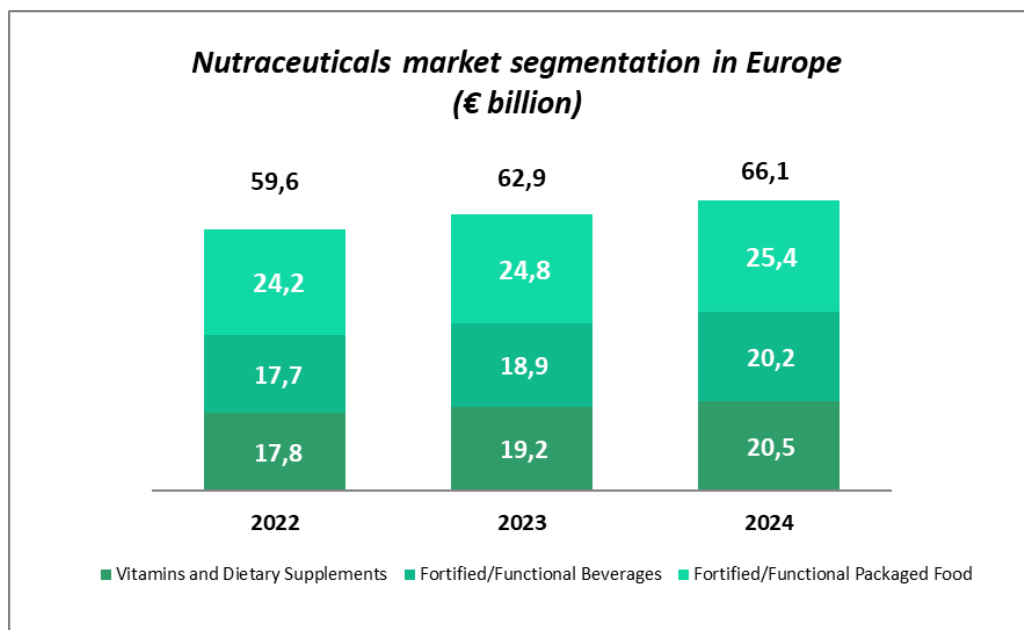
The image below shows some of the products of the Pharmatek and Euro Cosmetic subsidiaries, which comprise the Group's Cosmetics business unit:



Market development

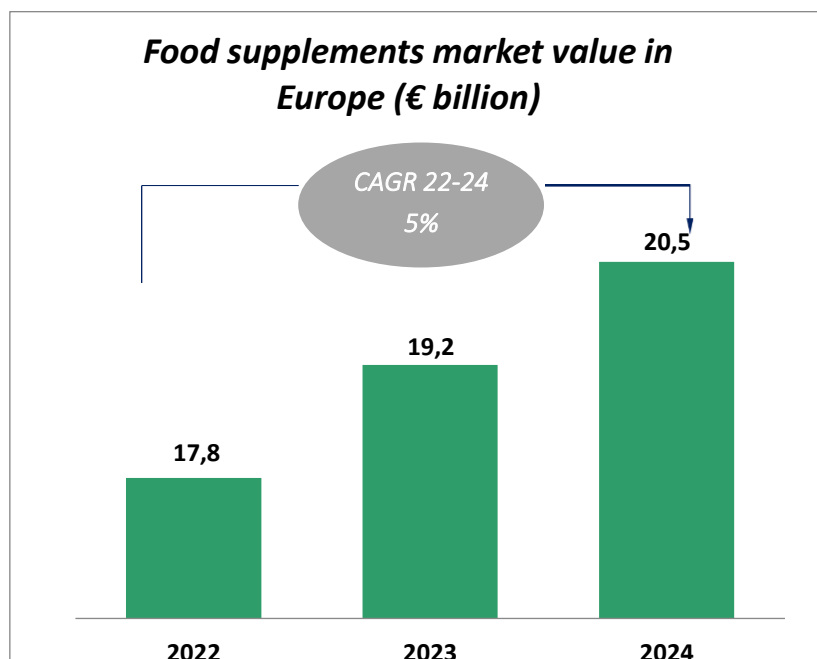
Fine Foods is one of the players in the European nutraceutical market and is focused on contract manufacturing of food supplements. The nutraceutical market is the Group's primary target market, and where 56.4% of revenue from customer contracts was recorded in H1 2022. Revenues for H1 2022 of the Food Business Unit were € 56,766,705, compared to € 73,863,745 as of 30 June 2021 -- with a decrease of 23.1%. 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 diagram below shows the forecasts for 2022, 2023 and 2024 for the Nutraceutical market, in terms of value, in Europe, divided into food supplements, functional drinks and foods.



Source: Company processing on Euromonitor International data

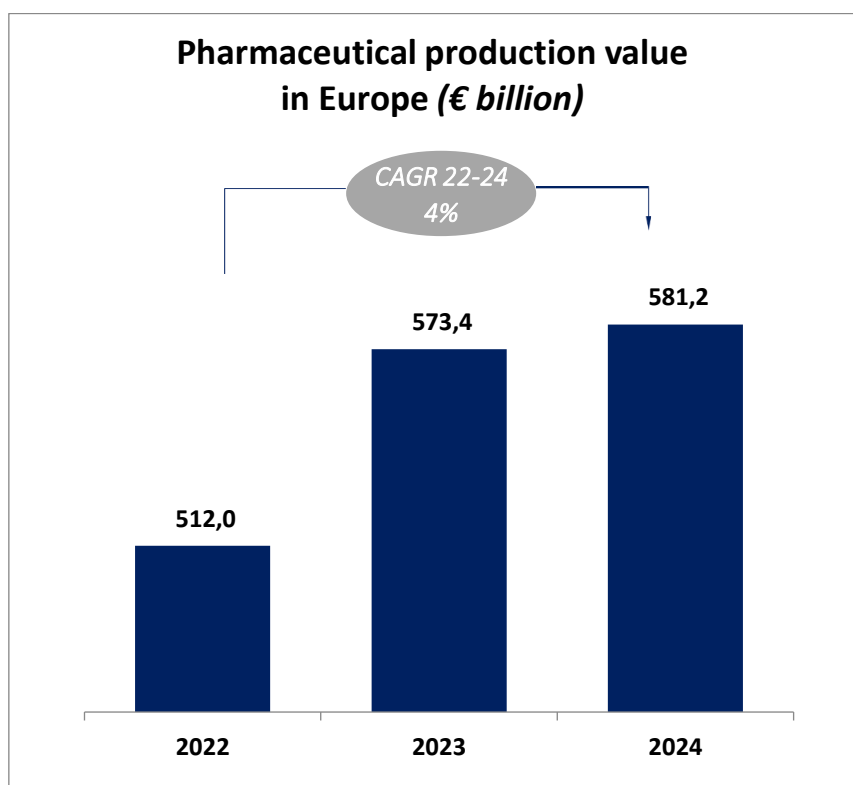
Within this market, the Issuer's target segment is the food supplements segment in Europe. The segment's expected value is estimated to grow from € 17.8 billion 2022 to € 20.5 billion in 2023, with a CAGR '22-'24 of 5%. Revenues generated by the Food Business Unit as of 30 June 2022 were € 56,766,705.



Source: Company processing on Euromonitor International data

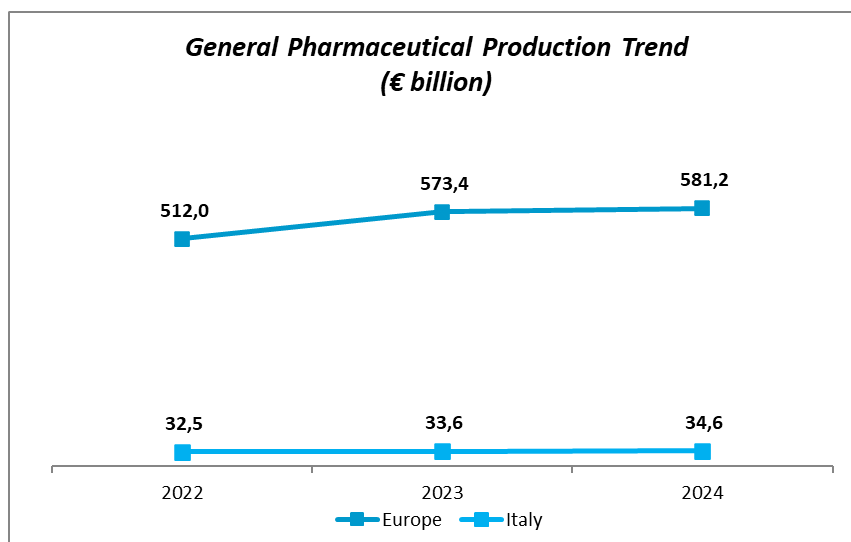
The Pharmaceutical market is the Group's second-largest market, where 25.7% of revenue from customer contracts was recorded in H1 2022. In H1 2022, the Company recorded revenues of € 25,825,493 in its Pharma Business Unit, compared to € 19,747,137 in H1 2021 - with a growth of 30.8%.

The diagram below shows the forecasts 2022, 2023 and 2024 for pharmaceutical production value in Europe. A CAGR '22-'23 of 4.3% was recorded for the relevant period.



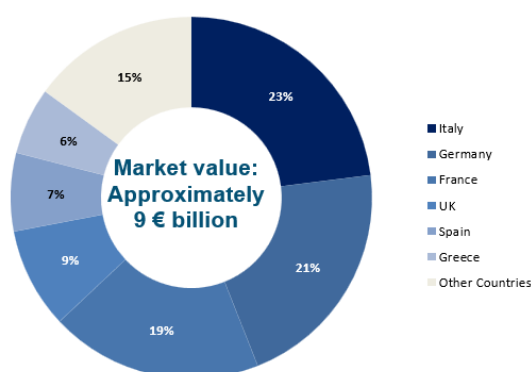
Source: Company processing on Euromonitor International data

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 '22-'24 of 4.3%. The diagram below shows the forecasts for the general pharmaceutical output trend by comparing Europe and Italy.



Source: Company processing on Euromonitor International data

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

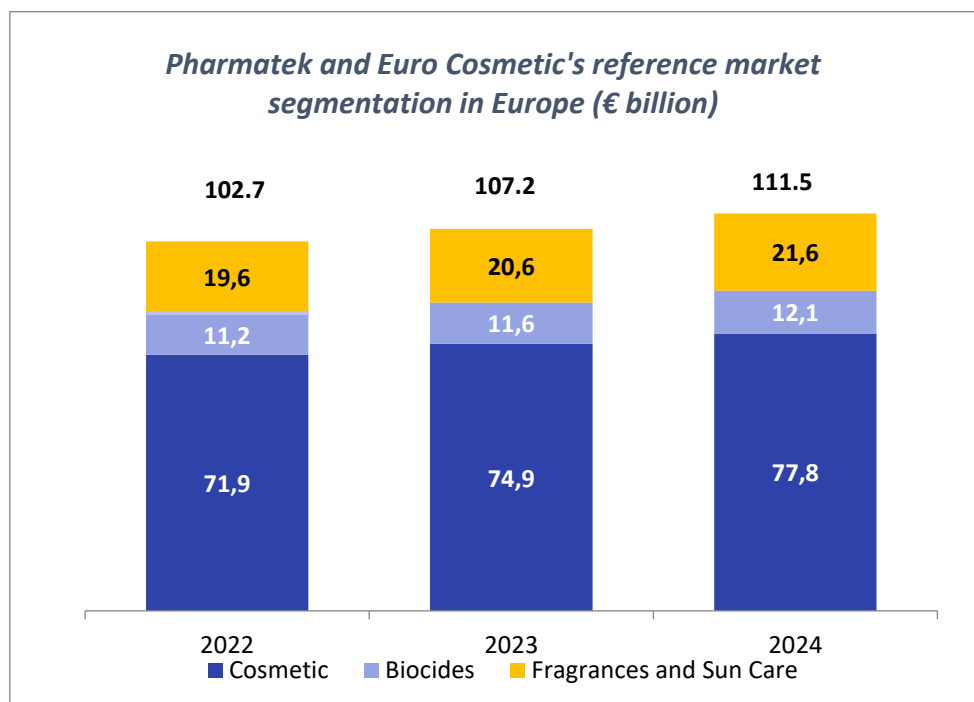


Source: Company processing on Prometeia data: Pharmaceutical CDMO: Prometeia - Farindustria 2020 survey.

