

Press Release

**LABOMAR: BoD APPROVES  
2021 HALF-YEAR REPORT**

**“Strong expectations for H2 thanks to orderbook, continuous investment in R&D and synergies for internationalization”  
highlights founder and CEO Walter Bertin**

- **Consolidated revenues of Euro 30.5 million (Euro 33 milioni at June 30, 2020)**
- **Consolidated EBITDA of Euro 4.5 million (Euro 7.8 milioni at June 30, 2020)**
- **Consolidated Net Profit of Euro 2.9 million (Euro 3.6 milioni at June 30, 2020)**
- **Consolidated NFP of Euro 4.6 million (Euro 3.4 million at December 31, 2020)**

Istrana (TV), September 27, 2021 - The Board of Directors of Labomar (Aim Italia - Ticker: LBM), chaired by Walter Bertin, has approved the Group's 2021 Half-Year Report.

“2021 is a year which will live in the memory” observed Chairman and Chief Executive Officer of Labomar Walter Bertin, “On the one hand, we have witnessed - and continue to witness - justified concerns around a pandemic which only in recent months finally appears to be under control; on the other, we have come to realise that dynamic enterprises react to the most critical situations by focusing more on new products and by improving flexibility and inter-personal relations. The second half of the year - based on the revenue already achieved and confirmed orders with completion by year-end - should ensure single digit growth for the full-year 2021, without including the Welcare Group's contribution, which has an impact on accelerating the internationalization process. Research and development activities, expensed in 2021, will be implemented in the projects of the next year”.

**Consolidated Sintetic Results**

(ml. of Euro)	30.6.2021	Incid. %	30.6.2020	Incid. %	%
<b>Revenues</b>	<b>30,5</b>	<b>100,0%</b>	<b>33,0</b>	<b>100,0%</b>	<b>-7,5%</b>
<b>EBITDA</b>	<b>4,5</b>	<b>14,6%</b>	<b>7,8</b>	<b>23,5%</b>	<b>-42,7%</b>
Adjusted EBITDA <sup>1</sup>	4,0	12,9%	7,8	23,5%	-49,1%
<b>Net Income</b>	<b>2,9</b>	<b>9,4%</b>	<b>3,6</b>	<b>10,8%</b>	<b>-19,4%</b>
Adjusted Net Income <sup>2</sup>	2,1	6,9%	3,6	11,0%	-41,5%
Equity	39,9		12,9		<b>208,6%</b>
<b>Net Financial Position</b>	<b>4,6</b>		<b>26,3</b>		<b>-82,5%</b>
on witch Debts for ROU	3,0		3,3		-9,3%

The consolidated interim financial statements at June 30, 2021 were drawn up in compliance with IAS34 Interim Financial Reporting and subjected to a limited audit by EY S.p.A.

1. the contribution for the listing on AIM, recognized in the first half of 2021 for Euro 0.5 million, is considered non-recurring;

2. in addition to the previous note, the financial income recognized in the first half of 2021 related to the ImportFab settlement agreement for Euro 0.53 million, was considered non-recurring, net of the related tax effects equal to Euro 0.28 million.

H1 2021 Labomar Group **Revenues** totalled Euro 30.5 million, decreasing 7.5% on Euro 33 million in the same period of 2020.

This reduction of Euro 2.5 million almost entirely relates to the Canadian investee Entreprises Importfab Inc. due to the more restrictive measures adopted by the local authorities, with the company reporting revenues of only Euro 3.1 million (Euro 5.3 million in H1 2020). The beauty segment in particular - one of ImportFab's core markets - contracted nearly 70% on the same period of the previous year following the stoppage of cosmetics production (as not considered an essential activity) for an extended period. This was exacerbated by a slowdown in medical sector orders, also in connection with COVID-19, and a lack of the primary pack supplied by the main pharmaceutical customer which postponed significant orders to the second half of the year. The parent company Labomar Spa reported sales of Euro 27.4 million in the first half of the year (Euro 27.6 million in H1 2020), consolidating the excellent result for the first half of the previous year, although amid raw material procurement difficulties and a significant drop in demand, which particularly hit "cough & cold" and "probiotic" segments sales. In response, Labomar Spa in the period boosted its "immunity", "sleep and stress disorder", "gastrointestinal" and "cardiovascular" business market share, seeing a reduced benefit from the extensive R&D which should have been converted into sales in 2021, which however shall only materialise from 2022.

