

LABOMAR

Corporate Presentation

NOVEMBER 2020



Today's Speakers

**WALTER
BERTIN**



FOUNDER & CEO

- FOUNDED LABOMAR IN 1998 FROM THE "FARMACIA BERTIN"
- MEMBER OF THE FEDERSALUS BOARD SINCE 2011, AND OF UNINDUSTRIA TREVISO SINCE 2012
- GRADUATED IN PHARMACEUTICAL SCIENCE AND COMPLETED A MASTER DEGREE IN LEAN MANAGEMENT



**CLAUDIO
DE NADAI**



IR & BOARD DIRECTOR

- CONSULTANT FOR LABOMAR SINCE 2007 ON FINANCIAL STRATEGY AND BOARD MEMBER SINCE 2018, HE LED THE ASSET DEAL ON IMPORTFAB
- AFTER 13 YEARS AS CFO AND GENERAL MANAGER OF AN ITALIAN SME AND A PAST ENTREPRENEURIAL EXPERIENCE IN AGRI-FOOD, HE FOUNDED BMODEL (CORPORATE FINANCE BOUTIQUE)



**FRANCESCO
DA RIVA**



HEAD OF SALES

- SIGNIFICANT EXPERIENCE IN LABOMAR, FIRST AS HEAD OF FOREIGN SALES AND RECENTLY PROMOTED TO HEAD OF SALES AND COMMERCIAL NETWORKS
- EXTENSIVE PREVIOUS EXPERIENCE AS SENIOR CONSULTANT IN STRATEGY AND BUSINESS PLANNING
- EDUCATION: MASTER IN MANAGEMENT, ACCOUNTING AND CONTROL AT BOCCONI UNIVERSITY



**DAVIDE
MUNARETTO**



CFO

- 7 YEARS IN LABOMAR AS CFO
- EXTENSIVE PREVIOUS EXPERIENCE IN PLANNING & CONTROL AND FINANCE & ADMINISTRATION
- EDUCATION: GRADUATED IN ECONOMICS AND MANAGEMENT AT VENICE CA' FOSCARI UNIVERSITY, HE UNDERWENT SEVERAL MASTER CLASSES IN FINANCE AND ACCOUNTING





GROUP OVERVIEW



LABOMAR IS THE NEW FRONTIER

RESEARCH-DRIVEN FULL SERVICE CDMO OPERATING MAINLY IN
THE **DIETARY SUPPLEMENTS AND MEDICAL DEVICES** SEGMENTS

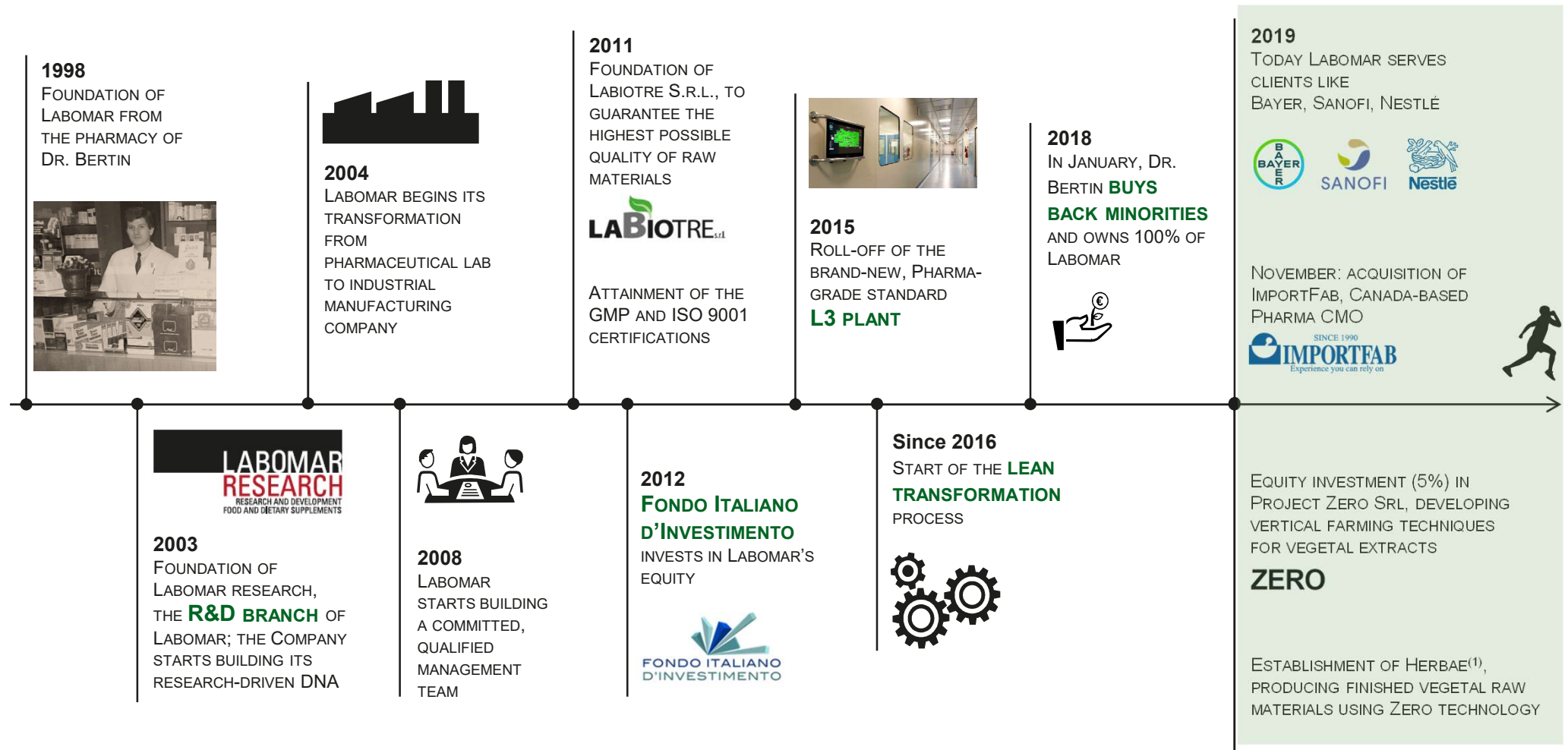
LEVERAGING **INTERNALLY-DEVELOPED PATENTS** AND
A **FULL RANGE OF PHARMACEUTICAL FORMS**