The Group's third-largest market is where the two subsidiaries, Pharmatek and Euro Cosmetic, operate, where 17.9% of revenues from customer contracts were recorded in H1 2022, amounting to € 17,987,443, compared to € 6,047,511 as of 30 June 2021. Pharmatek revenues as of 30 June 2022 were € 5,368,227, while Euro Cosmetic revenues were € 12,619,215. Euro Cosmetic was acquired in October 2021. Therefore, revenues for the first half of 2021 refer to Pharmatek.

"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. "Fragrances" refers to Euromonitor's "Sun care" category.

The diagram below shows the European forecasts 2022, 2023 and 2024 for this market, in terms of value.



Source: Company processing on Euromonitor International data

The cosmetics market in Europe is expected to grow at a CAGR '22-'24 of 2.7%, up from the previous trend (CAGR '18-'20 of 1.1%). The European biocides market is expected to grow from around € 11.2 billion in 2022 to about € 12.1 billion in 2024, at a CAGR '22-'24 of 2.7%.

The expected CAGR '22-'24, for the fragrances and sunscreen market, is 3.3%, with an expected increase from € 19.6 billion in 2022 to € 21.6 billion in 2024.

Management Performance

Despite the economic and geopolitical environment, the first half of 2022 closed with a slight growth compared to the first half of 2021. Although recovering quarter after quarter, margins were affected by the market trend in raw and packaging materials and energy. The consolidation for H1 ending 30 June 2021 included the Parent Company Fine Foods and Pharmatek, while the consolidation for H1 ending 30 June 2022 included Euro Cosmetic in addition to the companies mentioned above.

Economic indicators for the year <i>(In thousands of Euro)</i>	30 June 2022	30 June 2021
Revenues	100,580	99,658
EBITDA	7,838	12,863
Operating profit (EBIT)	540	6,455
Profit/(loss) for the period	(6,036)	(6,467)

The table above provides an initial outline of the Group's financial performance as of 30 June 2022:

In summary, revenues increased compared to the previous half-year, despite the international economic and geopolitical situation, and reached € 100,579,641 (+1%). Part of this increase derived from the acquisition of Euro Cosmetic, which contributed revenues of € 12.6 million during the period. The Pharma and Cosmetics BUs revenues offset the drop in turnover of the Food BU. 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 gross operating result or EBITDA (€ 7,838,174 as of 30 June 2022) was negatively affected by the economic situation. This resulted 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%).

The operating result or EBIT (€ 540,105 as of 30 June 2022) decreased mainly due to the EBITDA decrease and the increase in depreciation and amortisation for the period.

Additionally, the negative change in the fair value of the securities portfolio held by the parent company (-€ 5.8 million in H1 2022) affected the result for the period. 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.

Fine Foods economic performance

The 30 June 2022 revenues of the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. were € 82,592,198, compared with € 93,610,882 of the previous year, decreasing by approximately 12%.

Revenues of the Food Business Unit in H1 2022 were € 56.8 million compared to € 73.9 million in the previous half-year. 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 Pharma Business Unit decreased due to the pandemic in 2021 and confirmed its recovery in turnover Q2 2022, reaching € 25.8 million in H1 2022. This represented a growth of 30.8% in H1 2022 compared to the same period of the previous year.

The gross operating result or EBITDA is negatively affected by the factors described above in the Group's financial performance, including increases in energy costs, difficulties in obtaining raw materials and packaging and related price increases.

The operating result or EBIT showed a decrease generated by the above reduction in EBITDA, higher amortisation and depreciation.

Pharmatek economic performance

Pharmatek's sales revenue decreased by 11% from € 6,047,511 as of 30 June 2021 to € 5,368,729 as of 30 June 2022. This decrease was due to interrupted business relations with some large-scale retail customers, with whom the Company had realised sales of medical-surgical aids during the Covid 19 pandemic. There was also a hailstorm which caused extensive damage to offices and industrial buildings, resulting in a temporary halt to production. EBITDA decreased significantly, from € 975,523 to a negative € 332,945. The gross operating result was negatively impacted by this revenue trend and an increase in personnel costs, mainly attributable to the termination of a company manager, for which a supplementary indemnity was recorded in the Income Statement. The operating result and the result for the period reflected the above events. The first half of 2022 closed with an operating loss of € 701,718.

Euro Cosmetic economic performance

Euro Cosmetic was included in the consolidation as of 01 October 2021; the figures in the interim consolidated Income Statement for 2021 do not include the subsidiary's results, while the Income Statement for the first half of 2022 includes them in full.

In the first half of 2022, Euro Cosmetic S.p.A recorded an increase in sales from € 11,644,100 as of 30 June 2021 to € 12,622,792 as of 30 June 2022 (+8%). EBITDA was € 1,046,144. The Euro Cosmetic S.p.A. Financial Statements as of 30 June 2022 closed with a profit of € 192,923.

Business outlook

After collapsing in 2020 and rebounding in 2021, the global economy will face several unknowns in 2022. The war between Russia and Ukraine continues to harm economic growth in the European Union, setting it on a path of lower growth and higher inflation than had been forecast at the beginning of 2022. Real GDP in the European Union is expected to grow by 2.7% in 2022 and 1.5% in 2023. These are significantly lower estimates than previously stated (4% in 2022 and 2.8% in 2023). Inflation in EU is expected to grow to 8.3% in 2022 (7.6% in the Euro area) and 4.6% in 2023 (4.3% in the Euro area).

This downward forecast is mainly attributable to the shocks triggered by the war in Ukraine, which directly and indirectly affect the EU economy. Rapidly rising energy and raw materials prices exacerbate global inflationary pressures, eroding household purchasing power and triggering a faster monetary policy response than previously assumed.

The EU economy remains vulnerable due to its over-reliance on Russian fossil fuels. Recent sanctions imposed by the EU on Russia add to the situation, risking leaving many countries without gas reserves, leading to an energy deficit. With prices approaching historic highs, energy inflation is on the rise.

Food inflation is rising, directly affecting household incomes. Due to these increases, consumer spending, supported by government measures and savings, will gradually slow down in the coming months. The export outlook is downward. International dynamics will lead to a marked slowdown in goods exports.

Risks to the growth outlook for economic activity and inflation depend heavily on the war. Further increases in gas prices could lead to stagflation. This would lead to a more pronounced tightening of financial conditions, weighing on growth and financial stability. Recent downward trends in oil and other raw material prices could intensify, leading to a faster than estimated inflation decline. COVID-19 is still a risk, given the increase in cases in many European countries and the impossibility of ruling out the situation worsening during winter. Although the pandemic impact on business has diminished over time, future containment measures and protracted labour shortages could dampen the economy in 2022. In Italy, to make further forecasts, it is necessary to wait for the new government to take office. Any new government will have a complex series of problems to face.

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

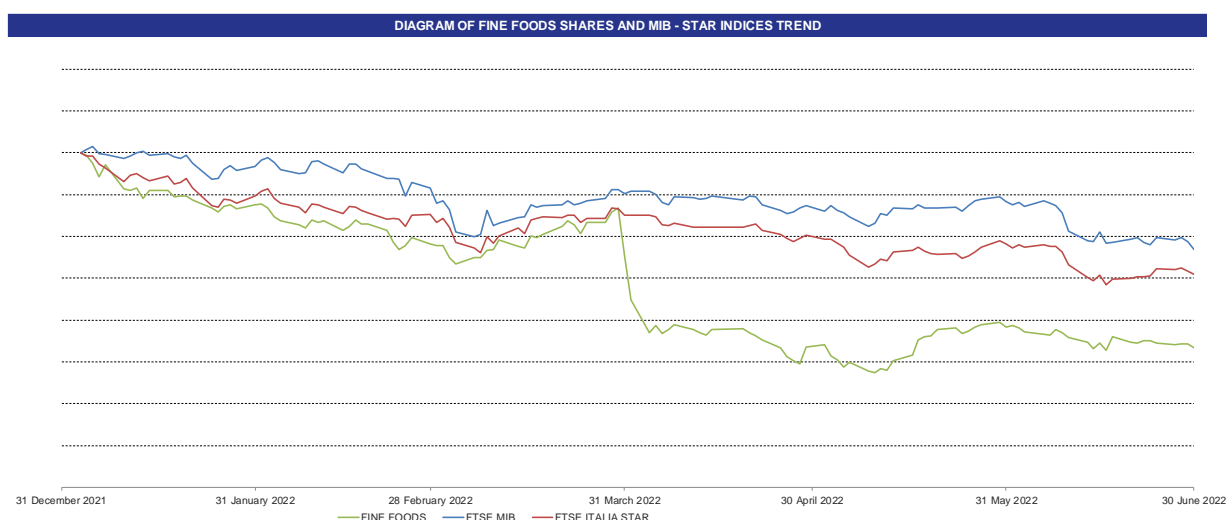
company applied for recognition by the relevant authorities of the 'White Certificates' resulting from the activation of the two co-generators.

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

As of 30 June 2022, the Fine Foods & Pharmaceuticals N.T.M. S.p.A. share was listed at € 8.31 per share, with a decrease of 46 percentage points than the listing as of 30 December 2021 (€ 15.40 per share).

Market capitalisation as of 30 June 2022 was € 212.4 million.

The diagram below shows the Fine Foods share performance compared with the leading stock market indices as of 30 June 2022:



The table below shows the main share and stock market data as of 30 June 2022.

Share and stock market data	as of 30 June 2022
First listing price (03/01/2022)	15.60
Maximum listing price	15.60
Minimum listing price	7.40
Last listing price (30/06/2022)	8.31
No. of listed outstanding shares	22,060,125
No. of unlisted outstanding shares	3,500,000
Total capitalisation	€ 212.4 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.

<i>Thousands of Euro</i>	30 June 2022	31 December 2021
A. Liquid assets	20,685	17,119
B. Cash or cash equivalents	-	
C. Other current financial assets	71,866	77,971
D. Liquidity (A) + (B) + (C)	92,551	95,090
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	16,547	58,836
F. Current portion of non-current financial debt	21,980	10,169
G. Current financial debt (E + F)	38,528	69,006
- <i>guaranteed</i>	-	-
- <i>secured by collateral</i>	4,953	4,943
- <i>not guaranteed</i>	33,575	64,062
H. Net current financial debt (G - D)	(54,024)	(26,084)
I. Non-current financial debt (excluding current portion and debt instruments)	92,845	38,435
J. Debt instruments	3,329	3,323
K. Trade payables and other non-current payables	-	-
L. Non-current financial debt (I + J + K)	96,175	41,758
- <i>guaranteed</i>	-	-
- <i>secured by collateral</i>	9,938	10,750
- <i>not guaranteed</i>	86,237	31,008
M. Total Financial Debt (H + L)	42,151	15,674

	30 June 2022	31 December 2021
Working capital		
Inventories	42,557,041	35,050,484
Trade receivables	41,763,020	29,433,391
Other current assets	8,714,178	11,976,309
Trade payables	(33,427,073)	(32,532,117)
Other current liabilities	(9,410,967)	(8,168,729)
Provisions for risks and charges / deferred taxes	(1,356,628)	(1,116,648)
Total working capital (A)	48,839,571	34,642,690
Fixed assets	30 June 2022	31 December 2021
Tangible fixed assets	104,633,860	102,886,510
Intangible assets and rights of use	24,441,880	24,654,016
Other receivables and non-current assets	3,604,389	3,719,434
Employee severance indemnities and other provisions	(2,495,252)	(3,010,691)
Total fixed assets (B)	130,184,877	128,249,269
Net Invested Capital (A) + (B)	179,024,447	162,891,959
Sources	30 June 2022	31 December 2021
Shareholders' equity	136,873,306	147,217,991
Net financial debt	42,151,142	15,673,968
Total Sources	179,024,447	162,891,959

Net invested capital as of 30 June 2022 amounted to € 179 million (€ 163 million as of 31 December 2021) and is covered by:

- Shareholders' equity of € 136.9 million (€ 147.2 million as of 31 December 2021): as of 30 June 2022, it was mainly impacted by the loss for the period and the Dividend distribution.
- 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, net 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.