In terms of the cost structure, for the parent company Labomar Spa in particular, it is noted that,

- on the one hand, the company has been impacted by unfavourable raw material price movements, which could not be offset in the sales prices of already confirmed orders,
- and on the other, the strengthening of its Top Management - as planned - to support the emerging increased complexity and size of the company, which in fact has only been postponed, and also with a view to leveraging as best as possible the expected synergies from the integration with Entreprises Importfab Inc. and with the newly-acquired Welcare.

The subsidiary Entreprises Importfab Inc. has particularly focused on restructuring personnel and gaining efficiencies - particularly in the production sphere - in order to offset the lower revenues. We also highlight that, in view of the pandemic and the production slowdown, the Canadian government has provided significant subsidies to the company, partly to offset the costs incurred for laying off production staff.

Labomar Group **EBITDA** in H1 2021 totalled Euro 4.5 million (Euro 7.8 million in H1 2020), with a 14.6% margin. This decrease is essentially due to a temporary reduction in revenue,

the increased cost of certain difficult-to-source raw materials, R&D on products whose launch has been postponed to 2022, in addition to the extra costs to strengthen the management team.

**Adjusted EBITDA** is equal to Euro 4 million, with a 12.9% margin and considers as non-recurring the SME contribution for listing on AIM, for an amount of Euro 0.5 million,

**Net financial income** impacted in a positive way on the first half of 2021, particularly stemming from the final calculation of the residual Earn Out due to the sellers of ImportFab, with whom an early settlement was reached and including a more favourable amount for Labomar Spa, in addition to Euro/\$ CAD exchange gains.

**The Net Profit**, following taxation which benefitted from “Patent Box” contributions, totalled Euro 2.9 million, a **9.4% margin**, although within a challenging environment which **continues to be impacted by the pandemic**.

**Adjusted Net Profit** for the period is equal to Euro 2.1 million (6.9% of turnover) and considers as non-recurring both the SME contribution for the AIM listing and the effect of the ImportFab settlement agreement for Euro 0, 53 million, net of the related tax effects of Euro 0.28 million.

**The Group’s equity structure** strengthened in the period compared to 2020.

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, net of a dividend distribution of Euro 2 million.

**The Net Financial Position** of Euro 4.6 million, includes Euro 3.0 million of the right-of-use.

## SUBSEQUENT EVENTS

The company announced the following subsequent events:

- July 14, 2021: Labomar acquires 63% **of the Welcare Group**. The Group comprises Welcare Industries Spa and Welcare Research Srl, producers of medical devices for skincare, with its registered office in Orvieto. An additional 7% is expected to be acquired in 2021 for a total of 70% The total value of the transaction (with a Group share of 70%) is Euro 9.5 million;
- August 6, 2021: **Joh. Berenberg, Gossler & Co. KG**, an international institutional investor, takes a **3.79% stake** in Labomar Spa, following its acquisition from the parent company LBM Holding Srl. The transaction’s value was approx. Euro 8.89 million, as a result of which Walter Bertin's holding, through LBM Holding, reduced from 71.1% to 67.3%. This transaction confirms the growing esteem in which Labomar is held and its clear strategic trajectory.
- September 7, 2021: **Labomar Spa signs a partnership agreement with Sesa Group** for the development of an e-commerce platform on the Chinese digital market for Labomar’s nutraceutical products (food supplements, cosmetics and well-being products). The partnership involves the setting up of a Labomar majority-owned

Newco with Var Group. Start-up of operations and the consequent initial sales are scheduled for H2 2022;

- September 15, 2021; **Labomar acquires 17.6% of Labiotre Srl** (a plant extract production specialist), increasing its holding from 31.2% to 48.8%. The transaction - completed for a total value of Euro 1.2 million - strengthens Labomar's position in Labiotre, with a view to controlling the supply chain and monitoring upstream the value chain. It thus provides a useful opportunity to further consolidate the existing relationship between the 2 companies.

## OUTLOOK

Although the effects associated with the evolution of the pandemic are still not easy to predict and therefore require high attention from the management, to date the evolutionary scenario bodes well. Therefore, Labomar Group forecasts **a positive operating performance** for the second half of 2021, in view of:

- expected revenue growth, on the basis of the revenues achieved in the initial months of the second half of the year and the confirmed orders with delivery by year-end, which shall permit:
  - the beating of 2020 revenues,
  - the recovery of all revenues lost in the first half of the year and
  - **to conclude the 2021 financial year with 'low single digit' growth;**
- the contribution from the inclusion in the Group's scope, of Welcare, which is performing well;
- any further M&A's, which Labomar is in fact confident of delivering by the end of 2021.

