

Press Release

LABOMAR: 2021 REVENUE GROWTH TO EURO 65.4 MILLION (+7.1%)

EBITDA OF EURO 10.1 MILLION (-10.6%)

NET PROFIT OF EURO 8.3 MILLION (+35.7%)

PROPOSED DIVIDEND OF EURO 0.10 PER SHARE

Bertin: “Satisfied with results for the year, which are in line with those announced to the market over recent months”

- Consolidated **Revenues** of **Euro 65.4 million (+7.1% vs 2020)**
- Consolidated **EBITDA** of **Euro 10.1 million (-10.6% vs 2020)**, recovering significantly in H2 2021
- Consolidated **Net Profit** of **Euro 8.3 million (+35.7% vs 2020)**
- Consolidated **NFP** of **Euro 28.2 million (Euro 3.4 million in 2020)**
- **Proposed Dividend** of **Euro 0.10 per share**

Istrana (TV), March 30, 2022 — The Board of Directors of Labomar (Euronext Growth Milan, Ticker: LBM), an internationally-focused Italian nutraceutical enterprise, has approved the separate financial statements and the consolidated financial statements at December 31, 2021, in addition to the Impact Report for 2021, as a “benefit company”. The consolidated financial statements report **a net profit of Euro 8.3 million, up 35.7% on Euro 6.1 million in 2020.**

The result includes the partial write-down of the goodwill of the Canadian subsidiary, in addition to the benefit from the updated fair value measurement of the investment in Labiotre S.r.l., following the acquisition of control in H2.

The Board of Directors shall propose to the Shareholders’ Meeting, called for April 29, 2022, **the distribution of a dividend of Euro 0.10 per share.**

Consolidated Overview

The Labomar Group's 2021 Consolidated Financial Statements report:

(€ millions)	FY 2021	%	FY 2020	%	2021/ 2020 %
Revenues	65.4	100.0%	61.1	100.0%	7.1%
EBITDA	10.1	15.4%	11.3	18.5%	-10.6%
Adjusted EBITDA	10.1	15.5%	12.3	20.0%	-17.8%
Net Profit	8.3	12.7%	6.1	10.0%	35.7%
Shareholders' Equity	45.7		38.2		19.5%
Net Financial Position	28.2		3.4		719.2%
of which payables for Rights-of-use	4.6		2.9		60.8%

The 2021 Revenues figures include the H2 revenues of the Welcare Group and those for December of Labiotre Srl.

2021 Adjusted EBITDA includes non-recurring income recognised for obtaining listed company status (Euro 0.5 million), in addition to non-recurring costs for the two acquisitions (Euro 0.5 million).

The 2021 net profit includes a number of non-recurring items, such as: (i) the benefit of Euro 5.5 million (Euro 5.4 million net of its tax effect) concerning the fair value remeasurement of the shares of Labiotre held before the acquisition of the majority holding; (ii) the effect of the write-down of the goodwill of the subsidiary ImportFab Inc. for a total of Euro 2.2 million (Euro 1.6 million, net of the tax effect); (iii) the benefit of Euro 0.4 million, net of its tax effect, of the settlement regarding the residual payable for the acquisition of the subsidiary ImportFab Inc.

The Net Financial Position includes cash and cash equivalents, Bank payables and derivative financial instruments, other financial liabilities, payables for rights-of-use, in addition to payables to acquire the residual 30% of Welcare, and the acquisition of 33% of ImportFab Inc.

The Chairperson and Chief Executive Officer of Labomar Walter Bertin stated:

"We are satisfied with the results for 2021, as - considering the current competitive environment - they are in line with those announced to the market over recent months.

Despite the significant increases in the cost of raw materials and energy, challenging events that were particularly a feature of the initial part of the year, with the continuation of the global pandemic which had visible impacts also on our market¹, Labomar was able to satisfy market demand, leveraging on its know-how and R&D expertise.

It offered its customers new products, also for COVID-related illnesses, and significantly improved its sales and earnings: following temporary challenges in the initial part of the year.

¹ - one example was the significant drop in sales of Cough and Cold and Probiotics products, which only recovered in H2

The improvement is seen in an Adjusted EBITDA which rose from Euro 3.9 million in H1 to over Euro 6.2 million in H2.

In addition, 2021 was a year for M&A led growth, with the acquisition of a majority share of the Welcare Group and of a controlling interest in Labiotre Srl, in addition to the incorporation of LaboVar Srl.

