

Press Release

**LABOMAR: NET PROFIT UP SIGNIFICANTLY IN 2020 TO EURO 6.1 MILLION
PROPOSED DIVIDEND OF EURO 0.11 PER SHARE
REVENUES (+26.3%) AND ADJUSTED EBITDA (+27.1%) ALSO ADVANCE
CONSIDERABLY**

- Consolidated **Revenues** of Euro **61.1 million** (+26.3% vs 2019)
- Consolidated **Adjusted EBITDA** of Euro **12.3 million** (+27.1% vs 2019)
- Consolidated **Net Profit** of Euro **6.1 million** (+46.9% vs 2019)
- Consolidated **NFP** of Euro **3.4 million** (Euro 28.7 million in 2019)
- **Proposed Dividend** of Euro **0.11** per share
- **Appointment** of **Claudio Crespan** as new **CFO**
- **Proposal to expand BoD** with new **Director Ugo Di Francesco** (CEO Chiesi Farmaceutici SpA)

Istrana (TV), March 29, 2021 — The Board of Directors of Labomar (AIM Italia - Ticker; LBM), an internationally-focused Italian nutraceutical enterprise, have approved the 2020 consolidated financial statements, reporting a **net profit of Euro 6.1 million, up 46.9% on Euro 4.1 million in 2019**. The Board of Directors shall propose to the Shareholders' Meeting, called for April 28, 2021, **the distribution of a dividend of Euro 0.11 per share**.

Consolidated Overview

The Labomar Group's 2020 Consolidated Financial Statements report:

Consolidated figures (in Euro millions)	FY 2020	%	FY 2019	%	2020/ 2019%
Revenues*	61,1	100,0%	48,3	100,0%	26,3%
EBITDA	11,3	18,5%	9,1	18,8%	24,5%
Adjusted EBITDA**	12,3	20,1%	9,7	20,0%	27,1%
Net Profit	6,1	10,0%	4,1	8,6%	46,9%
Shareholders' equity	38,2		9,9		285,7%
Net Financial Position ***	3,4		28,7		-88,0%
of which Payables for Right-of-Use	2,9		3,6		-21,3%

* 2020 Revenues include - for the first time - the revenues of the Canadian Entreprises ImportFab Inc. for the full year, acquired in October 2019.

**2020 Adjusted EBITDA does not include non-recurring costs of Euro 0.97 million for the listing, while the 2019 figure does not include non-recurring costs of Euro 0.57 million for the acquisition of Entreprises Importfab Inc.

*** The Net Financial Position includes cash and cash equivalents, Bank payables, other financial liabilities, right-of-use payables, dividend payables, unavailable cash in trust and payables for the acquisition of the Entreprises ImportFab Inc. business unit.

Labomar's Chairman and Chief Executive Officer Walter Bertin states: **"The 2020 results are truly remarkable and beat both our own and analysts' expectations.** We are extremely satisfied with this performance - which allows us also to reward our shareholders with a **dividend of Euro 0.11 per share** - and particularly to achieve such in a year as complex as that marked by the COVID-19 pandemic. The challenges posed by the health emergency have driven us to come up with new solutions to satisfy the demands of an evolving market and of our customers. Our long track record of **R&D investment** has expanded our customer base and improved product satisfaction levels, enabling us to tackle new market segments and lay the foundations for our future growth".

2020 KEY ECONOMIC AND FINANCIAL HIGHLIGHTS

The Financial Statements have been drawn up as per IFRS and have been audited.

Group earnings

Consolidated figures (in Euro millions)	FY 2020	FY 2019	2020/ 2019%
Revenues	61,1	48,3	26,3%
EBITDA	11,3	9,1	24,5%
EBITDA Margin	18,5%	18,8%	
Adjusted EBITDA	12,3	9,7	27,1%
Adjusted EBITDA Margin	20,1%	20,0%	
Net Profit	6,09	4,1	46,9%
Adjusted Net Profit *	6,07	4,6	32,9%

* 2019 and 2020 Adjusted Net Profit is the net profit recalculated to reflect the tax effect of the above-indicated non-recurring costs and for 2020 only the Patent Box Benefit for the preceding years.

Labomar Group revenues in 2020 totalled Euro 61.1 million, up 26.3% on 2019 and build further on the growth delivered by the Group over recent years. The figure includes - for the first time - the revenues and margins of the Canadian Entreprises ImportFab Inc. for a full year, acquired in October 2019.