PROVIDING **HIGH-GRADE** VALUE-ADDED SOLUTIONS TO
INTERNATIONAL LIFE SCIENCES PLAYERS

THE CDMO «2.0»

20+ Years History of Continuous Development

LABOMAR BUILDS VALUABLE RELATIONSHIPS WITH THE BIG PHARMA AND STARTS DEVELOPING FOREIGN MARKETS



LABOMAR IS NOW IN THE SWEET SPOT FOR A SUCCESSFUL LISTING TO SPUR FUTURE GROWTH, ORGANICALLY AND BY M&A

The Leading One-stop-shop CDMO

REVENUES BREAKDOWN ⁽¹⁾



34%

REVENUES BASED ON
PROPRIETARY PATENTS AND
FORMULAS



10%

OF FTEs IN R&D,
C. 4% OF REVENUES



c. 1,500

SKUs DELIVERED TO
C. 180 CUSTOMERS



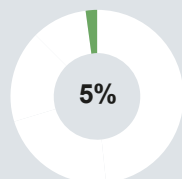
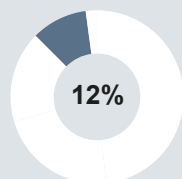
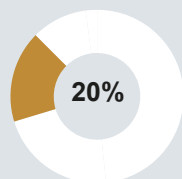
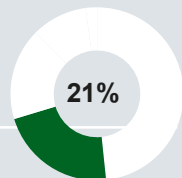
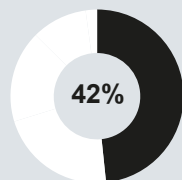
c. 100 ⁽²⁾

READY-TO-MARKET SKUs
INTERNATIONALLY



33%

SHARE OF EXPORT BY INVOICE,
INCREASING TO 44% ON A
2019A CONS. PF BASIS



EXAMPLE OF CLIENTS



EXAMPLE OF PRODUCTS



2019A CONS. PRO-FORMA ⁽³⁾	€M	% REV / LEV (X)
REVENUE	57.4	
EBITDA ADJ	12.2	21.2%
EBIT ADJ	8.3	14.5%
NET INCOME ADJ	5.7	9.9%
NET DEBT	28.7	2.4X

1. As of 2019A Labomar stand-alone

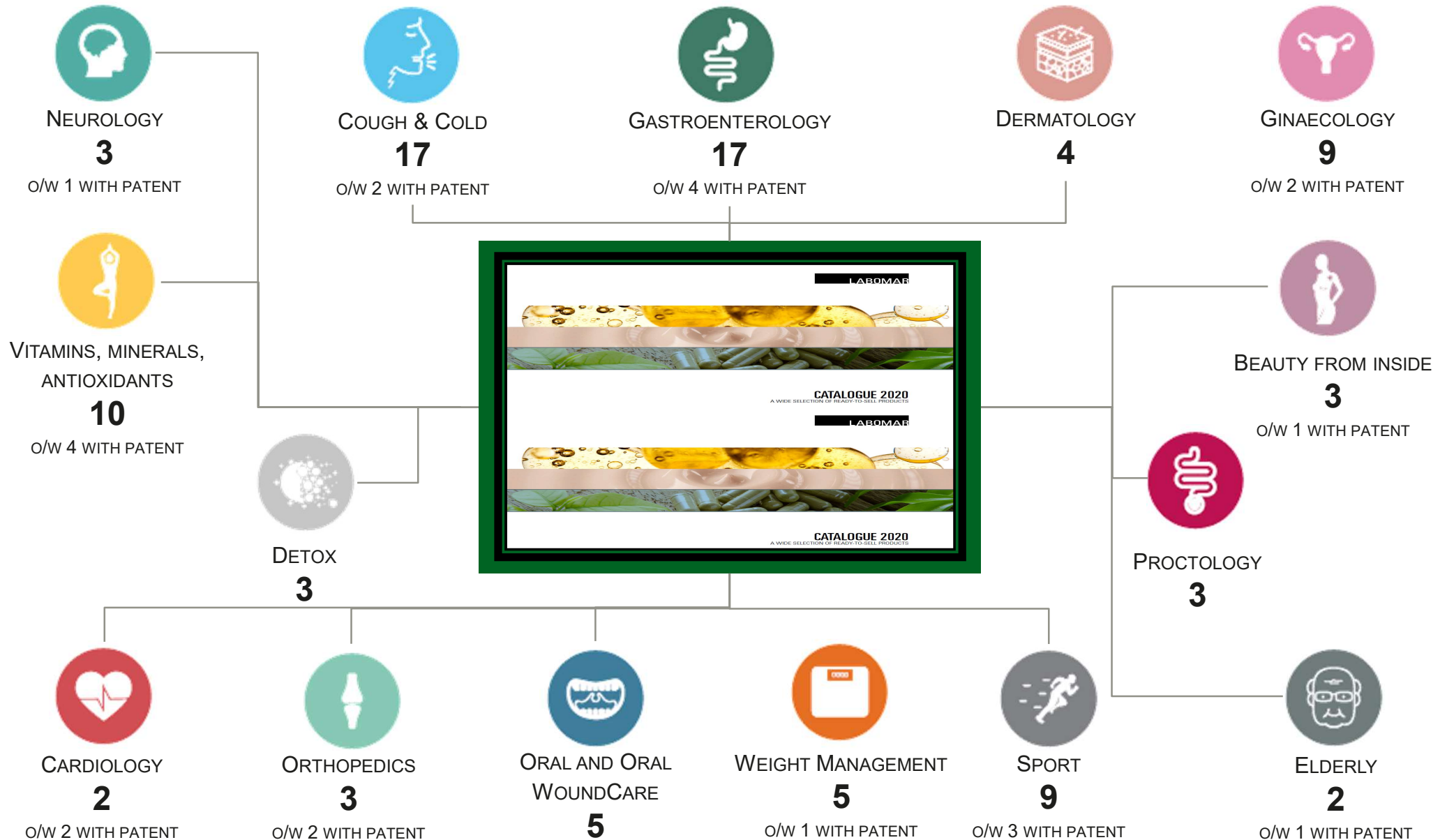
2. As of Labomar 2020 catalogue

3. 2019 EBITDA and EBIT Cons. PF have been adjusted for total acquisition costs (574€K + 306€K); Net Income 2019 PF has been adjusted for total acquisition costs and theoretical Canadian Tax (233€K)

