

Press Release

## LABOMAR: BoD APPROVES 2022 HALF-YEAR REPORT

**"The results achieved reflect the strength of the development strategy"  
highlights founder and CEO Walter Bertin**

**Appointment of the new Group CFO Mr. Nicola Tomasini**

- **Consolidated revenues of Euro 41.8 million (+36.9% on H1 2021)**
- **Consolidated EBITDA of Euro 8.1 million, (+81.3% on H1 2021)**
- **Consolidated Net Profit of Euro 3.1 million (+7.4% on H1 2021)**
- **Consolidated NFP of Euro 33.0 million (Euro 28.2 million at 31.12.2021)**

Istrana (TV), September 29, 2022 - The Board of Directors of Labomar (Ticker: LBM), chaired by Walter Bertin, has approved the Group's 2022 Half-Year Report.

*"I am greatly satisfied with the Labomar Group's results for this first half of 2022" stated Chairperson and Chief Executive Officer of Labomar Walter Bertin, who continued "The synergies quickly established between the Group companies - I'm particularly thinking of the Welcare Group acquired just last year - have proved to be extremely effective and, although within a complex environment, have allowed us to tap into new market opportunities and further streamline overheads. The focus on Research & Development, which has always been a key aspect, has been rewarded by allowing us to be proactive towards customers, while at the same time meeting the varied needs of the market. The focus on all aspects of sustainability, from the production cycle to the environment, from personnel to the wider society in which we act, is an additional added value appreciated by our partners and stakeholders and which contributes to the results achieved."*

### Consolidated Overview

(millions of Euro)	H1 2022	%	H1 2021	%	Change %
<b>Revenues</b>	<b>41.8</b>	<b>100.0%</b>	<b>30.5</b>	<b>100.0%</b>	<b>36.9%</b>
<b>EBITDA</b>	<b>8.1</b>	<b>19.3%</b>	<b>4.5</b>	<b>14.6%</b>	<b>81.3%</b>
Adjusted EBITDA <sup>1</sup>	8.1	19.3%	4.0	12.9%	104.2%
<b>Net Profit</b>	<b>3.1</b>	<b>7.4%</b>	<b>2.9</b>	<b>9.4%</b>	<b>7.4%</b>
Adjusted Net Profit <sup>2</sup>	3.1	7.4%	2.1	6.9%	45.4%

  

(millions of Euro)	30.6.2022	%	31.12.2021	%	Change %
Shareholders' Equity	48.4		45.7		6.0%
<b>Net Financial Position</b>	<b>33.0</b>		<b>28.2</b>		<b>17.1%</b>
of which Payables for Right-of-Use	4.3		4.6		-6.8%

The 2022 condensed consolidated half-year financial statements were prepared in accordance with IAS 34 Interim Financial Reporting and subject to limited audit by EY S.p.A

1. the contribution for the AIM listing, recognised 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 recognised in the first half of 2021 as a result of the Imporffab settlement agreement of Euro 0.53 million, was considered non-recurring, net of the related tax effects of Euro 0.28 million

H1 2022 Labomar Group **Revenues** totalled Euro 41.8 million, a significant increase of 36.9% on Euro 30.5 million in the same period of 2021. They include - in addition to Labomar Spa and Entreprises ImportFab Inc. - the companies acquired in H2 2021, i.e. the Welcare Group and Labiotre Srl. At like-for-like scope, revenue growth was equally significant at nearly 12%.

This increase in Revenues is particularly supported by the parent company, which saw a probiotics and cough & cold product category sales recovery, which was impacted in 2021 by the pandemic. The investee performances were equally strong, particularly the Welcare Group which reported Revenue growth of 30.5%, thanks to the additional markets serviced, the improved commercial structure and the launch of the new products for patients suffering from cancer.

Labomar Group **EBITDA** in H1 2022 totalled Euro 8.1 million (Euro 4.5 million in H1 2021), with a strong margin of 19.3%. The increased margin was even more significant in view of the macro environment which featured rising raw material, energy and transport costs.