Labomar therefore continues to focus on its staff, the environment and the wider community, as part of the process to obtain **B-Corp certification in 2022**.

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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

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The 2021 Half-Year Financial Report is available to the public at the company's registered office, in addition to Labomar's website at [www.labomar.com](http://www.labomar.com), in the Investors/Results and Press Releases section.

This press release and the investor presentation for the H1 2021 results is also available in this 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 reported in 2020 preliminary consolidated revenues of approx. Euro 61.1 million (at like-for-like exchange rates approx. Euro 61.5 million), up 26.3% (27.2% at like-for-like exchange rates) on 2019. The 2020 figure includes - for the first time - the revenues and margins of the Canadian ImportFab for a full year, acquired in October 2019. Labomar SpA's revenues in 2020 were approx. Euro 51.8 million (+10.2% vs 2019).*

*In July 2021, Labomar acquired 63% of the Welcare Group. The Group comprises Welcare Industries S.p.A. and Welcare Research S.r.l., producers of medical devices for skincare, with its registered office in Orvieto.*

*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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## CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2021

### ANNEX 1 - RECLASSIFIED CONSOLIDATED BALANCE SHEET

RECLASSIFIED BALANCE SHEET	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	30/06/2021	% of NCE	31/12/2020	% of NCE
Intangible assets	16,632,834	37.3	15,734,599	37.8
Right-of-use	3,020,212	6.8	3,130,804	7.5
Property, plant and equipment	17,506,638	39.3	17,121,091	41.1
Equity invest. & financial assets	2,748,074	6.2	2,078,204	5.0
Other non-current assets and liabilities*	(2,824,297)	(6.3)	(2,607,522)	(6.3)
<b>Net Fixed Assets</b>	<b>37,083,461</b>	<b>83.2</b>	<b>35,457,176</b>	<b>85.1</b>
Inventories	10,958,370	24.6	9,546,220	22.9
Trade receivables	12,254,615	27.5	9,438,872	22.6
Trade payables	(12,892,953)	(28.9)	(12,685,358)	(30.4)
Other current assets and liabilities **	(2,853,443)	(6.4)	(75,907)	(0.2)
<b>Net Working Capital</b>	<b>7,466,588</b>	<b>16.8</b>	<b>6,223,827</b>	<b>14.9</b>
<b>Net Capital Employed</b>	<b>44,550,049</b>	<b>100.0</b>	<b>41,681,003</b>	<b>100.0</b>
<b>Shareholders' Equity</b>	<b>(39,920,262)</b>	<b>(89.6)</b>	<b>(38,238,532)</b>	<b>(91.7)</b>
Cash and cash equivalents	28,215,244	63.3	33,660,632	80.8
Bank payables	(29,502,168)	(66.2)	(33,311,412)	(79.9)
Liabilities for derivative financial instruments	(37,905)	(0.1)	(88,673)	(0.2)
<b>Net Financial Position with banks</b>	<b>(1,324,829)</b>	<b>(3.0)</b>	<b>260,547</b>	<b>0.6</b>
Right-of-use liabilities	(2,952,634)	(6.6)	(2,860,558)	(6.9)
Shareholder payables for dividends	0	0.0	0	0.0
Unavailable cash in trust	912,025	2.0	858,167	2.1
Payables for acquisition of business unit	(1,264,348)	(2.8)	(1,700,627)	(4.1)
<b>Total Net Financial Position</b>	<b>(4,629,787)</b>	<b>(10.4)</b>	<b>(3,442,471)</b>	<b>(8.3)</b>
<b>Source of funds</b>	<b>(44,550,049)</b>	<b>(100.0)</b>	<b>(41,681,003)</b>	<b>(100.0)</b>