Source: Management, pro-forma financial statements



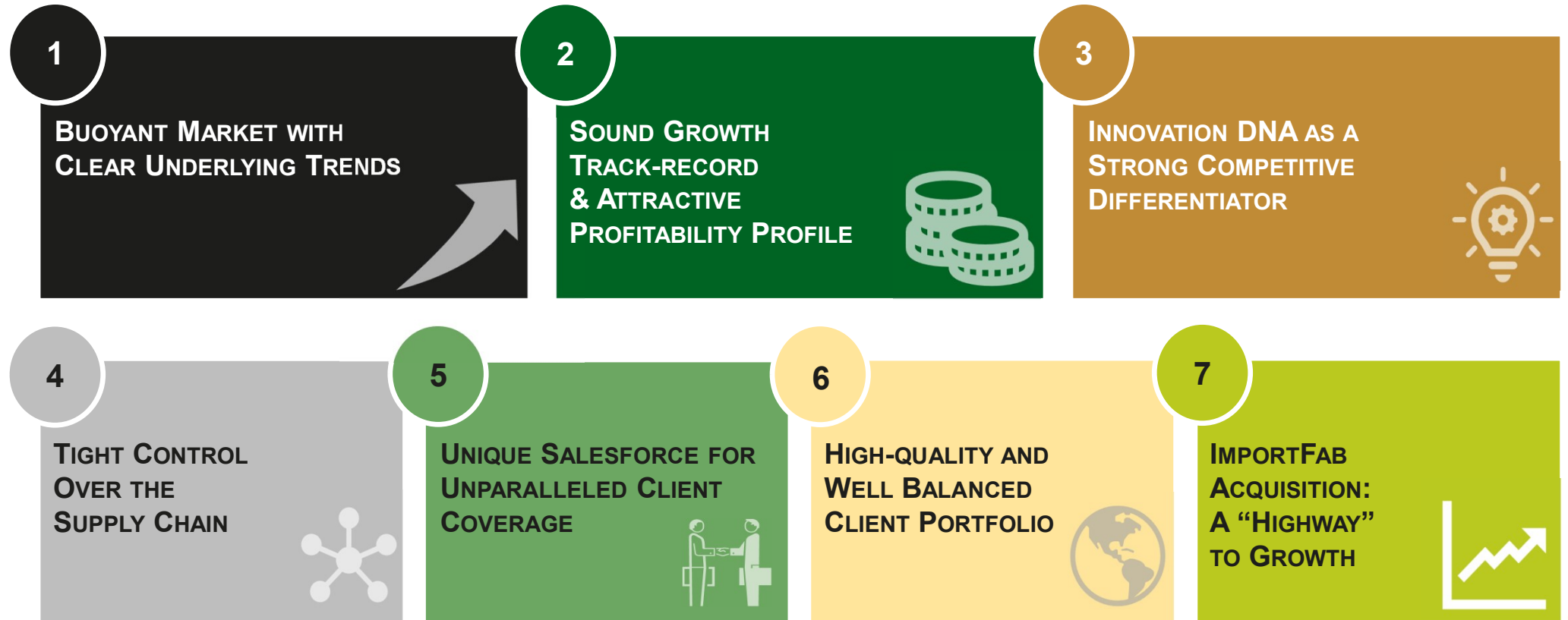
Labomar Catalogue: Unique, Wide “Ready-to-Market” Selection



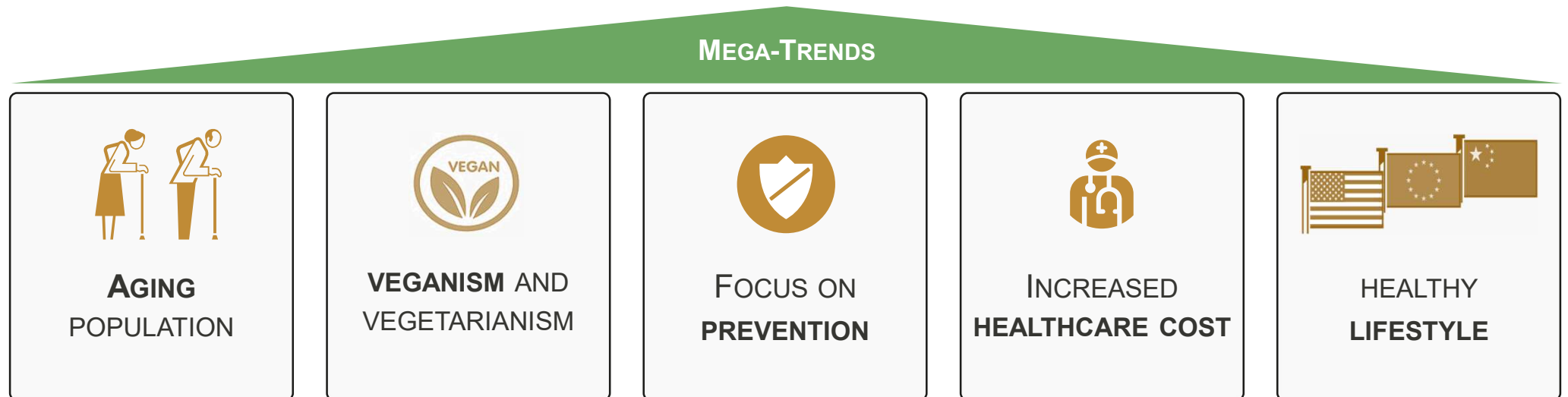
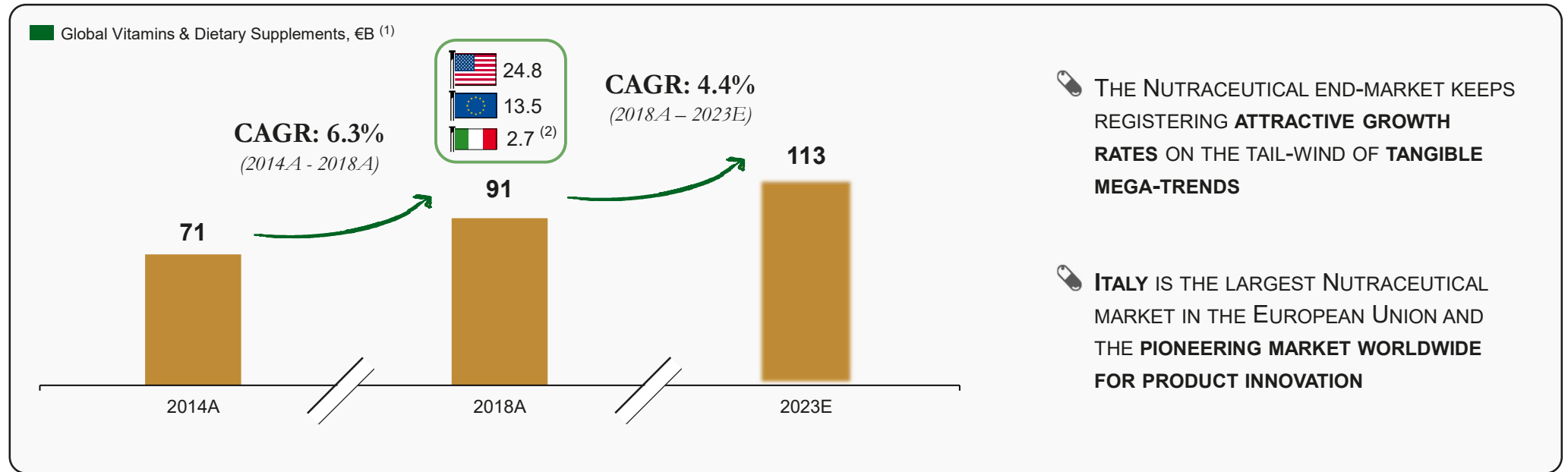