All this allows us to offer new services to our customers, across differing regions of the world, always using proprietary patented technologies, and to gradually strengthen our control over the entire value chain.

2021 KEY FINANCIAL HIGHLIGHTS

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

Group earnings

(€ millions)	FY 2021	FY 2020	2021/ 2020 %
Revenues	65.4	61.1	7.1%
EBITDA	10.1	11.3	-10.6%
EBITDA Margin	15.4%	18.5%	
Adjusted EBITDA	10.1	12.3	-17.8%
Adjusted EBITDA Margin	15.5%	20.0%	
Net Profit	8.30	6.1	35.7%

Labomar Group revenues in 2021 totalled Euro 65.4 million, up 7.1% on 2020 consolidated revenues. The figure includes, in addition to the revenues of the parent company and the Canadian Entreprises ImportFab Inc., also those for H2 of the Welcare Group and, for December alone, of Labiotre Srl.

The Group built further on its growth of recent years, particularly in the second half of the year, which is also evident when excluding the effects from the altered consolidation scope: at like-for-like consolidation scope, revenue growth in H2 compared to the same period of the previous year was 10% (+24% considering the contributions of the new acquisitions in 2021).

Revenues of the parent company Labomar S.p.A. in 2021 of Euro 53.8 million overall grew by nearly 4 percentage points on 2020, recovering particularly in H2 the gap arising in the initial part of the year, which was again impacted by the pandemic. Labomar was able to focus its strategy on commercial development to consolidate relations with the legacy customer base and to begin new relationships with major Pharma enterprises, while also

seeking to maximise synergies with the subsidiaries. All this amid a very complex social and economic environment, in which the COVID-19 related restrictions again limited travel, with the traditional activities of pharmacies and representative visits to doctors reduced. Nevertheless, Labomar, by leveraging the company's wealth of experience and know-how acquired over the years, **has been able to react quickly to new market demands**.

Labomar's **R&D department** has continued to create original formulas which respond to customer demands and to provide scientific marketing consultancy.

The Canadian subsidiary **Entreprises ImportFab Inc.** in the final part of the year resumed normal cosmetic production, in addition to purely pharmaceutical production, which was the only type permitted by the local government during the most critical phase of the pandemic.

With regards to the **newly-acquired Welcare**, a number of months ago a cross-selling analysis began, in order to **maximise synergies with the Umbrian company**, which are particularly apparent overseas and, specifically, in markets in which Labomar is not currently present.

Finally, with regards to **Labiotre Srl**, the acquisition of control shall allow the parent to **better integrate the upstream value chain**, also in consideration of the **potential of Labomar Next Srl**.

Labomar Group EBITDA in 2021 was Euro 10.1 million and inclusive of the investments undertaken to strengthen Top Management.

The net profit was Euro 8.3 million (Euro 6.1 million in 2020).

Group Balance Sheet overview

(€ millions)	FY 2021	FY 2020
Net Fixed Capital	64.7	35.5
Net Working Capital	9.2	6.2
Net Capital Employed	73.9	41.7
Shareholders' Equity	45.7	38.2
Net Financial Position	28.2	3.4
Sources of funding	73.9	41.7

The Group's equity structure is considered solid.

The Net Financial Position, a debt of Euro 28.2 million, represents the bank exposure, the financial debt related to leasing and hire contracts, net of cash and cash equivalents and includes the financial outlays for the acquisitions in the year, including the option to purchase a further 30% of Welcare.

2021 SIGNIFICANT EVENTS

The parent company undertook the following transactions:

- May 2021:
 - obtaining of a tax credit of Euro 0.5 million from the Ministry of Economic Development, following admission to listing on the EuroNext Growth Milan market in October 2020;
- July 2021:
 - acquisition of 63% of the Welcare Group, against consideration of Euro 8.2 million;
- August 2021:
 - acquisition by Joh. Berenberg, Gossler & Co. KG, an international German institutional investor, of a stake in the parent company (of 3.79%);
- September 2021:
 - exercise of the option right by Labomar on the shares of Labiotre owned by Difass International (10%) and Previfarma (7.6%) and subscription of a non-binding LOI, subject to Confirmatory Due Diligence, for the acquisition of 51.2% of the share capital of Labiotre Srl, owned by Biodue SpA;
- November 2021:
 - acquisition of the residual shares of Labiotre by Biodue SpA. The price paid to this latter was Euro 8.4 million and was not subject to adjustments;
 - incorporation of LaboVar Srl (51% Labomar SpA), in partnership with Adiacent Srl, a subsidiary of Var Group SpA (a company belonging to the Sesa Group, listed on the Euronext STAR Milan segment, with consolidated revenues of Euro 2.04 billion in the year to April 30, 2021). The New.Co. shall be involved in developing digital e-commerce platforms on the Chinese market for Labomar's and other companies' nutraceutical products (food supplements, cosmetics and well-being). In a second phase, LaboVar will operate also through local Chinese distributors;
- December 2021
 - acquisition of a further 7% of the Welcare Group, in completion of the 70% stake stipulated in the share purchase contract agreed in July 2021. The consideration paid was Euro 1.3 million.

Finally, in April 2021 the company Herbae Srl changed its name to Labomar Next Srl and, in the same month, LAB C Srl (entirely held by Labomar Next Srl) was incorporated. In addition, the company Zero Srl (with Project Zero Srl having a majority shareholding at December 31, in turn held by the parent company for 6.01%) saw the entry of a new Russian shareholder (26.4%), increasing the stake of the overseas investors, which already held a minority of Zero Srl.

SUBSEQUENT EVENTS

In the initial months of 2022, the Group has operated in continuity with the past, although amid pandemic-related conditions. Specifically, the parent company and its subsidiaries are undertaking production in line with the applicable local rules to contain the virus.

Following the outbreak of the conflict in Ukraine, the proposition of international sanctions against Russia, and the impacts on commercial supply or distribution chains have led to increased uncertainties and a potential reduction in global growth estimates.

Although the Group does not essentially operate in the markets primarily involved in the conflict, in the absence of a peaceful resolution and normalisation in the short term, the repercussions on market consumption trends may not be predicted, in addition to the inflationary tensions already evident in the purchase of certain production factors.

With regard to the Parent Company, the following significant event should be noted:

- from January 2022: the company qualified as an "issuer with financial instruments widely circulating among the public" and carried out the communications required by the Issuers' Regulation to Consob.

OUTLOOK

Despite the difficulties related to the development of the pandemic, the international environment, which features a war with an uncertain outcome, and instability with regards to procurement, the company has committed to further expand. At the preparation of the date of this document, such growth may be in the double-digits and shall be shaped over the coming months by the overall development of the economic environment.

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, 2021, which report a net profit of Euro 8,141,357;
- to distribute an ordinary dividend of Euro 0.10 per qualifying share.

The dividend coupon date is May 9, 2022, with record date of May 10, 2022 and pay-out on May 11, 2022.

RELATED PARTY TRANSACTIONS POLICY

Finally, it should be noted that the Board of Directors has approved, with the favourable opinion of the only independent director in office, a number of amendments to the related party transactions policy, mainly in order to bring the text into line with the relevant Consob Regulation in force, which applies to the Company since it is an issuer of financial

instruments that widely circulate among the public.

CALLING OF THE LABOMAR SPA SHAREHOLDERS' MEETING

The Separate Financial Statements at December 31, 2021, approved today by the Board of Directors of Labomar Spa, shall be submitted to the next company Shareholders' Meeting to be held on April 29, 2022.

On the same occasion, the company will also appoint the Independent Audit Firm for the next nine years, in compliance with the regulations applicable to large-scale issuers as "entities subject to an intermediate regime".

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 specialised in the development and production of food supplements, medical devices, foods for special medical purposes and cosmetics for third parties. 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 comprehensive service and a high quality and productivity standard. The company boasts a well structured and cutting-edge research and development department with a particular focus on innovation, a commercial team which reacts quickly to market demands and a high level of product differentiation thanks to its proprietary patents and formulas.

In July 2021, Labomar acquired 63% of the Welcare Group. The Group comprises Welcare Industries Spa and Welcare Research Srl, producers of skincare medical devices, with its registered office in Orvieto. In December 2021, the holding increased to 70%.

In November 2021, LaboVar Srl was established - 51% owned by Labomar and 49% by Var Group Spa (a wholly-owned subsidiary of the listed STAR Sesa Spa) - for the sale of nutraceutical products on an e-commerce platform in the Chinese market.