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 improved due to the reduction of the VAT Receivable of € 3.7 million.

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 € 8.8 million and amortisation of approximately € 7.3 million.

Financial indicators

For the calculation of the DSO, DPO and DIO indices for FY 2021, given the interim acquisition of Euro Cosmetic, the Balance Sheet values relating to this company have been recalculated.

A factor of 180 days was used for DSO, DPO and DIO indices calculation for the first half of 2022.

Indicator	30 June 2022	31 December 2021	Calculation Method
Capital structure margin	7,797,566	19,677,464	Shareholders' equity - Property, plant and machinery - Other intangible assets - Rights of use
Asset ratio	1.1	1.2	Shareholders' equity/(Property, plant and machinery - Other intangible assets - Rights of use)
Liquidity margin	61,662,790	26,793,230	Total current assets - Inventories - Total current liabilities
Current ratio	1.8	1.2	(Total current assets - Inventories)/Total current liabilities
DSO	75	50	(Trade receivables/Sales revenues)*365
DPO	99	87	(Trade payables/Raw material purchase cost)*365
DIO	127	97	(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 June 2022	%	30 June 2021	%	Absolute change	% Changes
Revenues from contracts with customers	100,579,641	100%	99,658,393	100%	921,248	0.9%
Costs for consumption of raw materials, change in inventories of finished goods and work in progress.	(60,551,439)	(60.2%)	(59,681,680)	(59.9%)	(869,760)	1.5%
VALUE ADDED	40,028,201	39.8%	39,976,713	40.1%	51,488	0.1%
Other revenues and income	232,668	0.2%	149,924	0.2%	82,745	55.2%
Costs for services	(12,067,688)	(12.0%)	(9,153,877)	(9.2%)	(2,913,811)	31.8%
Personnel costs	(19,629,655)	(19.5%)	(17,431,308)	(17.5%)	(2,198,347)	12.6%
Other operating costs	(725,352)	(0.7%)	(678,691)	(0.7%)	(46,661)	6.9%
EBITDA	7,838,174	7.8%	12,862,760	12.9%	(5,024,586)	(39.1%)
ADJUSTED EBITDA	8,384,988	8.3%	13,135,506	13.2%	(4,750,518)	(36.2%)
Amortisation, depreciation, and impairment losses	(7,298,070)	(7.3%)	(6,407,581)	(6.4%)	(890,488)	13.9%
EBIT	540,104	0.5%	6,455,179	6.5%	(5,915,075)	(91.6%)
ADJUSTED EBIT	1,086,919	1.1%	6,727,925	6.8%	(5,641,006)	(83.8%)
Financial income	7,728	0%	23,059	0%	(15,331)	(66.5%)
Financial charges	(595,628)	(0.6%)	(366,322)	(0.4%)	(229,306)	62.6%
Changes in fair value of financial assets and liabilities	(5,845,820)	(5.8%)	(10,182,613)	(10.2%)	4,336,793	(42.6%)
INCOME BEFORE TAXES	(5,893,615)	(5.9%)	(4,070,697)	(4.1%)	(1,822,919)	44.8%
ADJUSTED INCOME BEFORE TAXES	(5,346,800)	(5.3%)	8,938,852	9%	(14,285,652)	(159.8%)
Income taxes	142,183	0.1%	2,396,222	2.4%	(2,254,039)	(94.1%)
Profit (loss) for the financial year	(6,035,798)	(6.0%)	(6,466,919)	(6.5%)	431,121	(6.7%)
ADJUSTED income/(loss)	(5,641,544)	(5.6%)	3,409,701	3.4%	(9,051,245)	(265.5%)

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 June 2022	30 June 2021
Revenues from contracts with customers	100,579,641	99,658,393
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	(60,551,439)	(59,681,680)
Value Added	40,028,201	39,976,713

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

	30 June 2022	30 June 2021
Profit/(loss) for the financial year (1)	(6,035,798)	(6,466,918)
Income taxes	(142,183)	2,396,222
Income before taxes (2)	(5,893,615)	(4,070,696)
Changes in fair value of financial assets and liabilities	5,845,820	10,182,613
Financial charges	595,628	366,322
Financial income	(7,728)	(23,059)
EBIT (3)	540,104	6,455,179
Amortisation	7,298,070	6,407,581
EBITDA (4)	7,838,174	12,862,760

Extraordinary and non-recurring items that have been adjusted during the period ended 30 June 2022 and 30 June 2021 are shown in the table below. For further details, please refer to what is reported below.

	30 June 2022	30 June 2021
Translating costs	-	272,746
Non-recurring income and charges attributable to Pharmatek	546,815	-
Total non-recurring income and charges (5)	546,815	272,746

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)	8,384,988	13,135,506
ADJ EBIT (3) + (5)	1,086,919	6,727,925
Income before taxes	(5,893,615)	(4,070,697)
Change in FV Warrants(6)	-	12,736,802
Non-recurring income and charges (5)	546,815	272,746
ADJ Income before taxes	(5,346,800)	8,938,852
Income taxes	(142,183)	(2,396,222)
tax effect on non-recurring income and charges (5) * 27.9% + (6) * 24%	(152,561)	(3,132,929)
ADJ income/(loss)	(5,641,544)	3,409,701

Before commenting on the Group's economic performance, please note the consolidation for H1 ending 30 June 2021 included the Parent Company Fine Foods and Pharmatek, while the consolidation for H1 ending 30 June 2022 included Euro Cosmetic in addition to the companies mentioned above.

Revenues from sales and services increased from € 99.7 million as of 30 June 2021 to € 100.6 million as of 30 June 2022, with an increase of approximately 1%, despite the international economic and geopolitical situation. This growth was attributable to the acquisition of Euro Cosmetic in the last quarter of 2021 (whose revenues were included in the Group's consolidation as of 30 June 2021), which generated € 12.6 million in H1 2022. The Pharma and Cosmetics BUs revenues offset the drop in turnover of the Food BU.

Raw material costs on sales revenues, of approximately 60.2%, is substantially in line with what was shown in the 2021 Half-year Financial Report (59.9%).

Cost for Services increased between H1 2022 and H1 2021 by € 2.9 million, mainly for Utilities expenses (+ € 1.9 million; incidence on turnover from 0.9% to 2.9%).

Personnel Costs were € 19.6 million, with an increase of € 2.2 million compared to the same period in FY 2021, attributable to the first-time consolidation of Euro Cosmetic and the strengthening of the organisational structure with a focus on indirect personnel.

As of 30 June 2022, EBITDA was € 7.8 million (7.8% Ebitda Margin), down from € 12.9 million in the previous year (12.3% Ebitda Margin). 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%).

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.

EBIT amounted to € 0.5 million compared to € 6.4 million as of 30 June 2021. The decrease in operating profit reflected the EBITDA decline and the 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 led to a Loss for the period in H1 2022 of € 6 million compared to a loss of € 6.5 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.

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

Non-recurring expenses attributable to Pharmatek were incurred in H1 2022. These included the hailstorm in May and the termination of a company manager for € 546,815.

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

Adjusted EBITDA amounted to € 8.4 million, down from € 13.1 million in the previous year. The revenue percentage decreased from 13% as of 30 June 2021 to 8.3% as of 30 June 2022. 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 Adjusted Income Before Taxes as of 30 June 2021 was presented net of the change in fair value of listed and unlisted warrants, for a total of € 12.7 million. The Adjusted Net Profit 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 to incorporate the taxation on the change in the fair value of the warrants specified in the reply to the question ("interpello") submitted by the Parent Company to the Inland Revenue Agency, received at the end of 2021.

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 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 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 2022, 29% of the Group's debt is due in less than one year (2021: 62.30%), 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 June 2022	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Bonds	6,645,713	3,316,345	3,329,367	-
Non-current bank borrowings	89,933,821	-	78,286,241	11,647,580
Current bank borrowings	34,499,000	34,499,000	-	-
Non-current lease payables	2,911,586	-	2,613,688	297,897
Current lease payables	712,238	712,238	-	-
Total financial liabilities	134,702,357	38,527,583	84,229,296	11,945,477

31 December 2021	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Bonds	6,633,052	3,310,176	3,322,876	-
Non-current bank borrowings	35,298,177	-	33,075,409	2,222,768
Current bank borrowings	64,920,523	64,920,523	-	-
Non-current lease payables	3,137,292	-	2,696,739	440,552
Current lease payables	774,991	774,991	-	-
Total financial liabilities	110,764,035	69,005,690	39,095,024	2,663,320

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 Fine Foods 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). The effects related to the pandemic continued into the 2021 financial year and it is estimated that they could continue into the first half of 2022,

after which the issue is expected to gradually recede. 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 57% on the top five customers as of 30 June 2022. 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.

Risk related to the shortage of raw and packaging materials.

The Group faces the risk of production delays due to the difficult availability of raw and packaging materials. This risk is further exacerbated by the current socio-political situation, with potential negative effects on the Group's business and economic and financial situation. The Group's business is characterised, in certain cases, by a limited substitutability of suppliers, particularly in the pharmaceutical sector.

Energy cost risk

The Group faces the risk of an increase in energy costs that, compared to the average of the last few years, have seen significant increases starting from the last months of 2021. A further risk factor is the strong volatility of prices in the energy market. This makes it difficult to provide reliable forecasts for setting energy prices by signing annual or multi-year contracts. Fine Foods is not an energy-intensive company. The impact of energy costs accounts for approximately one to two per cent of annual revenues. However, a significant increase in such costs could harm the Group's economic and financial position. To cope with the above risk, the Group adopted a policy of recharging increased energy costs. The Company continued optimising energy costs using co-generators, installing photovoltaic systems, and purchasing part of the energy requirements with forward contracts.

Risks related to the Russian-Ukrainian conflict

The Group faces the risk of cancelling or suspending orders for products exported to Russia, Ukraine and neighbouring areas due to the Russian-Ukrainian conflict. The potential loss of revenue resulting from this socio-political situation could harm the Group's economic and financial position.

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 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.

Risks related to the breach of the information system

The Group faces a risk of malicious actions, exacerbated by the current socio-political situation, on the information system that could impact its availability or integrity, with potential negative 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:

- During the first half of the year, the Group had more than 220 customers;
- The Group can count on 135 production lines located in the various plants;
- The Group produced more than 2,000 Stock-Keeping Units (SKUs) during the first half of the year;
- The Group employs more than 750 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 2022, 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 2023.

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 Group companies were 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, Trenzano 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 01 June 2022, version no. 17.

Following the first campaign of workplace investigations, the Pharmatek Risk Assessment Document (DVR) was updated on 30 June 2022 in version 02. Version 01 was issued on 27 April 2022 following the new organisation given by the Parent Company in the Health and Safety field.

The first version of the Euro Cosmetic Risk Assessment Document was filed at the Company's registered office and revised on 18 May 2022 in edition no. 26.

In June 2022, 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 2022, no accidents occurred at Fine Foods involving serious injuries to personnel enrolled in the employee register for which no company liability was ascertained.

In November 2020, April 2021, and November 2021, three occupational disease complaints were filed; in these cases, INAIL did not recognise these diseases and, consequently, the Parent Company was not found liable.

On 18 May 2022, an occupational disease complaint was filed by an operator. The Parent Company is still waiting for a reply from INAIL.

As for Pharmatek and Euro Cosmetic, 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. There are no cases of occupational disease.

During the 2021 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 2022, 1,414 training courses and seminars were held, for all levels, making 7,112 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	413	3,058
BREMBATE	962	2,868
Pharmatek (Cremosano)	17	290
Euro Cosmetic (Trenzano)	22	896
TOTAL	1,414	7,112

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 subsidiaries Pharmatek PMC S.r.l. and Euro Cosmetic S.p.A., 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 2022, the Parent Company distributed a dividend of € 0.16 per share to the holding company Eigenfin S.r.l. as per the shareholders' resolution approving the 2021 Financial Statements.

Related Party Relationships

On 30 March 2022, 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. Considering the new Fine Foods Group corporate structure after the acquisition of the Euro Cosmetic S.p.A. shareholding, it was appropriate to draft an amendment to the definition of "Transactions of Negligible Amount" and further formal amendments were made for a better understanding of the Procedure. This procedure is available on the Company's website (<https://www.finefoods.it/>).