INVESTMENT HIGHLIGHTS

Distilling the Equity Story

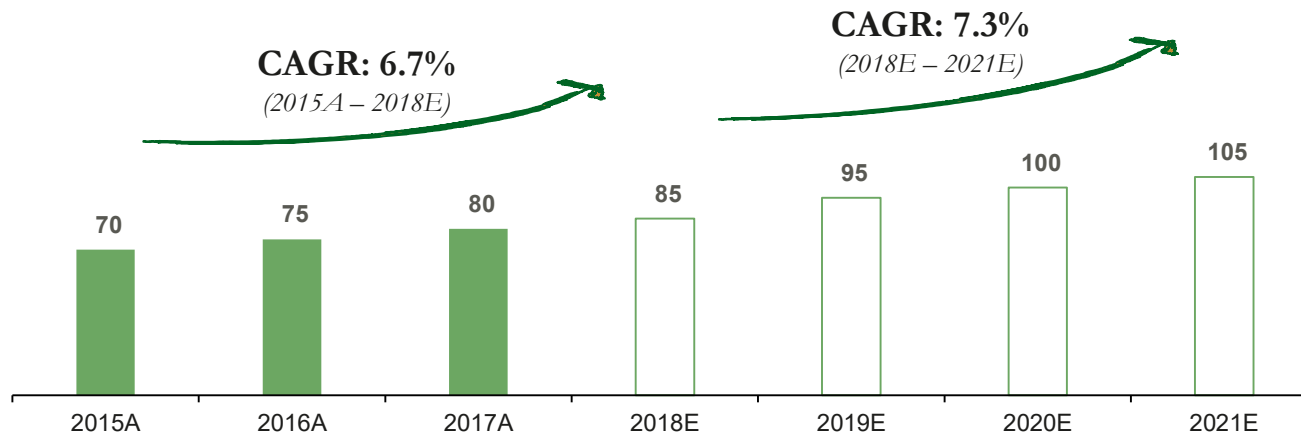


Buoyant Market with Clear Underlying Trends



Buoyant Market with Attractive Underlying Trends

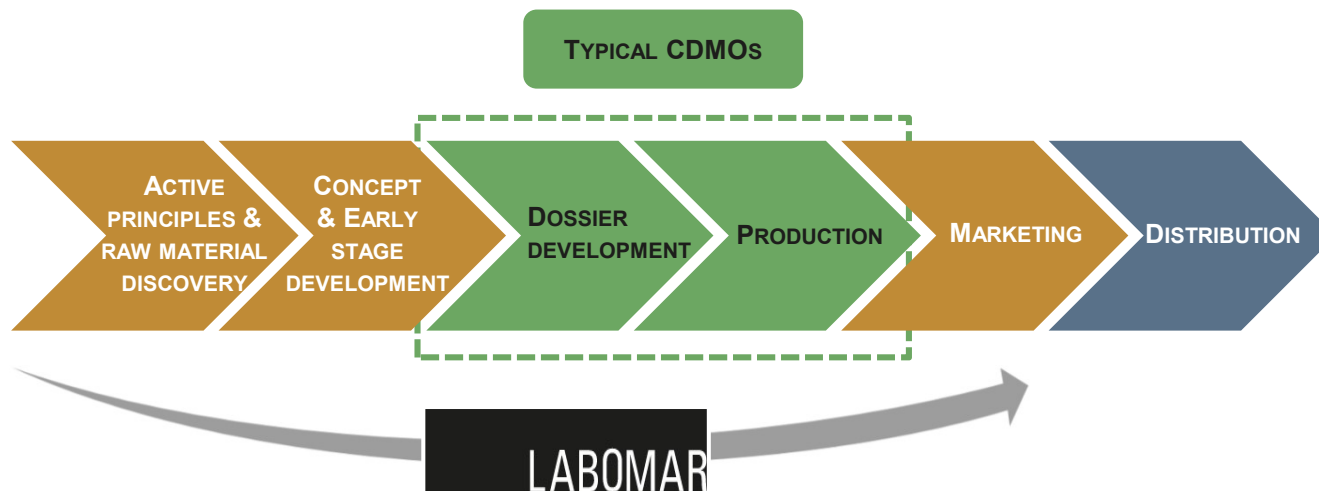
HISTORICAL AND PROJECTED GLOBAL OUTSOURCING LEVELS, \$B ⁽¹⁾



BIG PHARMA OUTSOURCING MEGA-TREND, TO REDUCE (I) **TIME-TO-MARKET**, (II) **COSTS**, AND (III) **OPERATIONAL COMPLEXITY**, AS WELL AS TO REALLOCATE INTERNAL RESOURCES ON DISTRIBUTION