Revenues of the parent company Labomar SpA in 2020 grew considerably on 2019 (+10.2%) as a result of the strategy to focus on consolidating business with the existing customer base and forge new relationships with the major pharma players - although amid a challenging general environment and leveraging on the wealth of experience and know-how acquired through research and development investment over the years. **Labomar**

keenly understands the demands of a substantially new marketplace facing the challenges of restrictions on movement and a lack of opportunities for supply chain operators to organise events and meetings.

Labomar's **R&D department** has continued to create original formulas which respond to customer demands and to provide scientific marketing consultancy. New patent development also continued: at the end of April 2020 a new patent was filed and work was undertaken on a new patent which is expected to be filed in H1 2021.

Lean organisation principles have continued during the year, both for production and the general organisation.

The subsidiary Entreprises Importfab Inc. launched during the year a long-term machinery and process upgrade plan, increasingly aligning the company with the parent company's standards. Personnel restructuring and efficiencies were a key focus - particularly in the production field. We also highlight that at the beginning of 2020, as a result of the pandemic and in line with the relative government measures, production of functional cosmetics was not permitted (temporarily suspended between March 24 and May 4, 2020). The **subsidiary Entreprises Importfab Inc.** however still **contributed Euro 9.3 million to parent company revenues**.

2020 Labomar Group EBITDA was Euro 11.3 million (Euro 9.1 million in 2019), reporting an 18.5% margin and significantly increasing (+24.5%) on the previous year. **The Adjusted EBITDA improvement was even stronger - up 27.1% to Euro 12.3 million**. The figure does not include non-recurring costs for the AIM Italia market listing of Euro 0.97 million.

The Net Profit totalled Euro 6.1 million (Euro 4.1 million in 2019), reflecting a significantly lower tax charge than the previous year due to considerable investment benefitting from tax incentives, in addition to the patent box agreement and partly concerning previous years.

Group Balance Sheet overview

Consolidated figures (in Euro millions)	FY 2020	FY 2019
Net Fixed Assets	35.5	33.5
Net Working Capital	6.2	5.1
Net Capital Employed	41.7	38.6
Shareholders' Equity	38.2	9.9
Net Financial Position	3.4	28.7
Source of funds	41.7	38.6

The Group's equity structure is considered solid.

Admission to trading on the AIM Italia has brought in new funding, as evident from the share capital increase and the recognition of the share premium reserve for a total of Euro

24.8 million (share premium of Euro 26 million, net of listing costs of Euro 1.2 million).

The Net Financial Position, a debt of Euro 3.4 million, comprises the bank exposure, the net debt for leasing and rental contracts, net of cash and cash equivalents and also reflects the investments and the corporate transactions executed.

2020 SIGNIFICANT EVENTS

The parent company undertook the following transactions:

- July 2020:
 - acquisition of industrial land and property located in Via Filzi ad Istrana (TV), on which the **new Cosmetics production hub** will be built. The property acquired from the company Unilab Immobiliare Srl was initially earmarked for this project.
- August 2020:
 - approval by the Shareholders' Meeting of the **proposal to list company shares on the AIM Italia**;
 - approval by the Shareholders' Meeting of the proposal to extend the corporate scope, amending the By-Laws **to enable Labomar to qualify as a Benefit company**;
- October 2020:
 - initial trading on the AIM Italia market.

Finally, in July 2020, the company Zero Srl (at December 31 entirely held by Project Zero Srl, in turn held 5.56% by the parent company) saw the entry of an overseas investor undertaking a 12.5% stake in Zero Srl through contributing Euro 4.25 million by means of a share capital increase. The transaction has the strategic objective of developing together with the new Shareholders - key figures at a Russian Multinational and pre-packaged salad distribution market leader - the initial vertical farming plant located close to the packaging and harvesting centres and owned by the same company.

This initial transaction was followed by another in December 2020, with Project Zero Srl selling to the same party an 8.75% stake in Zero Srl for consideration of approx. Euro 2.5 million. The Russian investors in 2020 therefore overall invested approx. Euro 6.7 million in Zero Srl for a total stake of 21.25%.

SUBSEQUENT EVENTS

The Group in the initial months of 2021 has continued operations as previously, although clearly impacted by the COVID-19 outbreak - as has the entire domestic and international economy.

Specifically, the parent company and the Canadian subsidiary are undertaking production in line with the applicable local rules to contain the pandemic.