During the first half of 2022, transactions between the Company and related parties identified under the provisions of international accounting standard IAS 24 included the remuneration of Directors, established under applicable regulations, based on assessments of mutual interest and economic benefit.

Treasury shares buyback programme

On 13 May 2022, 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 10 May 2022 Shareholders' Meeting.

The Programme will last 18 months after the 10 May 2022 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 30/06/2022:

	Number	Fees Euro
Initial balance	1,305,931	15,939,707
Purchased shares	86,264	748,815
Shares allocated free of charge		
Shares sold		
Shares cancelled due to excess capital		
Shares cancelled to cover losses		
Final balance	1,392,195	16,688,522

As of 13 September 2022, Fine Foods & Pharmaceuticals N.T.M. S.p.A. holds 1,013,476 treasury shares equal to 3.9651% of the share capital, at a weighted average price of € 11.9640, for a total value of € 12,125,240. The change compared to 30 June 2022 was the result of the purchases made in the period from 30 June to 13 September of € 6,281 shares and the 1 July 2022 free assignment of 385,000 treasury shares to the Group's top management following the execution of the 2018-2021 Stock Grant Plan approved by the Shareholders' Meeting of 14 December 2018.

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.

Parent Company shares/quotas

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 the Company.

Significant events in the first half of 2022

On 25 February 2022, Intesa Sanpaolo and Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("Fine Foods") have signed a € 70 million financing deal to support growth and development projects. Intesa Sanpaolo acted as the loan's sole financial *arranger*. The € 70 million seven-year loan will partly reorganise financial debt by replacing short-term credit lines with medium-long term debt. It will open the door to Fine Foods' further growth-by-acquisition plans. The loan provides for financial covenants based on the following indicators:

- NFP / EBITDA
- NFP / EQUITY
- EBITDA/Financial charges

Events following the end of the period

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).

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 2022

for the Board of Directors
Chairman

Marco Francesco Eigenmann

30 June 2022 condensed consolidated interim Financial Statements

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Interim consolidated income statement

<i>(amounts in € units)</i>	Notes	Half-year as of 30 June 2022	Half-year as of 30 June 2021
Revenues and income			
Revenues from contracts with customers	2.1	100,579,641	99,658,393
Other revenues and income	2.2	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.	2.3	60,551,439	59,681,680
Personnel costs	2.4	19,629,655	17,431,308
Costs for services	2.5	12,067,688	9,153,877
Other operating costs	2.6	725,352	678,691
Amortisation, depreciation, and impairment losses	2.7	7,298,070	6,407,581
Total operating costs		100,272,205	93,353,138
Changes in fair value of financial assets and liabilities	2.8	(5,845,820)	(10,182,613)
Financial income	2.9	7,728	23,059
Financial charges	2.10	(595,628)	(366,322)
Income before taxes		(5,893,615)	(4,070,697)
Income taxes	2.11	142,183	2,396,222
Profit/(loss) for the financial year		(6,035,798)	(6,466,919)

Interim consolidated comprehensive income statement

<i>(amounts in € units)</i>		Half-year as of 30 June 2022	Half-year as of 30 June 2021
Profit /(loss) for the financial year (A)	Notes	(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

		Half-year as of	Financial Statements as of
(amounts in € units)	Notes	30 June 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and machinery	3.1	104,633,860	102,886,510
Goodwill	3.2	15,907,954	15,907,954
Other intangible fixed assets	3.3	2,343,788	2,337,675
Rights of use	3.4	6,190,137	6,408,388
Other non-current assets	3.7	338,277	237,333
Deferred tax assets	3.5	3,266,112	3,482,100
Total non-current assets		132,680,129	131,259,960
Current assets			
Inventories	3.8	42,557,041	35,050,484
Trade receivables	3.9	41,763,020	29,433,391
Tax receivables	3.10	2,428,427	2,421,853
Other current assets	3.11	6,285,751	9,554,455
Current financial assets	3.12	71,866,416	77,971,110
Cash and other liquid assets	3.13	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	4.1	22,770,445	22,770,445
Other reserves	4.1	126,572,443	132,615,098
Employee benefit reserve	4.1	213,395	(71,012)
FTA reserve	4.1	(6,669,789)	(6,669,789)
Profits carried forward	4.1	22,610	-
Profit/(loss) for the financial year	4.1	(6,035,798)	(1,426,751)
Total Shareholders' Equity		136,873,306	147,217,991
Non-current liabilities			
Bonds	4.2	3,329,367	3,322,876
Non-current bank borrowings	4.3	89,933,821	35,298,177
Employee benefits	4.5	2,495,252	3,010,691
Provision for risks and charges	4.6	273,444	35,489
Provision for deferred taxes	3.6	1,083,185	1,081,159
Non-current lease payables	3.4	2,911,586	3,137,292
Total non-current liabilities		100,026,655	45,885,684
Current liabilities			
Bonds	4.2	3,316,345	3,310,176
Current bank borrowings	4.4	34,499,000	64,920,523
Trade payables	4.7	33,427,073	32,532,117
Taxes payable	4.8	5,536	5,536
Current lease payables	3.4	712,238	774,991
Other current liabilities	4.9	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	2.7	6,382,993	5,676,940
Amortisation and impairment of intangible fixed assets	2.7	443,964	423,286
Amortisation of rights of use	2.7	471,112	256,598
Other write-downs of fixed assets	2.7	-	14,155
Financial income	2.9	(7,728)	(23,059)
Financial charges	2.10	568,076	356,486
Changes in fair value of financial assets and liabilities	2.8	5,845,820	10,182,613
Financial charges on financial liabilities for leases	3.4	27,552	9,836
Income taxes	2.11	(27,953)	2,130,749
Personnel costs for stock grants	2.4	-	506,662
Gains on the disposal of property, plant and machinery	2.2	(37,826)	(66,680)
Current assets write-downs	3.8,3.9	662,594	393,164
Net change in severance indemnity and pension funds	4.5	(203,827)	(83,465)
Net change in provision for risks and charges	4.6	260,345	-
Net change in deferred tax assets and liabilities	3.5,3.6	177,915	265,473
Interest paid	2.10	(575,006)	(340,758)
Income taxes paid	2.11	-	(1,178,525)
Changes in net working capital:			
(Increase)/decrease in inventories	3.8	(7,991,340)	(5,281,116)
(Increase)/decrease in trade receivables	3.9	(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	4.7	898,346	(329,870)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(7,220,212)	(7,667,600)
Investments:			
Investments in tangible fixed assets	3.1	(8,198,109)	(4,461,539)
Disposal of tangible fixed assets	3.1	105,590	141,705
Investments in intangible fixed assets	3.3	(450,078)	(577,618)
Net (investments)/disposals in financial assets	3.12	258,874	4,051,764
Acquisition of Subsidiaries	3.2	-	(9,645,232)
NET CASH FLOWS FROM INVESTMENTS		(8,283,723)	(10,490,920)
Financing:			
New financing	4.3,4.4	71,680,229	26,430,000
Funding repayment	4.2,4.3,4.4	(47,453,448)	(1,232,881)
Principal payments - lease liabilities	3.4	(541,321)	(209,833)
Dividends paid to the parent company's shareholders	4.1	(3,866,869)	(3,205,727)
Share capital increase	4.1	-	168,560
Sale/(purchase) of treasury shares	4.1	(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

	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 2022	4.1	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)
Warrant exercise													-
2021 profit allocation							(1,449,361)				22,610	1,426,751	(3,866,869)
Balance as of 30 June 2022	4.1	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

1. Corporate information

The publication of the Fine Foods & Pharmaceuticals N.T.M. S.p.A. 30 June 2022 condensed consolidated interim Financial Statements was authorised by the Board of Directors on 13 September 2022.

Following the acquisitions of the subsidiaries Pharmatek PMC S.r.l. and Euro Cosmetic, which took place in 2021, there was an obligation to prepare consolidated Financial Statements and interim reports.

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

- Income Statement and Balance Sheet figures as of 30 June 2022 refer to the consolidation of the Fine Foods Group, which includes the subsidiaries Pharmatek and Euro Cosmetic.
- The comparative Balance Sheet as of 31 December 2021 refers to the Fine Foods consolidation, and in line with 30 June 2022 criteria.
- The comparative Income Statement as of 30 June 2021 includes the values of the Parent Company Fine Foods & Pharmaceuticals N.T.M. S.p.A. and its subsidiary Pharmatek PMC S.r.l.

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 Euronext STAR Milan segment of Borsa Italiana, is an Italian independent Contract Development & Manufacturing Organisation (CDMO). It develops and manufactures contract products for the pharmaceutical and nutraceutical industries. Fine Foods Group is also active in the biocides and medical devices industries with its acquisition of Pharmatek-PMC S.r.l. and the most recent Euro Cosmetic S.p.A. acquisition. 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.

1.1 Significant events during the period

On 25 February 2022, Intesa Sanpaolo and Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("Fine Foods") have signed a € 70 million financing deal to support growth and development projects. Intesa Sanpaolo acted as the loan's sole financial *arranger*. The € 70 million seven-year loan will partly reorganise financial debt by replacing short-term credit lines with medium-long term debt. It will open the door to Fine Foods' further growth-by-acquisition plans. The loan provides for financial covenants based on the following indicators:

- NFP / EBITDA
- NFP / EQUITY
- EBITDA/Financial charges

1.2 Current international crisis impact

The world economy is paying heavily for the war between Russia and Ukraine. It is a humanitarian disaster that has claimed thousands of lives and forced millions of people to leave their homes, creating an unprecedented migration flow, especially towards the European Union. This conflict, followed by heavy sanctions against Russia by major Western countries, triggered a cost-of-living crisis, which affected the world population. Combined with the post-pandemic difficulties, the war set the global economy on a path of slowing growth and rising inflation.

Rising inflation, primarily driven by sharp increases in energy, raw materials and food prices, is causing great hardship for the lowest income earners and serious food security risks in the poorest countries. This is what emerged from the OECD Economic Outlook of June 2022.

It predicted that World GDP will grow by 3% in 2022 and 2.8% in 2023. While these are positive numbers, they are well below the December 2021 forecasts. Before the war, the world economy was headed for a vigorous recovery, which the conflict in Ukraine and the resulting supply chain disruptions are dampening. This situation affects large economies and emerging markets, which continue to experience significant shortfalls in GDP compared to pre-pandemic and pre-war expectations. The EU economy is expected to grow by 2.7 % in 2022 and 2.3 % in 2023. This is a marked decline from the end-2021 forecasts (+4.0 % and +2.8 %, respectively) due to problems in the supply of raw materials and higher prices linked to the war between Russia and Ukraine. Inflation projections were revised significantly upwards, with an all-time high of 6.8% expected in 2022 before falling to 3.2% in 2023.

The Economic Outlook for the Italian situation forecasts GDP growth of 2.5% in 2022 and 1.2% in 2023. In Italy, the pandemic was kept under control through the containment measures adopted by the government. The efforts to stop the contagion were of little use

as the war between Russia and Ukraine broke out. This resulted in a decrease in supplies of raw materials. This decline is due to the climate of political instability caused by the war between Russia and Ukraine. While the US is not an active participant, it has many political and economic interests in the war. Core price inflation will increase from 4.4% in 2021 to 5.9% in 2022.

The Group's management expects H2 2022 sales to be impacted by the ongoing conflict between Russia and Ukraine due to a decline in product sales. This reduction involves products bought by Fine Foods customers for subsequent resale to crisis-affected countries in Eastern Europe. However, there are no business partners whose headquarters are in an at-risk area.

In addition to the continuing increase in energy costs, the margins for H2 2022 could be influenced by possible shortages in the supply of materials, some of which were already experienced at the end of H1 2022. This could result in production inefficiency.

The increase in raw material and packaging costs expected in 2022 could harm the Group's margins. However, negotiations with customers to revise the sales prices of finished products and recovery of higher energy costs were implemented and will continue throughout the next financial year.

The economic situation could influence the strategic and commercial choices of some of the Group's customers with a negative knock-on effect in sales volumes.