PREFERENCE FOR A **LIMITED NUMBER OF ONE-STOP-SHOP SUPPLIERS**, IN ORDER TO (I) LIMIT THE COSTS AND RISKS INVOLVED IN TECHNOLOGY TRANSFERS, AND (II) TO SAVE TIME

CONTINUED OUTSOURCING TREND FROM BIG PHARMA TO CDMOs ⁽²⁾



PREFERENCE FOR **LONG-TERM RELATIONSHIPS**

SHORTER PRODUCT LIFE-CYCLE OF NUTRACEUTICALS BOASTS OUTSOURCING

LABOMAR EXTRA-SERVICE, ANTICIPATING THE NEXT OUTSOURCING TREND TOWARDS **ONE-STOP-SHOP CDMO**: ACTIVE PRINCIPLES & RAW MATERIALS RESEARCH AND CONCEPT DEVELOPMENT



Sound Growth Track-Record & Outstanding Profitability

2014A

25.1 €m

Revenue

2.9 €m

EBITDA

11.6%

EBITDA %

ORGANIC GROWTH

DOUBLE-DIGIT
REVENUE CAGR

+14%

MAINLY DRIVEN BY **CONTINUOUS PRODUCT INNOVATION**
AND CONSEQUENT INCREASING **SHARE OF WALLET** WITH
DEEP-POCKETED **"BIG PHARMA"** COMPANIES

REINFORCED BY
M&A

DOUBLE-DIGIT
REVENUE CAGR

+18% ⁽¹⁾

WIDENING OF
PRODUCT
PORTFOLIO

ACCESS TO NEW
GEOGRAPHIES



2019A Cons. PF⁽¹⁾

57.4 €m

Revenue

12.2 €m

EBITDA Adj

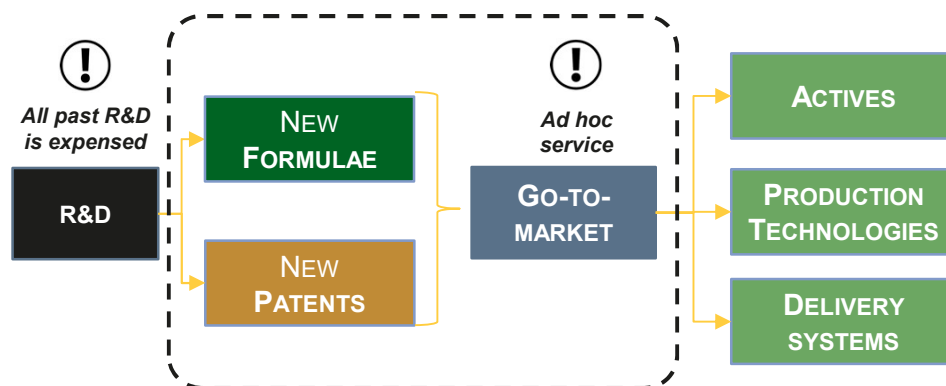
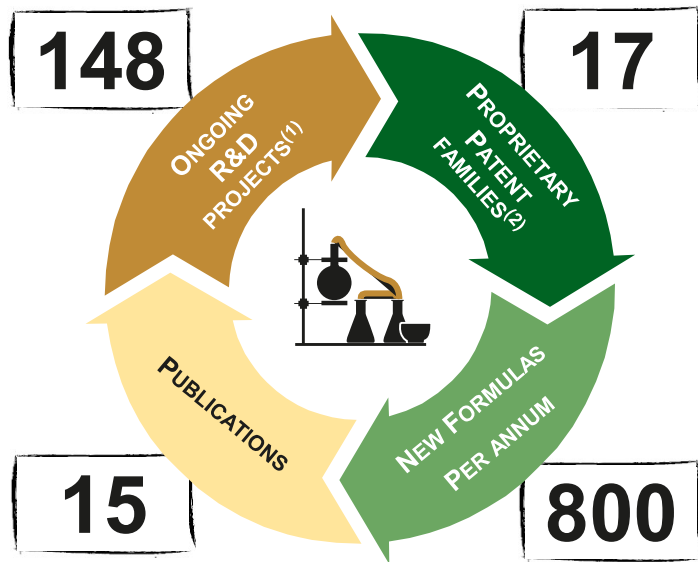
21.2%