The parent company reports the following significant events:

- January 2021: the company signed a **major new commercial agreement with Bayer**, a leading pharmaceutical multinational which it has been collaborating with for over six years. This specifically concerns an exclusive partnership for 4 products from the recent extension to Bayer's Aspi Gola® line;
- February 2021: the company **signed an agreement with the Tax Agency to avail of the Patent Box tax break**. The agreement covers the 2016-2020 five-year period with a total tax benefit for the Group of approx. Euro 0.9 million: this was reflected in the 2020 financial statements and is expected to continue for the 2021-2025 five-year period on the basis of the agreement signed;
- March 2021: the company drew up its **first Annual Impact Report**, in accordance with the regulation governing the adoption of Benefit company status.
- March 2021: the company presented an application to the Ministry for Economic Development to avail of the benefit as per Law No. 205 of December 27, 2017, paragraphs 85 and subsequent, having listed on a regulated market / multilateral trading system, for incurred and documented consultancy expenses, in the form of a tax credit for an amount of Euro 0.5 million.

OUTLOOK

Despite the contingent difficulties posed by the ongoing COVID-19 pandemic, the segment - as for the wider food and pharmaceutical sectors - has continued to return the growth achieved over the preceding years. **The directors therefore expect the Group to continue to grow both on the domestic and overseas markets.**

PROPOSAL FOR THE ALLOCATION OF THE NET PROFIT

The Board of Directors proposes the following to the Shareholders' Meeting:

- the approval of the Separate Financial Statements of Labomar S.p.A. at December 31, 2020, which report a net profit of Euro 4,506,264;
- to distribute an ordinary dividend of Euro 0.11 per qualifying share.

The dividend coupon date is May 10, 2021 with record date of May 11, 2021 and payout on May 12, 2021.

APPOINTMENT OF NEW CFO AND EXPANSION OF BoD

Claudio Crespan joins the team as Chief Financial Officer following the resignation of Davide Munaretto, who embarks on a new professional pathway. Mr. Crespan is highly qualified for the role, having begun as a controller at a retail enterprise and thereafter at a leading Audit Firm. Since 2005, he has worked at international enterprises, undertaking

increasingly challenging administrative, financial and operating control positions, while coming to the position of CFO for the last 5 years.

At the Board meeting, the Chairman also proposed to submit to the Shareholders' Meeting **to increase the number of Board members from 6 to 7**. The appointment of a director representing the majority shareholder **Mr. Ugo Di Francesco** shall therefore be submitted for the approval of the Shareholders' Meeting. Since 2011, he has been the Chief Executive Officer of Chiesi Farmaceutici Spa and is a manager bringing over 30 years of pharmaceutical market experience.

His curriculum vitae will be available on the company website.

CALLING OF THE LABOMAR SPA SHAREHOLDERS' MEETING

The Separate Financial Statements at December 31, 2020, approved today by the Board of Directors of Labomar Spa, shall be submitted to the next company Shareholders' Meeting to be held on April 28, 2021.

The following Group financial statements, drawn up as per IFRS, are annexed:

Annex 1 - Reclassified Consolidated Balance Sheet

Annex 2 - Reclassified Consolidated Income Statement

Annex 3 - Consolidated Cash Flow Statement

Annex 4 - Parent Company Reclassified Balance Sheet

Annex 5 - Parent Company Reclassified Income Statement

This press release is available on the Labomar Spa website at www.labomar.com, in the Investor relations / Results and Press Release's section.

Labomar Profile

Founded by Walter Bertin in Istrana (province of Treviso) in 1998, Labomar is a CDMO (Contract Development and Manufacturing Organization) engaged in the development and production of food supplements, medical devices, foods for special medical purposes and cosmetics for third parties. Its research team creates, develops and manufactures high added-value and innovative content nutraceutical products. Many of the supplements produced by Labomar leverage proprietary technologies which boost the bioavailability of the active ingredients, modulate their gastrointestinal absorption and improve their taste. Over more than 20 years, Labomar has built a business model which sets it apart from its competitors and generates value for all stakeholders, providing a high quality and productivity standard full service. The company boasts a well-structured and cutting-edge research and development department, a commercial team which reacts quickly to market demands and a high level of product differentiation thanks to its proprietary patents and formulas.



Labomar sincerely believes in operating as a business centred on sustainability and the well-being of the individual, the environment and the community. It has therefore amended its By-Laws to become a Benefit company. This new legal status, introduced in Italy in 2016, formalises the decision to develop a responsible, sustainable and transparent development model, which marries operating-earnings objectives with social and environmental aspects.