There were no non-recurring items. **Adjusted EBITDA** therefore coincides with Reported EBITDA, differing from the previous year in which Euro 0.5 million of extraordinary costs for the listing were allocated to this category.

We highlight therefore, particularly for the parent company, increasing personnel costs as a result of a strengthened top management, in accordance with that planned, in order to support development and maximise the synergies from the integration with Entreprises ImportFab Inc. and the newly-acquired Welcare and Labiotre.

**Net financial charges** were reported, although with little impact on H1 2022 at less than one percentage point.

The **Net Profit for the period** was Euro 3.1 million (**7.4% margin**).

**The Group's equity structure appeared solid in the period, with Shareholders' Equity of Euro 48.4 million.**

**The Net Financial Position of Euro 33.0 million** includes Euro 4.3 million for rights-of-use and increased on 31.12.2021 (Euro 28.2 million), mainly due to the increase in Commercial Net Working Capital and the distribution of dividends in May (Euro 1.8 million) following the approval of the Statutory Financial Statements at December 31, 2021.

The significant increase in Net Working Capital, in addition to reflecting the increased size, is significantly influenced by the raw material early procurement policies, which have generally allowed us to respond to market demand while adopting, at the same time, a gradual approach to increasing end-customer prices.

## SUBSEQUENT EVENTS

Following the closure in the first half of the year, the company began the administrative process for the construction of the first tranche of the new "L6" Plant and the signing of two unsecured loans for a total value of Euro 12 million (Euro 6 million each), which ensure

Labomar the financial coverage, in the next 2 years, necessary to undertake the works, for which a total investment of approx. Euro 13.5 million is estimated (please refer to the press release of July 29 for further details).

The Company has completed the selection of the new Group CFO, Mr. Nicola Tomasini, that replaces the previous Manager, Mr. Claudio Crespan who resigned to follow a professional opportunity in a different business sector. The Board thanks him for his work and wish him every success in his professional career.

Mr. Nicola Tomasini has professionally matured in Audit and International M&A roles at PwC, first in Italy, then in New York, has further developed 10 years of experience, first at OVS S.p.A., a listed Company, in the position of Business & Financial Controller, then as the Group CFO of Philippe Model S.r.l., fashion footwear Company, held by the Private Equity Fund 21 Invest, from which he comes. The new Group CFO will start his experience in Labomar Group at the end of November.

As of the current date, neither Mr. Crespan nor Mr. Tomasini hold shares in the Company.

## OUTLOOK

The global environment remains complex for the coming months, both in view of the direct effects of the Ukraine-Russia conflict and for the impacts on costs and the procurement of raw materials and utilities. Labomar shall continue to closely monitor these issues, seeking to limit - where possible - the impacts on margins.

The establishment of synergies between the parent and its investees in the commercial sphere shall at the same time continue, for the proposal to the market of innovative products and/or the targeting of geographic areas currently not directly covered by Labomar.

The expectations for the second half of 2022 are therefore to achieve the pre-established objectives of double-digit growth also at like-for-like scope.

With specific reference to the construction of the first tranche of the "L6" plant, the protocol procedure at the SUAP office of the Municipality of Istrana (TV) has been completed. The obtaining of permission to build is expected by Q3 2023.

Finally, Labomar's focus on ESG issues continues, as part of a process toward obtaining **B-Corp certification, for which the Company has made a formal application to the B LAB certification body.**

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The following Group financial statements are annexed to this press release:

Annex 1 - Reclassified Consolidated Balance Sheet

Annex 2 - Reclassified Consolidated Income Statement

Annex 3 - Consolidated Cash Flow Statement

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The 2022 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 2022 results is also available in this 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.

Labomar reported in 2021 consolidated revenues of approx. Euro 65.4 million, up 7.1% on 2020.

Labomar in 2021 acquired 70% of the Welcare Group. The Group comprises Welcare Industries Spa and Welcare Research S.r.l., producers of medical devices for skincare, with its registered office in Orvieto. LaboVar S.r.l. was also established - 51% owned by Labomar - for the sale of nutraceutical products on an e-commerce platform on the Chinese market. Labomar then acquired full control of Labiotre S.r.l., a Tuscan enterprise specialising in the production of plant extracts, fully integrating the supply chain concept advocated by the company.