FIRST-CLASS
MARGINS IN
THE SECTOR

EBITDA Adj %



Innovation DNA as a Strong Competitive Differentiator



SCIENTIFIC MARKETING



STRATEGICALLY SUSTAINABLE PROPOSALS

PROPOSALS FOR STRATEGIC BRAND / LINE EXTENSION



ECONOMICALLY SUSTAINABLE PROPOSALS

NEW DELIVERY FORMS

MORE EFFECTIVE PRODUCTS



IMPLEMENTING AND PATENTING NEW TECHNOLOGIES



INNOVATIVE RAW MATERIALS AND FORMULATIONS



RIGOROUS SCIENTIFIC DOCUMENTATION

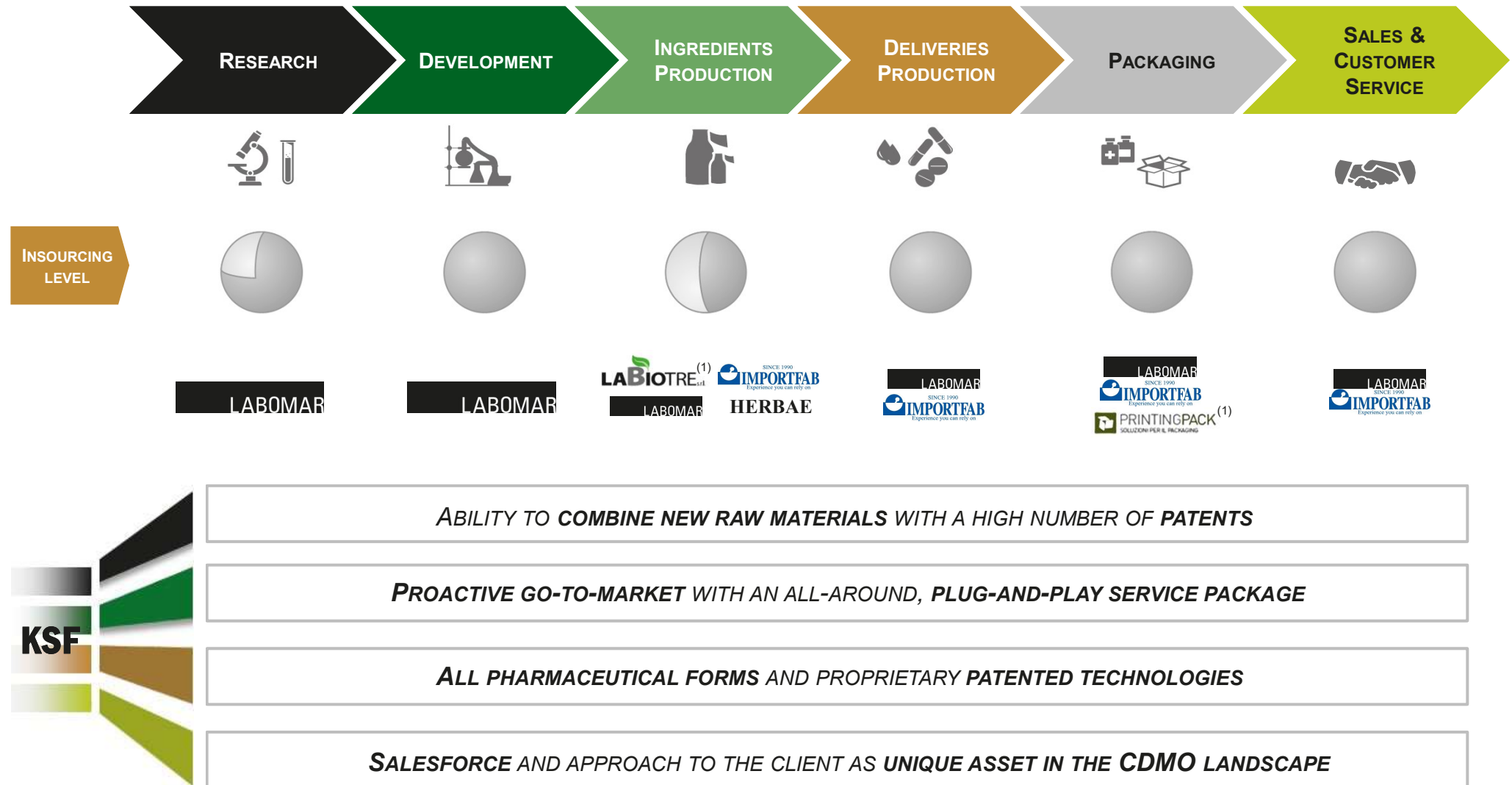


INCREASINGLY FUNDAMENTAL AND HARD TO REPLACE

OWNERSHIP OF CERTIFICATIONS OF MEDICAL DEVICES

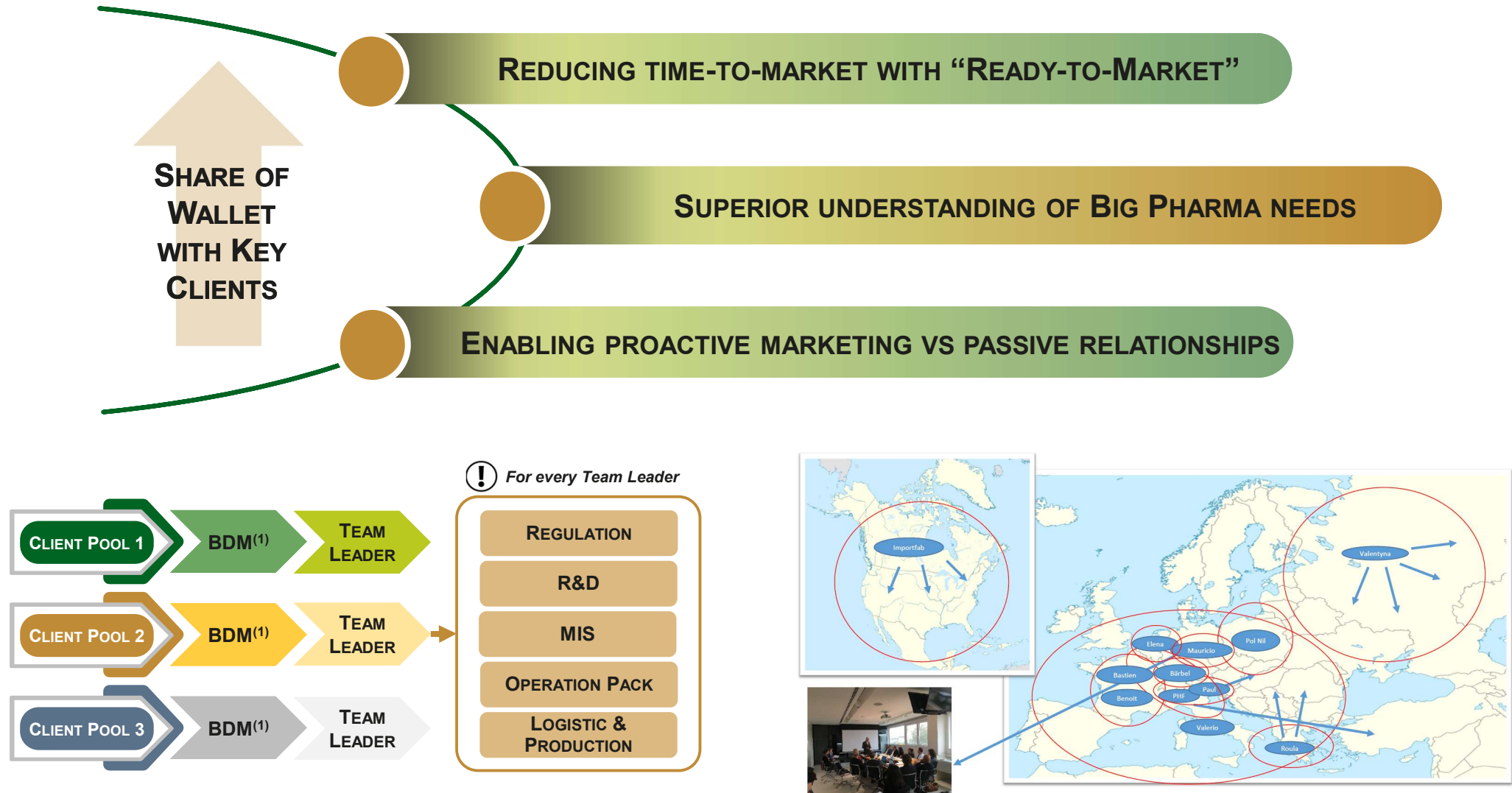


Tight Control Over the Value Chain



INSOURCING AND DIRECT CONTROL OF ALL PHASES FOR SEAMLESS EXECUTION & QUALITY ACROSS THE FULL VALUE CHAIN

Unique Salesforce for Unparalleled Client Coverage



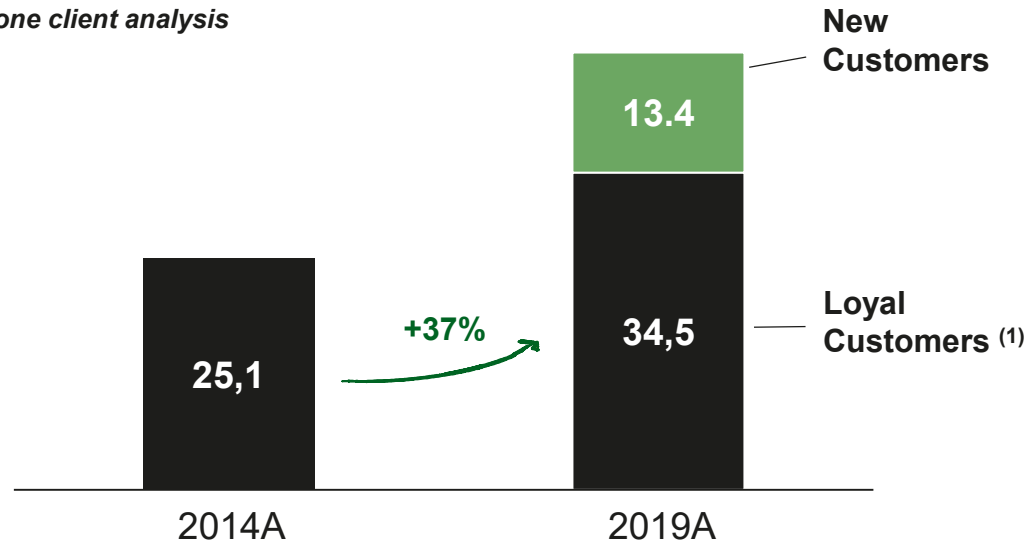
ONE-IN-A-KIND COMMERCIAL STRUCTURE IN THE CDMO LANDSCAPE

1. BDMs (Business Development Managers) are professional figures with high seniority in the field and good relationship network, mainly divided by geographic area of development. Their job is about targeting the most relevant opportunities with key clients. 9 BDMs out of 12 operate with consultancy or collaboration agreements, thus they are not direct employees of Labomar

Source: Management

High-quality and Well Balanced Client Portfolio

Labomar stand-alone client analysis