**ANNEX 2 - RECLASSIFIED CONSOLIDATED INCOME STATEMENT**

	H1 2021	%	H1 2020	%
<b>Revenues from contracts with customers</b>	<b>30,539,366</b>	<b>100.0</b>	<b>32,998,928</b>	<b>100.0</b>
Products, goods and material purchases	15,437,446	50.5	16,883,143	51.2
Change in inventories	(950,362)	-3.1	(3,085,799)	-9.4
<b>Cost of sales</b>	<b>14,487,084</b>	<b>47.4</b>	<b>13,797,344</b>	<b>41.8</b>
<b>Primary contribution margin</b>	<b>16,052,282</b>	<b>52.6</b>	<b>19,201,584</b>	<b>58.2</b>
Service costs	5,109,125	16.7	4,317,217	13.1
Personnel costs	7,126,049	23.3	7,237,669	21.9
Other operating costs	92,982	0.3	94,300	0.3
Other income	(726,579)	-2.4	(210,219)	-0.6
<b>EBITDA</b>	<b>4,450,705</b>	<b>14.6</b>	<b>7,762,617</b>	<b>23.5</b>
Amortisation, depreciation & write-downs	2,094,177	6.9	2,184,765	6.6
Other provisions	0	0.0	0	0.0
<b>EBIT</b>	<b>2,356,528</b>	<b>7.7</b>	<b>5,577,852</b>	<b>16.9</b>
Financial income	660,168	2.2	71,617	0.2
Financial charges	(225,699)	-0.7	(333,604)	-1.0
Net exchange gains/(losses)	521,711	1.7	(431,809)	-1.3
Impairments on financial assets	291,701	1.0	32,335	0.1
<b>Profit before taxes</b>	<b>3,604,409</b>	<b>11.8</b>	<b>4,916,390</b>	<b>14.9</b>
(Income taxes)	(732,384)	-2.4	(1,291,047)	-3.9
<b>Net Profit for the period</b>	<b>2,872,025</b>	<b>9.4</b>	<b>3,625,343</b>	<b>11.0</b>
<b>Group Net Profit</b>	<b>2,889,347</b>	<b>9.5</b>	<b>3,626,852</b>	<b>11.0</b>
<b>Minority interest Net Profit/(loss)</b>	<b>(17,322)</b>	<b>-0.1</b>	<b>(1,508)</b>	<b>0.0</b>

## ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT

	H1 2021	H1 2020
<b>NET PROFIT</b>	<b>2,872,025</b>	<b>3,625,344</b>
<b>Non-cash adjustments:</b>	<b>1,846,471</b>	<b>4,319,075</b>
Amortisation, depreciation and write-downs of tangible, intangible and property assets	2,094,177	2,184,765
Provisions	290,831	261,213
Income taxes	732,384	1,291,047
Net interest income & charges	(435,443)	261,987
Other non-cash adjustments	(835,479)	320,063
<b>Changes in operating assets and liabilities:</b>	<b>(1,628,978)</b>	<b>(2,112,863)</b>
Change in inventories	(1,326,374)	(3,298,452)
Change in trade receivables	(2,824,911)	(2,164,594)
Change in trade payables	107,981	2,635,791
(Utilisation of provisions)	(252,118)	(34,490)
Other changes in operating assets and liabilities	2,666,445	748,882
<b>Other receipts and payments:</b>	<b>(488,310)</b>	<b>(855,068)</b>
Interest received (paid)	(126,224)	(213,434)
(Income taxes paid)	(362,085)	(641,633)
Other receipts (payments)	0	0
<b>CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES</b>	<b>2,601,209</b>	<b>4,976,489</b>
<b>Investing activities:</b>		
Investments in tangible assets	(1,535,929)	(2,518,344)
Divestment of tangible assets	147,090	250
Investments in intangible assets	(274,433)	(118,734)
Other changes in intangible assets	0	32,680
Acquisition of a business	0	616,061
Investments in financial assets	(400,000)	(1,373)
Divestment of financial assets	9,841	251,800
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>(2,053,432)</b>	<b>(1,737,660)</b>
<b>Financing activities:</b>		
Paid-in share capital increase	50,001	0
Increase (Decrease) in bank loans	(3,168,321)	(1,674,911)
Increase (decrease) in short-term bank payables	(706,216)	2,086,212
(Increase) decrease in other financial liabilities	(434,601)	(461,236)
Dividends received (paid)	(2,033,245)	(400,000)
<b>NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>(6,292,382)</b>	<b>(449,935)</b>





<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(5,746,405)</b>	<b>2,788,893</b>
Currency effect on cash and cash equivalents	301,018	(136,308)
<b>Cash &amp; cash equivalents at beginning of the period</b>	<b>33,660,631</b>	<b>6,882,057</b>
Increase (decrease) in cash and cash equivalents	(5,445,387)	2,652,585
<b>Cash &amp; cash equivalents at end of the period</b>	<b>28,215,244</b>	<b>9,534,643</b>