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FINANCIAL STATEMENTS AT DECEMBER 31, 2020

ANNEX 1 - RECLASSIFIED CONSOLIDATED BALANCE SHEET

RECLASSIFIED BALANCE SHEET	LABOMAR S.P.A. - CONSOLIDATED FINANCIAL STATEMENTS			
	31/12/2020	% of NCE	31/12/2019	% of NCE
Intangible assets	15,734,599	38	17,186,199	45
Right-of-use	3,130,804	8	4,029,852	10
Property, plant & equipment	17,121,091	41	12,656,948	33
Equity invest. & financial assets	2,078,204	5	1,835,218	5
Other non-current assets and liabilities*	(2,607,522)	-6	(2,182,029)	-6
Net Fixed Assets	35,457,176	85	33,526,188	87
Inventories	9,546,220	23	8,127,369	21
Trade receivables	9,438,872	23	10,317,448	27
Trade payables	(12,685,358)	-30	(11,565,894)	-30
Other current assets and liabilities	(75,907)	0	(1,792,984)	-5
Net Working Capital	6,223,827	15	5,085,939	13
Net Capital Employed	41,681,003	100	38,612,127	100
Shareholders' Equity	(38,238,532)	-92	(9,915,020)	-26
Cash and cash equivalents	33,660,632	81	6,882,057	18
Liabilities for derivative financial instruments	(88,673)	0	(745)	0
Bank payables	(33,311,412)	-80	(31,056,732)	-80
Net Financial Position with banks	260,547	1	(24,175,420)	-63
Right-of-use liabilities	(2,860,558)	-7	(3,635,898)	-9
Shareholder payables for dividends	0	0	(400,000)	-1
Unavailable cash in trust	858,167	2	4,795,177	12
Payables for acquisition of business unit	(1,700,627)	-4	(5,280,966)	-14
Total Net Financial Position	(3,442,471)	-8	(28,697,107)	-74
Source of funds	(41,681,003)	-100	(38,612,127)	-100

* Deferred tax assets, employee benefit liabilities, provisions for risks and charges, deferred tax liabilities.

**ANNEX 2 - RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

RECLASSIFIED INCOME STATEMENT	LABOMAR S.P.A. - CONSOLIDATED FINANCIAL STATEMENTS			
	2020	%	2019	%
Revenue from contracts with customers	61,059,449	99.30	48,343,554	98.38
Other income	431,576	0.70	793,921	1.62
Total Revenues and Income	61,491,025	100.00	49,137,475	100.00
Products, goods and material purchases	27,986,499	45.51	24,446,557	49.75
Change in inventories	(1,411,599)	-2.30	(2,042,715)	-4.16
Consumables	26,574,900	43.22	22,403,842	45.59
Primary contribution margin	34,916,125	56.78	26,733,633	54.41
Service costs	9,968,423	16.21	7,336,675	14.93
Personnel costs	13,456,040	21.88	10,105,949	20.57
Other operating costs	167,311	0.27	195,134	0.40
EBITDA	11,324,351	18.42	9,095,875	18.51
Amortisation, depreciation & write-downs	4,048,764	6.58	3,273,151	6.66
Other provisions	0	0.00	0	0.00
EBIT	7,275,587	11.83	5,822,724	11.85
Financial income	443,896	0.72	79,565	0.16
Financial charges	(1,328,304)	-2.16	(377,603)	-0.77
Adjustment to financial assets	497,942	0.81	38,128	0.08
Profit before taxes	6,889,120	11.20	5,562,814	11.32
(Income taxes)	(797,115)	-1.30	(1,416,849)	-2.88
Net Profit	6,092,005	9.91	4,145,965	8.44
Group Net Profit	6,093,883	9.91	4,148,953	8.44
Minority interest Net Profit/(loss)	(1,878)	0.00	(2,988)	-0.01

ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT

	31/12/2020	31/12/2019
NET PROFIT	6,092,005	4,145,965
Non-cash adjustments:	5,266,615	5,507,811
Amortisation, depreciation and write-downs of tangible, intangible and property assets	4,048,764	3,273,151
Provisions	489,700	328,510
Income taxes	797,115	1,416,849
Net interest income & charges	240,303	240,171
Other non-cash adjustments	(309,267)	249,131
Changes in operating assets and liabilities:	(1,693,503)	185,890
Change in inventories	(1,624,322)	(1,954,789)
Change in trade receivables	1,207,099	(1,097,829)
Change in trade payables	154,524	4,145,208
(Utilisation of provisions)	50,797	(96,210)
Other changes in operating assets and liabilities	(1,481,601)	(810,490)
Other receipts and payments	(1,251,503)	(1,767,630)
Interest received (paid)	(134,598)	(197,527)
(Income taxes paid)	(1,116,905)	(1,570,103)
Other receipts (payments)		0
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES	8,413,615	8,072,036
Investing activities:		
Investments in tangible assets	(6,254,187)	(3,489,893)
Divestment of tangible assets	28,060	100,462
Investments in intangible assets	(450,121)	(299,937)
Other cash flow changes from intangible assets	32,680	0
Acquisition of a business	622,466	(19,924,425)
Investments in financial assets		(565,455)
Divestment of financial assets	289,756	20,000
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(5,731,346)	(24,159,247)
Financing activities:		
Paid-in share capital increase	24,800,632	24,500
Transactions between shareholders		
Increase (Decrease) in bank loans	(1,504,429)	5,673,620
Increase (decrease) in short-term bank payables	3,759,109	10,626,804
(Increase) decrease in other financial liabilities	(890,707)	3,322,071