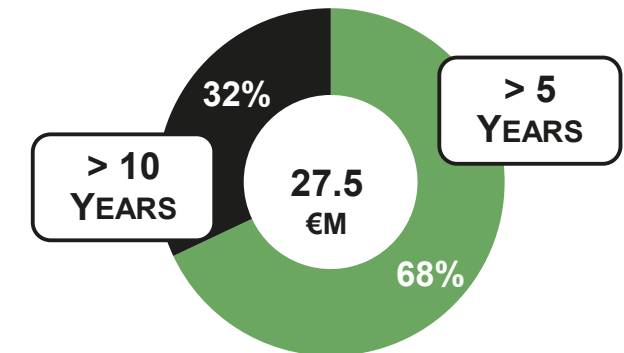
Revenue / # Clients (€K)	198	→	305
Revenue / # SKUs (€K)	30		50

1 +54% AVERAGE SHARE OF WALLET IN THE LAST 5 YEARS

2 INCREASING NUMBER OF REVENUES PER SKU

STRONG RELATIONSHIPS, SUBSTANTIALLY INCREASING THE PIPELINE WITH NEW PRODUCTS, NEW GEOGRAPHIES OR THE COMBINATION OF THE TWO

LABOMAR – LOYALTY OF TOP 15 CLIENTS - FY2019



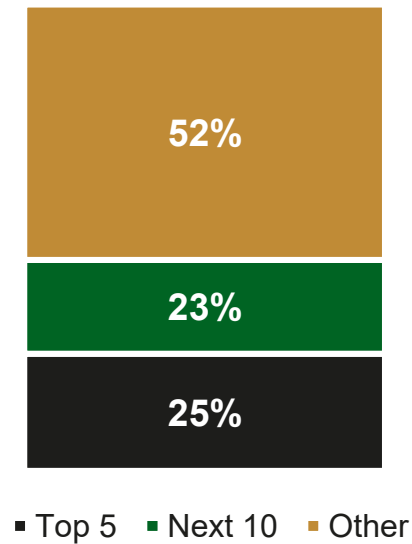
HIGH CLIENT PORTFOLIO DIVERSIFICATION AND CUSTOMER RETENTION

- COMMERCIAL PARTNERSHIPS ON A WIDE PRODUCT BASE AND LOW CUSTOMER LOSS RISK
- INCREASING PHARMACEUTICAL CONTENT BOTH IN PRODUCTS RANGE AND COMMERCIAL PARTNERSHIPS IN PARTICULAR WITH INTERNATIONAL CUSTOMERS

High-quality and Well Balanced Client Portfolio


REVENUES CONCENTRATION

2019A CONS. PF



 **HIGH QUALITY** KEY ACCOUNTS

 **NO EXCESSIVE EXPOSURE** TO ANY LARGE CLIENT / PRODUCT

 **DYNAMIC TOP 5 RANKING**, AS WHEN PROJECTS KICK IN, SHARES OF WALLET CAN RAPIDLY CHANGE

PARETO-OPTIMAL CLIENT PORTFOLIO



ImportFab Acquisition: a “Highway” to Growth



SUPERIOR R&D CAPABILITIES

IMPORTFAB TODAY IS JUST A CMO



PROPRIETARY PATENTS INCREASING VALUE OF PRODUCE

*IMPORTFAB'S PRODUCT PORTFOLIO IS
MOSTLY BASIC*



COMMERCIAL STRUCTURE / INTERNATIONAL RELATIONS

*IMPORTFAB'S LIMITED SIZE DID NOT ALLOW
INVESTMENTS IN THIS SENSE*



GREENFIELD 26 €B⁽¹⁾ NORTH AMERICAN MARKET



SEMI-SOLIDS (CREAM, GEL, OINTMENT, LOTION)