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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## CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2022

### ANNEX 1 - RECLASSIFIED CONSOLIDATED BALANCE SHEET

RECLASSIFIED BALANCE SHEET	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	30/06/2022	% of NCE	31/12/2021	% of NCE
Intangible assets	43,332,829	53.2	41,046,733	55.5
Right-of-use	4,737,287	5.8	4,993,953	6.8
Property, plant and equipment	23,339,163	28.6	23,173,700	31.4
Equity invest. & financial assets	865,766	1.1	1,161,503	1.6
Other non-current assets and liabilities*	(7,388,500)	(9.1)	(5,691,886)	(7.7)
<b>Net Fixed Assets</b>	<b>64,886,544</b>	<b>79.7</b>	<b>64,684,002</b>	<b>87.5</b>
Inventories	21,786,819	26.7	13,669,582	18.5
Trade receivables	17,012,045	20.9	13,908,986	18.8
Trade payables	(18,124,874)	(22.2)	(15,796,168)	(21.4)
Other current assets and liabilities **	(4,097,409)	(5.0)	(2,549,638)	(3.4)
<b>Net Working Capital</b>	<b>16,576,581</b>	<b>20.3</b>	<b>9,232,762</b>	<b>12.5</b>
<b>Net Capital Employed</b>	<b>81,463,125</b>	<b>100.0</b>	<b>73,916,764</b>	<b>100.0</b>
<b>Shareholders' Equity</b>	<b>(48,418,201)</b>	<b>(59.4)</b>	<b>(45,688,170)</b>	<b>(61.8)</b>
Cash and cash equivalents	13,215,356	16.2	14,162,598	19.2
Bank loans	(34,083,532)	(41.8)	(30,368,827)	(41.1)
Liabilities for derivative financial instruments	(659,160)	(0.8)	(243,380)	(0.3)
<b>Net Financial Position with banks</b>	<b>(21,527,335)</b>	<b>(26.4)</b>	<b>(16,449,609)</b>	<b>(22.3)</b>
Right-of-use liabilities	(4,311,627)	(5.3)	(4,626,030)	(6.3)
Shareholder payables for dividends	0	0.0	0	0.0
Payables for business combinations	(7,205,962)	(8.8)	(7,152,956)	(9.7)
<b>Total Net Financial Position</b>	<b>(33,044,924)</b>	<b>(40.6)</b>	<b>(28,228,595)</b>	<b>(38.2)</b>
<b>Source of funds</b>	<b>(81,463,125)</b>	<b>(100.0)</b>	<b>(73,916,765)</b>	<b>(100.0)</b>

\* The account includes deferred tax assets, employee benefit liabilities, provisions for risks and charges and deferred tax liabilities

\*\* The account includes Other current assets, tax receivables, contractual liabilities, other current liabilities and tax payables