1.3 Form and content of the 30 June 2022 consolidated interim Financial Statements

1.3.1 Principles followed when preparing the Financial Statements

The 30 June 2022 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 2022 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 2021.

1.3.2 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 2021 Financial Statements to which reference is made, except for the adoption of the new standards and amendments effective from 1 January 2022. The Group has not adopted any new standards, interpretations or amendments early, which have been issued but are not effective.

For new standards or amendments to existing standards that apply from 1 January 2022, please note:

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

An onerous contract is when the non-discretionary costs necessary to fulfil the obligations undertaken are higher than the financial benefits that are supposed to be obtainable from the contract.

The amendment clarified that in determining whether a contract is onerous or generates a loss, an entity should consider costs directly related to the contract for the provision of goods or services that include incremental expenses and costs directly attributable to the contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly charged to the counterparty under the contract.

These amendments had no impact on the Group's condensed consolidated interim Financial Statements as there are no onerous contracts.

Reference to the Conceptual Framework - Amendments to IFRS 3

The amendments were intended to replace references to the Framework for the Preparation and Presentation of Financial Statements regarding the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the standard requirements.

The Board added an exception to the measurement principles of IFRS 3 to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall under IAS 37 or IFRIC 21 Levies if taken separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a current obligation existed at the acquisition date.

The amendment added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognisable assets at the acquisition date.

These amendments had no impact on the Group's condensed interim Financial Statements as no contingent assets, liabilities or contingent liabilities were recognised in the half-year for these amendments.

Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

The amendments prohibit entities from deducting from a property, plant and equipment cost any proceeds from the products sold in the period when that asset is brought to the location or made capable of operating in the manner intended by management. An entity recognises revenue from the products sale and related production costs in the Income Statement.

This amendment had no impact on the Group's condensed consolidated interim Financial Statements as there were no sales of such property, plant and equipment before they were put into operation before or after the beginning of the previous comparative period.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter

This amendment allows a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts accounted for by the parent, considering the parent's date of transition to IFRS. This amendment applies also to associates or joint ventures that elect to apply paragraph D16 (a) of IFRS 1.

This amendment had no impact on the Group's condensed consolidated interim Financial Statements as the Group is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment clarifies the fees that an entity includes when defining whether the terms and conditions of a new or modified financial liability are materially different from the original financial liability. These fees include only those paid or received between the debtor and lender, including fees paid or received by the debtor or lender on behalf of others. No such amendment was proposed for IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the Group's condensed consolidated interim Financial Statements as there were no changes in the Group's financial liabilities during the half-year.

IAS 41 Agriculture - Taxation in Fair Value Measurements

The amendment removes the requirements of IAS 41 in paragraph 22 relating to the exclusion of cash flows for taxes when measuring the fair value of an asset for IAS 41 purposes.

This amendment had no impact on the Group's condensed consolidated interim Financial Statements as the Group did not have any assets under IAS 41 at the date of the Financial Statements.

1.3.3 Consolidation standards

The condensed consolidated interim Financial Statements include the 30 June 2022 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.

1.3.4 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 31 December 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
Euro Cosmetic S.p.A.	100%	Trenzano (BS)	EUR	1,582,968

The ultimate Parent Company of Fine Foods & Pharmaceuticals N.T.M. S.p.A. is Eigenfin S.r.l., an unlisted company based in Italy.

1.3.5 Current/non-current classification

Assets and liabilities in the Group's Financial Statements are classified as current/non-current. An asset is current when:

- it is expected to be realised or held for sale or used as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be realised within 12 months after the end of the reporting period or
- consists of cash or cash equivalents unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- is expected to be settled as part of ordinary business activities;
- it is held primarily for trading purposes;
- it is expected to be settled within 12 months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The liability contractual terms that could result in its settlement, at the option of the counterparty, through the issue of equity instruments do not affect its classification.

The Group classifies other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

1.4 Summary of significant accounting policies

1.4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The acquisition cost is determined as the sum of the consideration transferred, measured at fair value at the acquisition date, and the amount of the minority shareholding in the acquired Company. For each business combination, the Group determines whether to measure the minority shareholding in the acquired Company at fair value or in proportion to the minority shareholding's share of the acquired Company's identifiable net assets. The acquisition costs are charged in the period and classified as administrative expenses. The Group determines that it has acquired a business when the integrated set of assets includes at least one production factor and one substantial process that contribute significantly to the ability to generate an output. The acquired process is considered material if it is critical to the ability to continue to generate an output and the received production factors include an organised workforce that has the necessary skills, knowledge or experience to perform that process or contributes significantly to the ability to create an output. This is considered unique or scarce or cannot be replaced without high cost, effort or delay to the ability to create an output. When the Group acquires a business, it classifies or designates the financial assets acquired or liabilities assumed under contractual terms, financial conditions and other relevant terms valid at the acquisition date. This includes testing whether an embedded derivative should be separated from the primary contract. The acquirer records any contingent consideration at fair value at the acquisition date. Contingent consideration classified as an asset is not remeasured and its subsequent payment is accounted with a balancing entry under equity. The change in fair value of contingent consideration classified as an asset or liability shall be recorded in Income Statement as a financial instrument within the IFRS 9 "Financial Instruments" scope. Contingent consideration that is not within the scope of IFRS 9 is measured at fair value at the Financial Statements date and changes in fair value are recorded in the Income Statement. 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 fair value of the net assets acquired exceeds the amount paid, the Group reassesses whether it has correctly identified all assets acquired and liabilities assumed and reviews the procedures used to determine the amounts to be recorded at the acquisition date. If the reassessment still results in a fair value of the net assets acquired higher than the amount paid, the difference (gain) is recorded in the 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.

When performing what above, the directors use complex assumptions and estimates which are subject to their judgement. The main assumptions underlying this concern:

- allocation of assets and liabilities book values to individual CGUs,
- forecasting future cash flows, for the explicit period of the Group's business,
- defining normalised cash flows underlying the estimate of the final value, and
- defining long-term growth rates and discount rates applied to future cash flow forecasts.

1.4.2 Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as property investments, 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 2022 and 31 December 2021.

30 June 2022	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	71,866,416	71,866,416	71,866,416		
Cash and other liquid assets	20,684,799	20,684,799	20,684,799		
Total financial assets	92,551,215	92,551,215	92,551,215		
Financial liabilities					
Other current financial liabilities (Warrants)	-	-			
Current bonds	3,316,345	3,316,345		3,316,345	
Non-current bonds	3,329,367	3,329,367		3,329,367	
Non-current bank borrowings	89,933,821	89,933,821		89,933,821	
Current bank borrowings	34,499,000	34,499,000		34,499,000	
Non-current lease payables	2,911,586	2,911,586		2,911,586	
Current lease payables	712,238	712,238		712,238	
Total financial liabilities	134,702,357	134,702,357	-	134,702,357	

31 December 2021	Total	Book value	Fair value Level 1	Fair value Level 2	Fair value level 3
Financial assets					
Current financial assets	77,971,110	77,971,110	77,971,110		
Cash and other liquid assets	17,118,957	17,118,957	17,118,957		
Total financial assets	95,090,067	95,090,067	95,090,067		
Financial liabilities					
Other current financial liabilities (Warrants)	-	-			
Current bonds	3,310,176	3,310,176		3,310,176	
Non-current bonds	3,322,876	3,322,876		3,322,876	
Non-current bank borrowings	35,298,177	35,298,177		35,298,177	
Current bank borrowings	64,920,523	64,920,523		64,920,523	
Non-current lease payables	3,137,292	3,137,292		3,137,292	
Current lease payables	774,991	774,991		774,991	
Total financial liabilities	110,764,035	110,764,035	-	110,764,035	-

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.
- Cosmetics sector: Pharmatek and Euro Cosmetic subsidiaries are engaged in contract manufacturing and trading of products ranging from cosmetics (hair care, skin care, liquid detergents for personal hygiene, skin care emulsions, oral hygiene, deodorants and alcohol-based perfumery) to medical surgical aids and medical devices.

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 2022	Food	Pharma	Cosmetics	Total sectors
Revenues and income				
Revenues from contracts with customers	56,766,705	25,825,493	17,987,443	100,579,641
Other revenues and income	24,562	16,687	191,420	232,668
Total revenues	56,791,267	25,842,180	18,178,862	100,812,309
Operating costs				
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	38,330,540	11,591,109	10,629,791	60,551,439
Personnel costs	8,567,201	7,062,625	3,999,829	19,629,655
Costs for services	5,791,581	3,528,517	2,747,590	12,067,688
Other operating costs	393,862	243,038	88,453	725,352
Amortisation, depreciation, and impairment losses	3,254,795	2,914,478	1,128,796	7,298,070
Total operating costs	56,337,978	25,339,767	18,594,459	100,272,205
OPERATING RESULT	453,288	502,413	(415,597)	540,104

30 June 2021	Food	Pharma	Cosmetics	Total sectors
Revenues and income				
Revenues from contracts with customers	73,863,745	19,747,137	6,047,511	99,658,393
Other revenues and income	50,127	24,148	75,648	149,924
Total revenues	73,913,873	19,771,285	6,123,159	99,808,317
Operating costs				
Costs for consumption of raw materials, change in inventories of finished goods and work in progress	48,654,774	8,128,496	2,898,409	59,681,680
Personnel costs	9,657,395	6,485,372	1,288,541	17,431,308
Costs for services	5,353,622	2,880,715	919,540	9,153,877
Other operating costs	443,434	194,112	41,146	678,691
Amortisation, depreciation, and impairment losses	3,083,884	2,962,602	361,095	6,407,581
Total operating costs	67,193,110	20,651,297	5,508,731	93,353,138
OPERATING RESULT	6,720,763	(880,012)	614,428	6,455,179

30 June 2022					
	Food	Pharma	Cosmetics	Non-sector	Total
Assets					
Non-current assets					
Property, plant and machinery	53,371,099	40,108,778	11,153,983	-	104,633,860
Goodwill			15,907,954		15,907,954
Other intangible fixed assets	827,106	659,666	857,017		2,343,788
Rights of use	212,781	56,304	5,921,053		6,190,137
Non-current financial assets					
Other non-current assets				338,277	338,277
Deferred tax assets				3,266,112	3,266,112
Total non-current assets	54,410,986	40,824,748	33,840,006	3,604,389	132,680,129
Current assets					
Inventories	23,178,797	10,723,649	8,654,595		42,557,041
Trade receivables	18,773,769	13,323,891	9,665,358		41,763,019
Tax receivables				2,428,427	2,428,427
Other current assets	986,894	172,117	200,876	4,925,863	6,285,751
Current financial assets				71,866,416	71,866,416
Cash and other liquid assets				20,684,799	20,684,799
Total current assets	42,939,461	24,219,658	18,520,828	99,905,506	185,585,453
Total assets	97,350,447	65,044,406	52,360,835	103,509,895	318,265,583
Shareholders' equity					
Share Capital				22,770,445	22,770,445
Other reserves				126,572,443	126,572,443
Employee benefit reserve				213,395	213,395
FTA reserve				(6,669,789)	(6,669,789)
Profits carried forward				22,610	22,610
Profit/(loss) for the financial year				(6,035,798)	(6,035,798)
Total Shareholders' Equity	-	-	-	136,873,305	136,873,305
Bonds				3,329,367	3,329,367
Non-current bank borrowings				89,933,821	89,933,821
Employee benefits	532,032	336,875	1,626,345		2,495,252
Provision for risks and charges			273,444		273,444
Provision for deferred taxes				1,083,185	1,083,185
Non-current lease payables	113,503	30,034	2,768,049		2,911,586
Other non-current financial liabilities					-
Total non-current liabilities	645,535	366,909	4,667,837	94,346,373	100,026,655
Current liabilities					
Bonds				3,316,345	3,316,345
Current bank borrowings				34,499,000	34,499,000
Trade payables	14,770,658	8,218,994	10,437,421		33,427,073
Taxes payable				5,536	5,536
Current lease payables	101,830	26,945	583,463		712,238
Other current financial liabilities					-
Other current liabilities	3,640,406	3,045,249	1,858,286	861,490	9,405,431
Total current liabilities	18,512,893	11,291,189	12,879,170	38,682,371	81,365,623
Total Shareholders' equity and Liabilities	19,158,429	11,658,098	17,547,007	269,902,049	318,265,583