Dividends received (paid)	(1,900,000)	(1,100,000)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	24,264,605	18,546,995
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,946,873	2,459,784
Currency effect on cash and cash equivalents	(168,300)	4,526
Cash & cash equivalents at beginning of the year	6,882,058	4,417,748
Increase (decrease) in cash and cash equivalents	26,778,573	2,464,310
Cash & cash equivalents at end of the year	33,660,631	6,882,057

ANNEX 4 - PARENT COMPANY RECLASSIFIED BALANCE SHEET

RECLASSIFIED BALANCE SHEET	LABOMAR S.P.A. - SEPARATE FINANCIAL STATEMENTS			
	31/12/2020	% of Sources	31/12/2019	% of Sources
Intangible assets	560,750	1.4	515,689	1.4
Right-of-use	2,688,065	6.8	3,420,256	9.6
Property, plant & equipment	16,131,615	40.6	11,721,930	32.8
Equity invest. & financial assets	16,307,887	41.0	18,193,912	50.9
Other non-current assets and liabilities*	(2,441,388)	-6.1	(2,309,555)	-6.5
Net Fixed Assets	33,246,929	83.6	31,542,232	88.2
Inventories	8,272,681	20.8	6,432,749	18.0
Trade receivables	8,854,265	22.3	9,446,203	26.4
Trade payables	(12,359,223)	-31.1	(10,984,016)	-30.7
Other current assets and liabilities	1,752,116	4.4	(679,491)	-1.9
Net Working Capital	6,519,839	16.4	4,215,445	11.8
Net Capital Employed	39,766,768	100.0	35,757,677	100.0
Shareholders' Equity	(37,879,198)	-95.3	(10,339,815)	-28.9
Cash and cash equivalents	29,840,492	75.0	4,987,637	13.9
Liabilities for derivative financial instruments	(88,673)	-0.2	(745)	-0.0
Bank payables	(29,235,701)	-73.5	(26,981,021)	-75.5
Net Financial Position with banks	516,118	1.3	(21,994,129)	-61.5
Right-of-use liabilities	(2,403,688)	-6.0	(3,023,734)	-8.5
Shareholder payables for dividends	0	0.0	(400,000)	-1.1
Total Net Financial Position	(1,887,570)	-4.7	(25,417,863)	-71.1
Total liabilities	(39,766,768)	-100.0	(35,757,678)	-100.0

* Deferred tax assets, employee benefit liabilities, provisions for risks and charges, deferred tax liabilities.

ANNEX 5 - PARENT COMPANY RECLASSIFIED INCOME STATEMENT

RECLASSIFIED INCOME STATEMENT	LABOMAR S.P.A. - SEPARATE FINANCIAL STATEMENTS			
	2020	%	2019	%
Revenue from contracts with customers	51,773,448	99.18	46,976,116	98.35
Other income	429,576	0.82	788,286	1.65
Total Revenues and Income	52,203,024	100.00	47,764,402	100.00
Products, goods and material purchases	25,657,555	49.15	24,023,938	50.30
Change in inventories	(1,825,836)	-3.50	(2,072,037)	-4.34
Consumables	23,831,719	45.65	21,951,901	45.96
Primary contribution margin	28,371,305	54.35	25,812,501	54.04
Service costs	8,532,413	16.34	6,433,703	13.47
Personnel costs	11,224,699	21.50	9,731,383	20.37
Other operating costs	164,268	0.31	194,973	0.41
EBITDA	8,449,925	16.19	9,452,442	19.79
Amortisation, depreciation & write-downs	3,293,224	6.31	3,147,612	6.59
Other provisions	0	0.00	0	0.00
EBIT	5,156,701	9.88	6,304,830	13.20
Financial income	246,375	0.47	91,516	0.19
Financial charges	(1,153,469)	-2.21	(319,487)	-0.67
Adjustment to financial assets	497,943	0.95	38,128	0.08
Profit before taxes	4,747,550	9.09	6,114,986	12.80
(Income taxes)	(241,286)	-0.46	(1,544,058)	-3.23
Net Profit	4,506,264	8.63	4,570,928	9.57