## ANNEX 2 - RECLASSIFIED CONSOLIDATED INCOME STATEMENT

	H1 2022	%	H1 2021	%
<b>Revenues from contracts with customers</b>	<b>41,803,488</b>	<b>100.0</b>	<b>30,539,366</b>	<b>100.0</b>
Products, goods and material purchases	24,720,874	59.1	15,437,446	50.5
Change in inventories	(7,747,074)	(18.5)	(950,362)	(3.1)
<b>Cost of sales</b>	<b>16,973,800</b>	<b>40.6</b>	<b>14,487,084</b>	<b>47.4</b>
<b>Primary contribution margin</b>	<b>24,829,688</b>	<b>59.4</b>	<b>16,052,282</b>	<b>52.6</b>
Service costs	7,713,161	18.5	5,109,125	16.7
Personnel costs	8,958,392	21.4	7,126,049	23.3
Other operating costs	323,639	0.8	92,982	0.3
Other income	(233,913)	(0.6)	(726,579)	(2.4)
<b>EBITDA</b>	<b>8,068,409</b>	<b>19.3</b>	<b>4,450,705</b>	<b>14.6</b>
Amortisation, depreciation & write-downs	3,351,424	8.0	2,094,177	6.9
Other provisions	0	0.0	0	0.0
<b>EBIT</b>	<b>4,716,985</b>	<b>11.3</b>	<b>2,356,528</b>	<b>7.7</b>
Financial income	28,502	0.1	660,168	2.2
Financial charges	(273,693)	(0.7)	(225,699)	(0.7)
Net exchange gains/(losses)	20,274	0.0	521,711	1.7
Impairments on financial assets	(57,304)	(0.1)	291,701	1.0
<b>Profit before taxes</b>	<b>4,434,764</b>	<b>10.6</b>	<b>3,604,409</b>	<b>11.8</b>
(Income taxes)	(1,348,929)	(3.2)	(732,384)	(2.4)
<b>Net Profit for the period</b>	<b>3,085,834</b>	<b>7.4</b>	<b>2,872,025</b>	<b>9.4</b>
<b>Group Net Profit</b>	<b>3,148,230</b>	<b>7.5</b>	<b>2,889,347</b>	<b>9.5</b>
<b>Minority interest Net Profit/(loss)</b>	<b>(62,396)</b>	<b>(0.1)</b>	<b>(17,322)</b>	<b>(0.1)</b>

### ANNEX 3 - CONSOLIDATED CASH FLOW STATEMENT

	H1 2022	H1 2021
<b>NET PROFIT</b>	<b>3,085,835</b>	<b>2,872,025</b>
<b>Non-cash adjustments:</b>	<b>4,940,542</b>	<b>1,846,471</b>
Amortisation, depreciation and write-downs of tangible, intangible and property assets	3,351,422	2,094,177
Provisions	52,886	290,831
Income taxes	1,348,929	732,384
Net interest income & charges	245,191	(435,443)
Other non-cash adjustments	(57,886)	(835,479)
<b>Changes in operating assets and liabilities:</b>	<b>(7,861,663)</b>	<b>(1,628,978)</b>
Change in inventories	(8,070,596)	(1,326,374)
Change in trade receivables	(2,790,865)	(2,824,911)
Change in trade payables	2,480,900	107,981
(Utilisation of provisions)	(503,649)	(252,118)
Other changes in operating assets and liabilities	1,022,546	2,666,445
<b>Other receipts and payments:</b>	<b>(628,516)</b>	<b>(488,310)</b>
Interest received (paid)	(131,811)	(126,224)
(Income taxes paid)	(496,706)	(362,085)
Other receipts (payments)	-	0
<b>CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES</b>	<b>(463,802)</b>	<b>2,601,209</b>
<b>Investing activities:</b>		
Investments in tangible assets	(2,016,713)	(1,535,929)
Divestment of tangible assets	200,000	147,090
Investments in intangible assets	(227,281)	(274,433)
Other changes in intangible assets	-	0
Acquisition of a business	-	0
Investments in financial assets	575	(400,000)
Divestment of financial assets	(49,670)	9,841
<b>CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES</b>	<b>(2,093,089)</b>	<b>(2,053,432)</b>
<b>Financing activities:</b>		
Paid-in share capital increase	0	50,001
Increase (Decrease) in bank loans	5,611,644	(3,168,321)
Increase (decrease) in short-term bank payables	(1,803,167)	(706,216)
Increase (decrease) in other financial liabilities	(557,787)	(434,601)
Dividends received (paid)	(1,848,404)	(2,033,245)
<b>NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES</b>	<b>1,402,286</b>	<b>(6,292,382)</b>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,154,605)	(5,744,605)
Currency effect on cash and cash equivalents	207,362	301,018
Cash & cash equivalents at beginning of the period	14,162,598	33,660,631
Increase (decrease) in cash and cash equivalents	(947,242)	(5,445,387)
Cash & cash equivalents at end of the period	13,215,356	28,215,244