31 December 2021					
	Food	Pharma	Cosmetics	Non-sector	Total
Assets					
Non-current assets					
Property, plant and machinery	51,849,961	42,139,301	8,897,248	-	102,886,510
Goodwill	-	-	15,907,954	-	15,907,954
Other intangible fixed assets	993,600	480,584	1,292,992	-	2,767,176
Rights of use	201,407	69,232	5,708,248	-	5,978,887
Non-current financial assets	-	-	-	-	-
Other non-current assets	-	-	-	237,333	237,333
Deferred tax assets	-	-	-	3,482,100	3,482,100
Total non-current assets	53,044,967	42,689,117	31,806,442	3,719,434	131,259,960
Current assets					
Inventories	21,300,735	7,459,370	6,290,379	-	35,050,484
Trade receivables	12,428,084	9,416,495	7,588,812	-	29,433,391
Tax receivables	-	-	-	2,421,853	2,421,853
Other current assets	532,633	60,787	349,934	8,611,102	9,554,455
Current financial assets	-	-	-	77,971,110	77,971,110
Cash and other liquid assets	-	-	-	17,118,957	17,118,957
Total current assets	34,261,451	16,936,652	14,229,125	106,123,022	171,550,251
Total assets	87,306,419	59,625,769	46,035,568	109,842,456	302,810,211
Shareholders' equity					
Share Capital	-	-	-	22,770,445	22,770,445
Other reserves	-	-	-	132,615,098	132,615,098
Employee benefit reserve	-	-	-	(71,012)	(71,012)
FTA reserve	-	-	-	(6,669,789)	(6,669,789)
Profits carried forward	-	-	-	-	-
Profit/(loss) for the financial year	-	-	-	(1,426,751)	(1,426,751)
Total Shareholders' Equity	-	-	-	147,217,991	147,217,991
Non-current liabilities					
Bonds	-	-	-	3,322,876	3,322,876
Non-current bank borrowings	-	-	-	35,298,177	35,298,177
Employee benefits	682,148	343,879	1,984,665	-	3,010,691
Provisions for risks and charges	-	-	35,489	-	35,489
Provision for deferred taxes	-	-	-	1,081,159	1,081,159
Non-current lease payables	107,182	36,843	2,993,266	-	3,137,292
Other non-current financial liabilities	-	-	-	-	-
Total non-current liabilities	789,330	380,722	5,013,419	39,702,212	45,885,684
Current liabilities					
Bonds	-	-	-	3,310,176	3,310,176
Current bank borrowings	-	-	-	64,920,523	64,920,523
Trade payables	17,377,775	6,328,085	8,826,257	-	32,532,117
Taxes payable	-	-	-	5,536	5,536
Current lease payables	96,327	33,112	645,552	-	774,991
Other current financial liabilities	-	-	-	-	-
Other current liabilities	3,163,335	2,364,031	1,650,280	985,546	8,163,193
Total current liabilities	20,637,438	8,725,228	11,122,089	69,221,782	109,706,536
Total Shareholders' equity and Liabilities	21,426,767	9,105,951	16,135,508	256,141,985	302,810,211

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 2022, cumulatively accounting for approximately 57% of the turnover, compared to 75% reported on 30/6/2021.

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%.

	30 June 2022	31 December 2021
Interest-bearing loans and borrowings other than convertible preferred shares	124,432,821	100,218,701
Bonds payable	6,645,713	6,633,052
Payables from derivative instruments - warrants		-
Lease payables	3,623,823	3,912,283
Less: liquid assets and short-term deposits	(20,684,799)	(17,118,957)
Less: current financial assets	(71,866,416)	(77,971,110)
Net debt	42,151,142	15,673,968
Shareholders' equity	136,873,306	147,217,991
Equity and net debt	179,024,447	162,891,959
Gearing ratio	24%	10%

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 2022, 29% of the Company's debt is due in less than one year (31 December 2021: 62.3%), 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 June 2022	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Bonds	6,645,713	3,316,345	3,329,367	-
Non-current bank borrowings	89,933,821	-	78,286,241	11,647,580
Current bank borrowings	34,499,000	34,499,000	-	-
Non-current lease payables	2,911,586	-	2,613,688	297,897
Current lease payables	712,238	712,238	-	-
Total financial liabilities	134,702,357	38,527,583	84,229,296	11,945,477

31 December 2021	Total	1 to 12 months	1 to 5 years	> 5 years
Financial liabilities				
Bonds	6,633,052	3,310,176	3,322,876	-
Non-current bank borrowings	35,298,177	-	33,075,409	2,222,768
Current bank borrowings	64,920,523	64,920,523	-	-
Non-current lease payables	3,137,292	-	2,696,739	440,552
Current lease payables	774,991	774,991	-	-
Total financial liabilities	110,764,035	69,005,690	39,095,024	2,663,320

INCOME STATEMENT

2.1 Revenues from contracts with customers

Revenues as of 30 June 2022 were € 100,579,641, compared to € 99,658,393 in the first half of the previous year, with an increase of 0.9%.

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

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Business Unit – Food	56,766,705	73,863,745
Business Unit – Pharma	25,825,493	19,747,137
Business Unit – Cosmetics	17,987,443	6,047,511
Total Revenues from contracts with customers	100,579,641	99,658,393

Despite the decrease compared to the previous half-year, the Food sector turnover still represents the majority (56.4%) of the Group's turnover. The Pharma sector grew significantly in 2022, with an increase of 31% compared to 30 June 2021. The higher turnover of the Cosmetics Business Unit in H1 2022 compared to 2021 resulted from the Euro Cosmetic consolidation.

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. This did not effect the Income Statement subtotal Total revenue or other Income Statement items.

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Italian Revenues	54,836,531	35,847,308
Foreign Revenues	45,743,110	63,811,085
Total Revenues from contracts with customers	100,579,641	99,658,393

In contrast to the previous year, the Group's revenue in H1 2022 was attributable to sales in Italy; in 2022, the Group's sales abroad accounted for 45% of the total, compared to 64% in the previous period.

2.2 Other revenues and income

As of 30 June 2022, the Group's other income was € 232,668 compared to € 149,924 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Insurance Reimbursements	72,670	8,682
Other revenues and income	59,050	-
Capital gains	38,762	101,201
Write-down adjustments to receivables and liquid assets	58,819	37,641
Allowances and rounding up	3,368	2,400
Total other revenues and income	232,668	149,924

Other revenues and income mainly included grants received as tax credits.

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

As of 30 June 2022, the cost of raw materials and consumables, net of change in inventories, was € 60,551,439 compared to € 59,681,680 in the previous year, with an increase of 1.5%. The impact of costs of purchasing materials on revenues from customer contracts (60.2%) is almost in line with the value recorded at the end of the first half of 2021 (59.9%).

A breakdown is provided below:

(Amounts in Euro units)	30 June 2022	30 June 2021
Goods on purchase account	66,763,235	63,293,907
Raw materials, ancillary materials, and consumables	1,286,943	1,405,320
Change in inventories of raw materials, ancillary materials, consumables, and goods	(7,878,270)	(2,699,106)
Change in inventories of finished goods and work in progress	379,530	(2,318,441)
Total costs for consumption of raw materials, change in inventories of finished goods and work in progress	60,551,439	59,681,680

2.4 Personnel costs

As of 30 June 2022, the Group's personnel costs were € 19,629,655 compared to € 17,431,308 in the previous year, with an increase of 12.6%. This is detailed below:

(Amounts in Euro units)	30 June 2022	30 June 2021
Wages and salaries	13,368,690	11,194,328
Social security contributions	4,282,901	3,627,210
Severance indemnity	895,976	720,955
Stock Grant		506,662
Temporary employment	1,082,087	1,382,153
Total personnel costs	19,629,655	17,431,308

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 ended on 31 December 2021, while the allocation took place in July 2022.

2.5 Costs for services

As of 30 June 2022, the Group's service costs were € 12,067,688 compared to € 9,153,877 in the previous year, with an increase of 32%. A breakdown is provided below:

(Amounts in Euro units)	30 June 2022	30 June 2021
External and ecological analyses	373,820	193,899
Insurance	504,225	295,243
Electronic Data Processing fees	281,178	227,195
Bank fees	189,253	163,388
Statutory auditors and directors remuneration	739,731	896,595
Rental, lease and miscellaneous costs	444,727	266,866
Trade fair and advertising costs	162,136	87,329
Costs for processing goods on behalf of third parties	484,843	464,794
Ordinary maintenance costs	1,432,889	1,818,841
Cleaning, pest control and surveillance costs	734,458	654,343
Transport, fuel and tolls costs	796,241	460,877
Temporary employment	175,356	204,412
Sales commissions	154,441	129,936
Qualifications and Calibration	104,386	123,545
Waste, effluent and solid waste disposal	619,668	432,171

Consultancy costs	1,320,411	1,289,146
Ticket	369,899	313,035
Various utilities	2,866,917	929,009
Other costs	313,109	203,254
Total service costs	12,067,688	9,153,877

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." Compared to the comparative period, the item increase was affected by the entry of Euro Cosmetic into the consolidation (€ 1.8 million) and the higher costs attributable to the energy that Fine Foods and Pharmatek incurred in the half-year.

2.6 Other operating costs

Other operating costs as of 30 June 2022 were € 725,352 compared to € 678,691 in the previous year.

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Duties and taxes	265,148	305,316
Bad debt provision	160,677	109,215
Contingency liabilities	13,025	1,933
Capital losses from dismissal of assets	936	34,521
Membership Fees	145,402	98,723
Entertainment costs and gifts	11,413	4,849
Waste and reclamation costs	1,800	-
Costs for certifications, endorsements and Chamber of Commerce fees	19,461	18,921
Penalties and indemnities	12,510	41,388
Other operating costs	94,982	63,825
Total other operating costs	725,352	678,691

2.7 Amortisation, depreciation, and impairment losses

As of 30 June 2022, the Group's depreciation, amortisation and impairment losses were € 7,298,070 compared to € 6,407,581 in the previous year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Depreciation of tangible assets	6,382,993	5,676,940
Amortisation of intangible assets	443,964	423,286
Amortisation of rights of use	471,112	256,598
Intangible Fixed Assets Write-downs		50,757
Total amortisation, depreciation, and impairment losses	7,298,070	6,407,581

The increase in depreciation and amortisation was attributable to the entry of Euro Cosmetic into the consolidation.

2.8 Changes in Fair Value on financial assets and liabilities

As of 30 June 2022, changes in the fair value of financial assets and liabilities showed a negative balance of € 5,845,820 compared to a negative balance of € 10,182,613 in the previous financial year. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	30 June 2021
Change in fair value of other securities	(5,845,820)	2,554,189
Change in fair value of warrants	-	(12,736,802)
Total changes in Fair Value on financial assets and liabilities	(5,845,820)	(10,182,613)

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 2022, the Group's financial income was € 7,728 compared to € 23,059 in the previous year. This is detailed below:

(Amounts in Euro units)	30 June 2022	30 June 2021
Foreign exchange gains	1,336	23,042
Bank interest income	6,392	17
Total financial income	7,728	23,059

2.10 Financial charges

As of 30 June 2022, the Group's financial charges were € 595,628 compared to € 366,322 in the previous year. This is detailed below:

(Amounts in Euro units)	30 June 2022	30 June 2021
Interest expenses on bonds	82,609	130,213
Interest expenses on financing and bank loans	278,013	111,321
Interest expenses on bank accounts	114,541	83,387
Foreign exchange losses	80,020	29,060
Financial charges on severance indemnity discounting	12,893	2,505
Interest on financial liabilities for lease	27,552	9,836
Total financial liabilities	595,628	366,322

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 2022 was € 142,183 compared to € 2,396,222 in the previous year.

(Amounts in Euro units)	30 June 2022	30 June 2021
Current taxes	(27,953)	2,130,749
Deferred tax assets and liabilities	177,915	265,473
Taxes from previous years	(7,779)	-
Total income tax	142,183	2,396,222

Considering the financial results of the companies included in the consolidation as of 30 June 2022, no current taxes were allocated; the negative value represented the tax benefit for the period.