Also in November 2021, Labomar acquired control of Labiotre Srl, a Tuscan enterprise specialising in the production of plant extracts, fully integrating the supply chain concept advocated by Labomar.

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.

For further information:

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FINANCIAL STATEMENTS AT DECEMBER 31, 2021**ANNEX 1 - RECLASSIFIED CONSOLIDATED BALANCE SHEET****Assets**

(Euro)	31/12/2021	31/12/2020
Intangible assets	41,046,733	15,734,599
Right-of-use	4,993,953	3,130,804
Property, plant and equipment	23,173,700	17,121,091
Investments	951,069	1,881,359
Non-current financial assets and derivative financial instruments	210,433	196,845
Deferred tax assets	1,350,010	162,159
Total non-current assets	71,725,898	38,226,857
Inventories	13,669,582	9,546,220
Trade receivables	13,908,986	9,438,872
Other current assets	2,116,222	3,547,605
Unavailable cash in trust	-	858,167
Tax receivables	323,219	549,011
Current financial assets and derivative financial instruments	22,253	-
Cash and cash equivalents	14,162,598	33,660,632
Current assets	44,202,859	57,600,507
Total assets	115,928,757	95,827,363

Liabilities

(Euro)	31/12/2021	31/12/2020
Share capital	1,848,404	1,848,404
Reserves	43,866,657	36,370,493
Group shareholders' equity	45,715,062	38,218,897
Minority interest shareholders' equity	(26,892)	19,634
Total Shareholders' Equity	45,688,170	38,238,532
Non-current bank and other lender payables	20,903,029	24,555,382
Non-current financial liabilities for rights-of-use	3,608,754	2,232,622
Payables for non-current business combinations	7,152,956	567,110
Provisions for risks and charges	811,062	43,380
Post-employment benefit provision	2,992,746	2,591,486
Deferred tax assets	3,238,087	134,814
Total non-current liabilities	38,706,634	30,124,794
Current bank and other lender payables	9,465,799	8,756,030
Current financial liabilities for rights-of-use	1,017,276	627,936
Other current financial liabilities and derivative financial instruments	243,380	88,673
Payables for current business combinations	-	1,133,517
Trade payables	15,796,168	12,685,358
Contractual liabilities	917,590	464,613
Other current liabilities	3,797,537	3,410,915
Tax payables	296,204	296,995
Total current liabilities	31,533,954	27,464,038
Total liabilities	70,240,588	57,588,832
Total Shareholders' Equity and Liabilities	115,928,757	95,827,363

ANNEX 2 - RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(Euro)	2021	2020
Revenues from contracts with customers	65,412,049	61,059,449
Other income	1,088,013	431,576
Raw materials, ancillaries, consumables and goods	(30,947,242)	(27,986,499)
Change in inventories	1,017,809	1,411,599
Service costs	(11,900,586)	(9,968,423)
Personnel costs	(14,266,516)	(13,456,040)
Amortisation, depreciation, and write- downs	(7,412,858)	(4,048,764)
Provisions	(312,500)	-
Other charges	(287,389)	(167,311)
EBIT	2,390,779	7,275,586
Financial income	744,607	443,896
Financial charges	(521,351)	(684,198)
Net exchange gains/(losses)	458,359	(644,106)
Impairments on financial assets	5,919,193	497,942
Profit before taxes	8,991,586	6,889,120
Income taxes	(726,778)	(797,115)
Net Profit	8,264,809	6,092,005
Group Net Profit	8,360,335	6,093,883
Minority interest Net Profit/(loss)	(95,526)	(1,878)

ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT

	2021	2020
NET PROFIT	8,264,808	6,092,005
Non-cash adjustments:	2,634,897	5,266,615
Amortisation, depreciation and write-downs of tangible, intangible and property assets	7,412,858	4,048,764
Provisions	1,067,865	489,700
Income taxes	726,778	797,115
Net interest income & charges	(223,256)	240,303
Other non-cash adjustments	(6,349,349)	(309,267)
Changes in operating assets and liabilities:	(233,624)	(1,693,503)
Change in inventories	(1,837,348)	(1,624,322)
Change in trade receivables	(2,136,208)	1,207,099
Change in trade payables	1,903,492	154,524
(Utilisation of provisions)	(279,971)	50,797
Other changes in operating assets and liabilities	2,116,410	(1,481,601)
Other receipts and payments:	(1,941,349)	(1,251,503)
Interest received (paid)	(180,001)	(134,598)
(Income taxes paid)	(1,761,348)	(1,116,905)
Other receipts (payments)	-	-
CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES	8,724,732	8,413,615
Investing activities:		
Investments in tangible assets	(2,751,344)	(6,254,187)
Divestment of tangible assets	154,103	28,060
Investments in intangible assets	(563,493)	(450,121)
Other changes in intangible assets	-	32,680
Acquisition of a business	(16,102,893)	622,466
Investments in financial assets	(26,400)	-
Divestment of financial assets	134,918	289,756
CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	(19,155,109)	(5,731,346)
Financing activities:		
Paid-in share capital increase	49,000	24,800,632
Transactions between shareholders	-	-
Increase (Decrease) in bank loans	(6,430,376)	(1,504,429)
Increase (decrease) in short-term bank payables	(51,439)	3,759,109
(Increase) decrease in other financial liabilities	(999,421)	(890,707)
Dividends paid	(2,033,245)	(1,900,000)
NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	(9,465,481)	24,264,605



INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,895,858)	26,946,873
Currency effect on cash and cash equivalents	397,825	(168,300)
Cash & cash equivalents at beginning of the year	33,660,631	6,882,057
Increase (decrease) in cash and cash equivalents	(19,498,034)	26,778,573
Cash & cash equivalents at end of the year	14,162,598	33,660,632

ANNEX 4 - PARENT COMPANY RECLASSIFIED BALANCE SHEET

(Euro)	Dec 31, 21	Dec 31, 20
Intangible assets	811,244	560,750
Right-of-use	2,118,401	2,688,065
Property, plant and equipment	16,449,780	16,131,615
Investments	34,938,694	9,902,129
Non-current financial assets and derivative financial instruments	5,321,092	6,405,758
Deferred tax assets	395,373	155,098
Total non-current assets	60,034,584	35,843,414
Inventories	9,816,192	8,272,681
Trade receivables	10,846,915	8,854,265
Other current assets	1,355,852	2,939,281
Tax receivables	258,023	549,011
Current financial assets and derivative financial instruments	1,687,262	1,696,731
Cash and cash equivalents and deposits	6,817,888	29,840,492
Current assets	30,782,133	52,152,461
Total assets	90,816,716	87,995,875
Share capital	1,848,404	1,848,404
Reserves	42,266,887	36,030,794
Shareholders' Equity	44,115,291	37,879,198
Non-current bank and other lender payables	14,636,187	20,479,670
Non-current financial liabilities for rights-of-use	1,671,885	1,896,549
Provisions for risks and charges	317,500	5,000
Post-employment benefit provision	2,635,752	2,591,486
Deferred tax liabilities	234,378	
Total non-current liabilities	19,495,702	24,972,704
Current bank and other lender payables	8,384,048	8,756,031
Current financial liabilities for rights-of-use	457,583	507,139
Other current financial liabilities and derivative financial instruments	240,659	88,673
Trade payables	14,744,802	12,359,223
Contractual liabilities	328,056	252,595
Other current liabilities	3,050,575	3,180,312
Tax payables	180,431	-
Total current liabilities	27,205,723	25,143,973
Total liabilities	46,701,425	50,116,677
Total Shareholders' Equity and Liabilities	90,816,716	87,995,875



ANNEX 5 - PARENT COMPANY RECLASSIFIED INCOME STATEMENT

<i>(Euro)</i>	2021	2020
Revenues from contracts with customers	53,778,929	51,773,448
Other income	1,009,150	429,576
Raw materials, ancillaries, consumables and goods	(28,527,866)	(25,657,555)
Change in inventories	1,488,757	1,825,836
Service costs	(9,435,389)	(8,532,413)
Personnel costs	(11,435,953)	(11,224,699)
Amortisation, depreciation, and write-downs	(3,598,112)	(3,293,224)
Provisions	(312,500)	-
Other charges	(225,745)	(164,268)
EBIT	2,741,272	5,156,701
Financial income	302,834	246,375
Financial charges	(426,546)	(555,891)
Net exchange gains/(losses)	400,840	(597,578)
Impairments on financial assets	5,919,193	497,943
Profit before taxes	8,937,593	4,747,550
Income taxes	(796,236)	(241,286)
Net Profit	8,141,357	4,506,264