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 2022 was € 104,633,861 compared to € 102,886,512 as of 31 December 2021. 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 2022	66,704,077	114,131,429	11,779,564	9,320,503	4,357,327	206,292,900
Increases	311,020	2,215,293	341,502	404,052	5,034,506	8,306,372
Decreases	(92,950)	(19,454)	(21,700)	(184,230)	-	(318,334)
Reclassifications	174,125	3,390,296	92,032	6,269	(3,662,722)	-
Other changes	-	-	-	-	(139,167)	(139,167)
Historical cost - 30 June 2022	67,096,272	119,717,564	12,191,398	9,546,594	5,589,944	214,141,772
Accumulated depreciation - 01 January 2022	21,464,211	66,029,610	9,526,680	6,385,887	-	103,406,388
Increases	1,137,719	4,190,798	525,966	528,510	-	6,382,993
Decreases	(92,949)	(19,454)	(21,700)	(147,367)	-	(281,470)
Reclassifications	-	-	-	-	-	-
Accumulated depreciation - 30 June 2022	22,508,981	70,200,954	10,030,946	6,767,030	-	109,507,911
Net book value - 01 January 2022	45,239,866	48,101,818	2,252,884	2,934,617	4,357,327	102,886,512
Net book value - 30 June 2022	44,587,290	49,516,609	2,160,452	2,779,565	5,589,944	104,633,861

The primary investments made during the period related to advances to suppliers for purchasing plant and machinery; a large portion of these assets under construction was reclassified as assets.

3.2 Goodwill

The net book value of goodwill as of 30 June 2022 was € 15,907,954.

There were no changes compared to 31 December 2021.

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Segment reporting: Cosmetics		
Pharmatek Goodwill	7,044,809	7,044,809
Euro Cosmetic Goodwill (*)	8,863,145	8,863,145
Total Goodwill	15,907,954	15,907,954

(*) Goodwill was recognised as a result of the Purchase Price Allocation (PPA) arising from the acquisition that took place in October 2021 and was provisional at the date of preparation of this report. For further details, please refer to the 31 December 2021 Annual Financial Report, where the relevant information is specified.

As required by the international accounting standard IAS 36, the Group performs an impairment test at least once a year and in circumstances where an impairment indicator becomes apparent. Among the various impairment indicators, the Group primarily considers the relationship between its market capitalisation and Shareholders' equity, which showed no impairment indicators as of 30 June 2022. During H1 2022, the macroeconomic scenario showed considerable uncertainties, primarily related to the trend in the prices of electricity, gas and oil-derivative products, which generated a generalised increase in the inflation rate; the main central banks promptly moved to increase interest rates, which in turn affected bank interest rates. The current geopolitical environment, coupled with these macroeconomic factors, shows a high level of uncertainty stemming from the continuing conflict between Russia and Ukraine with the consequent impacts on supply chains.

Considering the above, together with the performance of the CGUs in H1 2022, the directors performed impairment tests on the Pharmatek and Euro Cosmetic CGUs, incorporating the most recent closing estimates for 2022 in the plans approved by the Board of Directors on 30 March 2022 and revised the plans for 2023 and 2024 based on the new inflationary dynamics. These business plans and the impairment tests were approved by the Parent Company's Board of Directors at its 13 September 2022 meeting.

The recoverable amount of the individual Cash Generating Units (Pharmatek and Euro Cosmetic) was determined by discounting their expected cash flows (using the Discounted Cash Flow Model - DCF) and comparing them with the related Net Invested Capital. The main assumptions used to determine the value-in-use of the different CGUs are related to the cash flows deriving from the business plans, the discount rate and the long-term growth rate.

Together with this revision of the plans, the WACC calculation was updated by incorporating the most recent data. The discount rate (WACC) is 8.52% (8.07% as of 31 December 2021) and reflects the current market situation, current cost of money and implicit business risks.

The cash flows for the years not included in the plan's implicit period were defined using a growth rate of 2% (1.3% as of 31 December 2021).

The impairment test confirmed that the recoverable value of the CGUs was higher than their respective book values.

A sensitivity analysis was carried out, concerning:

- Increase in WACC of 1%
- Decrease in the growth rate of 0.5%

Euro Cosmetic CGU, with the same g rate and the WACC at 9.52%, showed a need for an asset impairment of € 1.2 million. With the WACC at 9.52% and the g rate at 1.5%, the impairment would increase to € 2.9 million.

Pharmatek CGU, with the same g rate and the WACC at 9.52%, showed a need for an asset impairment of € 1.3 million. With the WACC at 9.52% and the g rate at 1.5%, the impairment would rise to € 2.2 million.

3.3 Other intangible fixed assets

The net book value of intangible assets as of 30 June 2022 was € 2,343,788 compared to € 2,337,675 as of 31 December 2021.

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 2021	6,758,574	6,758,574
Increases	424,422	424,422
Decreases	-	-
Historical cost - 30 June 2022	7,182,997	7,182,997
Amortisation provision - 31 December 2021	4,420,899	4,420,899
Increases	418,310	418,310
Decreases	-	-
Amortisation provision - 30 June 2022	4,839,209	4,839,209

Net book value - 31 December 2021	2,337,675	2,337,675
Net book value - 30 June 2022	2,343,788	2,343,788

The composition of intangible assets mainly referred to software licences and the "Pharmaqui" brand of Pharmatek, which is 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	Plant and machinery	Equipment	Cars and vehicles	Total
Right of use as of 31 December 2021	8,966,872	2,186,882	211,066	284,676	11,649,496
Increase	264,157	17,000			281,157
Write-downs		(2,640)		(34,243)	(36,883)
Right of use as of 30 June 2022	9,231,029	2,201,242	211,066	250,433	11,893,770
Amortisation provision as of 31 December 2021	3,626,396	1,208,464	145,016	261,233	5,241,109
Increase	351,246	121,328	18,511	5,682	496,767
Write-downs				(34,243)	(34,243)
Amortisation provision as of 30 June 2022	3,977,642	1,329,792	163,527	232,672	5,703,633
Net book value as of 31 December 2021	5,340,476	978,418	66,050	23,443	6,408,388
Net book value as of 30 June 2022	5,253,387	871,451	47,539	17,761	6,190,137

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 2021 and 30 June 2022.

Financial liability	
Financial liability as of 31 December 2021	3,912,283
Increases	87,515
Decreases	-
Interest	27,552
Fees	(403,526)
Financial liability as of 30 June 2022	3,623,823
Short-term financial liability	712,238
Long-term financial liability	2,911,586

The main Parent Company leases refer to a logistic centre used for the Food sector, whereas they refer to the Cremosano and Trezzano production plants for respectively Pharmatek and Euro Cosmetic.

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 2022 were € 3,266,112 compared to € 3,482,100 as of 31 December 2021, 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 January 2022	2022 EC taxes	OCI	30 June 2022
Deferred tax assets for inventory write-down	415,468	(79,281)	-	336,186
Deferred tax assets for goodwill amortisation	189,583	(13,542)	-	176,041
Deferred tax assets on IRES tax loss	2,392,734	-	-	2,392,734
Deferred tax assets for equity transaction costs	188,086	(94,043)	-	94,043
Deferred tax assets on risk and charges provision	-	62,483	-	62,483
Deferred tax assets for other items	296,231	(51,506)	(40,099)	204,625
Total deferred tax assets	3,482,101	(175,889)	(40,099)	3,266,113

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 2022, the Group's deferred tax provision was € 1,083,185 compared to € 1,081,159 as of 31 December 2021, 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 as of 30 June 2022.

(Amounts in Euro units)	01 January 2022	2022 EC taxes	30 June 2022
Deferred taxes lease IFRS 16	218,858	12,330	231,187
Deferred taxes on brand revaluation	185,475	-10,304	175,171
Deferred taxes on stock grant plans	667,637	-	667,637
Deferred tax assets for other items	9,190	-	9,190
Total deferred taxes	1,081,159	2,026	1,083,185

3.7 Other non-current assets

As of 30 June 2022, non-current assets were € 338,227 (compared to € 237,333 as of 31 December 2021).

(Amounts in Euro units)	30 June 2022	31 December 2021
Medium/long-term receivables	338,277	237,333
Total non-current financial assets	338,277	237,333

These receivables were attributable to tax credits for subsidised goods.

3.8 Inventories

Inventories net of the related provision for finished products and goods as of 30 June 2022 were € 42,557,041 compared to € 35,050,484 as of 31 December 2021.

The increase in inventories as of 30 June 2022 was due to increased procurement of raw and packaging materials due to unavailability and an increase in the unit costs of certain raw materials. This was due to current market conditions.

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Raw materials, ancillary materials, and consumables	30,882,506	23,258,416
Raw, ancillary materials and consumables write-down provision	(1,227,134)	(1,489,131)
Work in progress and semi-finished products	4,191,419	1,885,486
Finished products and goods	8,710,250	11,395,714
Total inventories	42,557,041	35,050,484

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 2021	1,489,132
Accrual	424,601
Provision Use	(686,599)
Balance as of 30 June 2022	1,227,134

The inventory obsolescence provision set aside as of 30 June 2022 was € 1,227,134 and was intended to cover write-downs made due to goods expiring or non-compliant.

Uses for the year are those disposals made in 2022 concerning expired or non-conforming batches and were written off as of 31 December 2021.

3.9 Trade receivables

As of 30 June 2022, trade receivables were € 42,585,964 (€ 30,239,251 as of 31 December 2021), gross of the related bad debt provision of € 822,944 (€ 805,860 as of 31 December 2021).

The increase in trade receivables was due to a different mix of customers according to their payment terms which were invoiced during H1 2022.

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 2022	31 December 2021
ITALY trade receivables	30,256,990	20,667,979
EEC trade receivables	10,271,545	8,171,415
NON-EEC trade receivables	2,057,429	1,399,856
Total trade receivables	42,585,964	30,239,251

As of 30 June 2022, invoices to be issued were € 1,088,426, 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 41% of the trade receivables (gross of the bad debt provision) reported in the Financial Statements for approximately € 17.6 million.

Changes in the bad debt provision are summarised below:

Balance as of 31 December 2021	805,860
Accrual	160,677
Provision Use	(143,592)
Balance as of 30 June 2022	822,944

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

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
ITALY trade receivables	30,197,827	20,540,522
EEC trade receivables	9,528,160	7,510,237
NON-EEC trade receivables	2,037,033	1,382,632
Total trade receivables	41,763,020	29,433,391

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:

<i>(Amounts in Euro units)</i>	30 June 2022	Total receivables	Not due	Overdue 0-30	Overdue 30-60	Overdue 60-90	Overdue 90-180	Overdue +180
Italy		30,256,990	24,793,793	2,977,778	1,384,835	886,445	135,920	78,218
EEC		10,271,545	5,868,804	2,293,923	596,293	90,294	439,405	982,826
Non-EEC		2,057,429	1,606,937	173,491	153,829	65,830	30,377	26,966
Gross trade receivables		42,585,964	32,269,535	5,445,192	2,134,957	1,042,569	605,701	1,088,010
% write-down of receivables		1.9%	0%	0%	0%	0%	0%	75.6%
Bad debt provision		822,944						822,944
Net trade receivables		41,763,020	32,269,535	5,445,192	2,134,957.05	1,042,569	605,701	265,066

3.10 Tax receivables

As of 30 June 2022, tax receivables were € 2,428,427 compared to € 2,421,853 on 31 December 2021. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
IRES receivables	1,975,709	1,972,572
IRAP receivables	452,719	449,282
Total tax receivables	2,428,427	2,421,853

3.11 Other current assets

Total other current assets as of 30 June 2022 were € 6,285,751 compared to € 9,554,455 as of 31 December 2021. The table below provides a breakdown.

(Amounts in Euro units)	30 June 2022	31 December 2021
VAT receivables	3,396,846	7,109,063
Receivables for withholding tax on collected coupons, dividends and realised capital gains	855,166	713,134
Receivables from social security institutions	238,520	42,073
Receivables for energy account withholdings	3,201	2,971
Accrued income and prepaid expenses	534,157	172,268
Other receivables	587,211	552,655
Tax receivables for tax benefits	670,650	962,291
Total other current assets	6,285,751	9,554,455

The VAT receivable decreased during the period due to the Parent Company's offsetting of about € 2 million.

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

3.12 Current financial assets

As of 30 June 2022, current financial assets were € 71,866,416 (compared to € 77,971,110 as of 31 December 2021). This is detailed below:

(Amounts in Euro units)	30 June 2022	31 December 2021
Other securities	64,923,809	71,028,503
Directors' Severance Pay (TFM) receivables	208,671	208,671
Leakage receivable	6,733,936	6,733,936
Total current financial assets	71,866,416	77,971,110

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 2021, the portfolio Fair value was € 71,028,000.
- As of 30 June 2022, the negative change in Fair value amounted to € 6,105,000 bringing the portfolio's total value to € 64,964,000.
- Despite the negative result for the first half of 2022, the overall equity securities management from 30 June 2022 recorded a positive Fair Value of € 5.9 million.

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

Portfolio allocation	30 June 2022	31 December 2021
Shares	25.7%	24.7%
Equity securities	13.3%	15.3%
Equity funds	10.5%	8.4%
Options	1.8%	1.0%
Bonds	73.6%	67.0%
Bonds	18.5%	16.3%
Bond funds	55.1%	50.7%
Alternative investments	0%	0%
Alternative funds	0%	0%
Liquid assets	0.8%	8.3%

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
Euro	89.79%	89.79%
Pounds Sterling	2.01%	2.01%
U.S. dollars	5.85%	5.85%
Japanese Yen	1.96%	1.96%

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.

The following table shows sensitivity to a possible change in exchange rates (from -10 to +10 percentage points) on securities and other variables held constant.

Currency	+10%		-10%	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Gross PL impact	Gross PL impact	Gross PL impact	Gross PL impact
US dollar	(345,212)	(397,809)	421,926	486,211
Japanese YEN	(115,595)	(127,087)	141,283	155,329
Pounds Sterling	(118,761)	(124,117)	145,152	151,699
Swiss Franc	(23,123)	(15,598)	28,262	19,064

The table shows how an appreciation of the Euro of 10 percentage points would allow the Company to obtain a profit of approximately 1.14 percentage points on the portfolio value.

INTEREST RATE RISK: Interest rate risk is represented by the exposure to variability in the fair value or future cash flows of financial assets or liabilities due to changes in market interest rates.

	+1%		-1%	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Bonds	183,147	242,834	(183,147)	(242,834)

The table shows the change in the value of bonds as a function of +/-1 percentage point.

As disclosed in the Financial Statements for the year ended 31 December 2021, Fine Foods notified Euro Cosmetic's former shareholders (MD and Findea) of its Leakage Reimbursement Request on 29 December 2021, under the "Locked Box" Agreement, for € 6,733,938.

The main leakage in the contract is due to:

- any distribution of dividends, whether in cash or in kind or other forms of distribution of capital, profits or reserves resolved, paid or made, capital reductions, the redemption of shareholdings or purchase of shareholdings, any redemption of financial instruments;
- any payment made in favour of Company Related Parties, Sellers or Seller Related Parties or Seller and Company governing bodies' members;
- any investment in fixed assets (tangible or intangible) or disposal of assets for more than € 10,000 (ten thousand);

- any agreement or undertaking (including by modifying the existing contracts' terms and conditions) to carry out any of the foregoing.

Fine Foods Directors requested a leading independent consulting firm to identify and assess the Leakage that occurred during the reference period and the related amount to be requested from the Sellers as Leakage reimbursement. This confirmed the value recorded in these Financial Statements.

Fine Foods' notice was acknowledged and contested by the Sellers and, under the Contract, the matter was referred to an arbitrator (the "Expert"), appointed at the Company's request on 16 March 2022 by the Arbitration Board of the Milan Chamber of Arbitration. In the current arbitration, the parties filed notes and documents and meetings were held with legal counsel before the Arbitrator. On 2 September 2022, the Company and Sellers filed their final notes and a further meeting was held on 6 September 2022. The Arbitrator's decision is expected by October 2022.

On 31 December 2021, the directors obtained a legal opinion on the contract's correct interpretation and the independent consultant considered it reasonable to believe that the Leakage Reimbursement Request was made by the Company under contractual terms. No new elements have emerged during the arbitration proceedings that would invalidate the opinion contents.

3.13 Cash and other liquid assets

As of 30 June 2022, the Group's cash and liquid assets were € 20,684,799 compared to € 17,118,957 as of 31 December 2021. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Bank and postal deposits	20,676,906	17,112,474
Cash and cash equivalents on hand	7,893	6,483
Total cash and other liquid assets	20,684,799	17,118,957

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 2022	31 December 2021
Legal reserve	5,000,000	5,000,000
Negative reserve for treasury shares in the portfolio	(16,688,522)	(15,939,707)
Merger surplus reserve	29,741,389	29,741,389
Share premium reserve	86,743,750	86,743,750
Extraordinary reserve	14,240,490	19,556,720
Reserve for share-based payments	2,781,820	2,781,820
First Euro Cosmetic consolidation reserve	(6,928,892)	(6,928,892)
IRS derivative hedging reserve	22,390	-
Warrant conversion reserve	11,660,019	11,660,019
Total reserves	126,572,443	132,615,098

Categories of shares issued by the Company

The following table shows the number and nominal value of Parent Company's shares. No movements occurred during the period.

Type	Final number
Ordinary Shares	22,060,125
Redeemable Shares	-
Multiple-voting Shares	3,500,000
Special Shares	-
Total	25,560,125

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 2022, the Parent Company's bonds were € 6,645,713 compared to € 6,633,052 as of 31 December 2021. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Bonds payable - Non-current liabilities	3,329,367	3,322,876
Bonds payable - Current liabilities	3,316,345	3,310,176
Total bonds	6,645,713	6,633,052

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 2022 Half-year Financial Report.

4.3 Non-current bank borrowings

As of 30 June 2022, non-current bank borrowings were € 89,933,821 compared to € 35,298,177 as of 31 December 2021. This is detailed below:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
MedioCredito mortgage loan	6,608,474	7,427,551
Intesa loan 70 million	69,521,383	-
Deutsche Bank loan 8.5 million	-	8,500,000
Intesa loan 8 million	4,000,000	8,000,000
Deutsche Bank loan 7 million	1,166,667	2,916,667
MPS loan 4 million	-	857,143
Loans held by subsidiaries	8,637,297	7,596,816
Total non-current bank borrowings	89,933,821	35,298,177

The debt for the mortgage taken out in 2016 by Fine Foods, due on 30 June 2027, and the € 70 million Intesa loan disbursed in 2022, with payment of interest and related costs, were 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% spread.
- There are no financial constraints on the loan

On 25 February 2022, Intesa Sanpaolo and Fine Foods & Pharmaceuticals N.T.M. S.p.A. ("Fine Foods") have signed a € 70 million financing deal to support growth and development projects. Intesa Sanpaolo acted as the loan's sole financial *arranger*. The € 70 million seven-year loan will partly reorganise financial debt by replacing short-term credit lines with medium-long term debt. It will open the door to Fine Foods' further growth-by-acquisition plans. The loan provides for financial covenants based on the following indicators:

- NFP / EBITDA
- NFP / EQUITY
- EBITDA/Financial charges

They have been fully complied with as of the date of the 30 June 2022 Half-year Financial Report.

4.4 Current bank borrowings

As of 30 June 2022, current bank borrowings were € 34,499,000, compared to € 64,920,523 as of 31 December 2021, broken down as follows:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Invoice advances	12,518,722	16,251,030
Loans and mortgages - amount due within 12 months	21,980,278	48,669,493
Total current bank borrowings	34,499,000	64,920,523

As of 30 June 2022, the Group has used several invoice advances and hot money lines for better financial management.

4.5 Employee benefits

As of 30 June 2022, the Employee benefits item was € 2,495,252 compared to € 3,010,691 as of 31 December 2021. This item refers exclusively to provisions set aside for severance indemnities.

<i>(Amounts in Euro units)</i>	
Balance as of 31 December 2021	3,010,691
Provision Use	(341,523)
Discounting interest current year	112,918
Service Cost	37,671
Actuarial profits and losses current year	(324,505)
Balance as of 30 June 2022	2,495,253

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 2022			31 December 2021		
Financial technical bases	Fine Foods	Pharmatek	Euro Cosmetic	Fine Foods	Pharmatek	Euro Cosmetic
Annual discount rate	2.74%	3.22%	3.22%	0.98%	0.98%	0.98%
Annual inflation rate	2.10%	2.10%	2.10%	1.75%	1.75%	1.75%
Severance indemnity increase annual rate	3.075%	3.075%	3.075%	2.813%	2.813%	2.813%
Salary increase rate	-	1.00%	1.00%	-	1.00%	1.00%

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.

As required by the accounting standard IAS19 "Employee benefits", the sensitivity analysis for each actuarial assumption at the year-end is shown below:

Sensitivity analysis of the main valuation parameters	DBO as of 30 June 2022	DBO as of 31 December 2021
Turnover rate +1%	2,290,010	2,777,625
Turnover rate -1%	2,282,702	2,829,753
Inflation rate +0.25%	2,319,375	2,846,079
Inflation rate -0.25%	2,254,542	2,759,058
Discount rate +0.25%	2,242,385	2,741,818
Discount rate -0.25%	2,332,374	2,864,591

Estimated future disbursements – Years	30 June 2022	31 December 2021
1	245,199	287,664
2	237,671	222,502
3	219,351	254,009
4	282,155	259,746
5	214,526	263,754

4.6 Provisions for risks and charges

Provisions for risks and charges as of 30 June 2022 were € 273,444 compared to € 35,489 as of 31 December 2021. This item referred exclusively to the subsidiaries' contingent liabilities as detailed below:

(Amounts in Euro units)	30 June 2022	31 December 2021
Euro Cosmetic provisions for risks and charges	13,099	35,489
Pharmatek provisions for risks and charges	260,345	-
Total other non-current financial liabilities	273,444	35,489

The Pharmatek risk provision was intended to cover liabilities attributable to a company manager termination.

4.7 Trade payables

Trade payables as of 30 June 2022 were € 33,427,073, compared to € 32,532,117 as of 31 December 2021, broken down geographically as follows:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Trade payables in ITALY	28,070,256	27,126,577
EEC trade payables	4,315,085	4,047,533
NON-EEC trade payables	1,041,731	1,358,008
Total trade payables	33,427,073	32,532,117

4.8 Taxes payable

Total tax payables as of 30 June 2022 were € 5,536 and referred entirely to Euro Cosmetic.

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Payables for IRES	-	-
Payables for IRAP	5,536	5,536
Total taxes payable	5,536	5,536

4.9 Other current liabilities

Total other current liabilities as of 30 June 2022 were € 9,405,431, compared to € 8,163,193 as of 31 December 2021, and are broken down as follows:

<i>(Amounts in Euro units)</i>	30 June 2022	31 December 2021
Payables due to pension and social security institutions	2,849,818	2,626,372
Payables to employees for production bonuses and accrued thirteenth month's pay, fourteen month's pay holidays	4,187,727	3,649,892
Payables for withholding taxes on employees	962,588	247,122
Payables for withholding taxes on self-employment	38,813	26,073
Substitute tax on severance indemnity	34,189	29,680
Accrued expenses and deferred income	861,490	984,408
Advances from customers	-	118,904
Other payables	470,805	480,742
Total other current liabilities and payables	9,405,431	8,163,193

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

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, during 2022, the Company did not enter into any transactions with related parties that were not under unusual market conditions.

(Amounts in Euro units)	30 June 2022
Directors' remuneration	674,017
Board of Statutory Auditors	65,714

5.5 Events after the Financial Statements date

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).

Verdellino, 13 September 2022

for the Board of Directors
Chairman

Marco Francesco Eigenmann

Attestation of the 30 June 2022 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 Bassani certifies the following, under art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the Financial Statements' adequacy 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 2022.

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, 13/09/2022

Chief Executive Officer

Giorgio Ferraris

**The Manager
preparing the corporate
accounts**

Pietro 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 2022. 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 30 June 2022 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.

Bergamo, September 13, 2022.

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