PHARMACEUTICALS



CANNABIS OPPORTUNITY

HIGHLY SYNERGIC ACQUISITION PAVING THE WAY FOR A LONG WAVE OF BUSINESS DEVELOPMENT



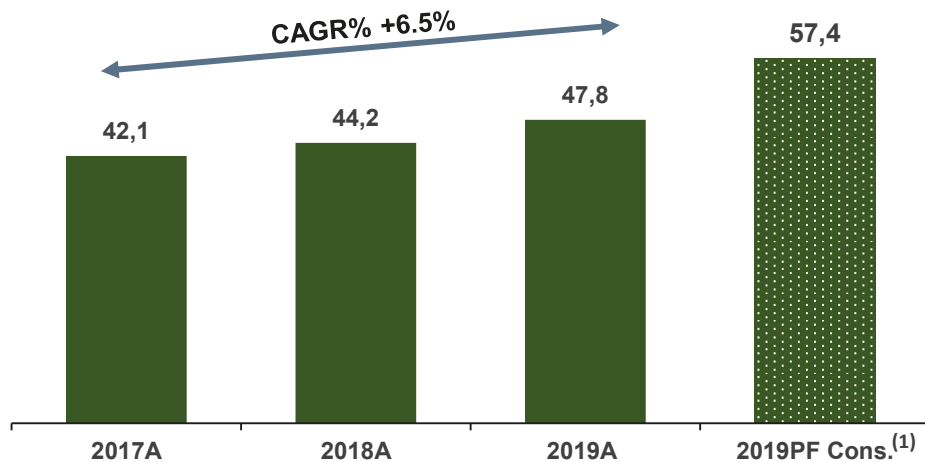
FINANCIAL OVERVIEW



Sound Growth Track-record Paired with a Strong Bottom Line

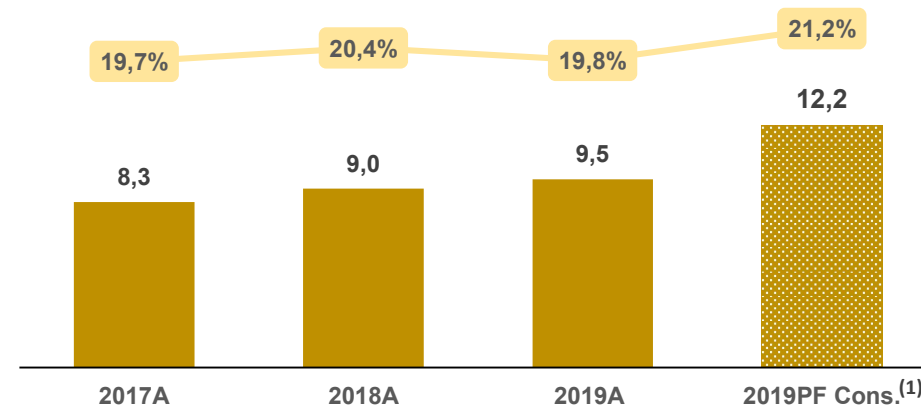
REVENUE GROWTH DRIVEN BY SHARE OF WALLET

Total Revenues (€M)



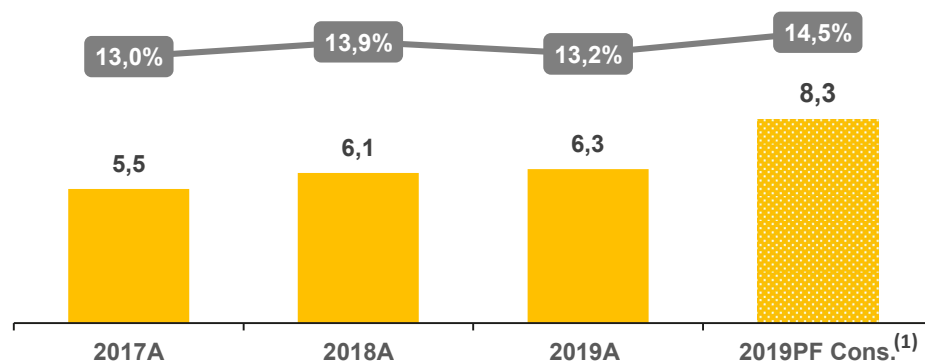
EBITDA MARGIN ACCRETION

EBITDA (€M and % Total Revenues)



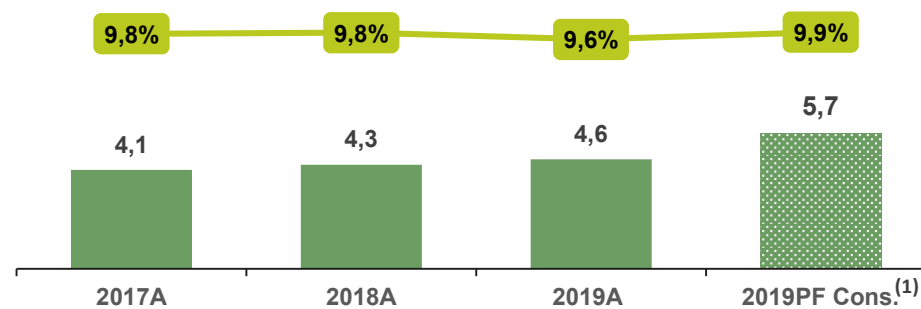
MARGIN PICK-UP FULLY TRANSLATED AT EBIT LEVEL

EBIT (€M and % Total Revenues)



CONSISTENT BOTTOM LINE PROFITABILITY

Net Income (€M and % Total Revenues)

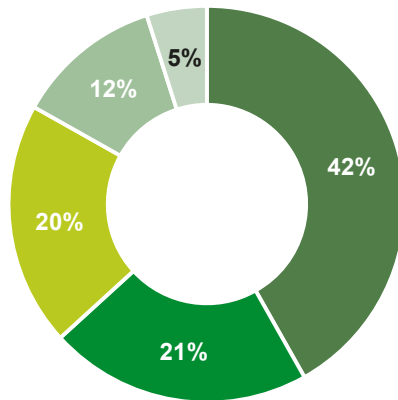


Widely Diversified Resulting in a Low-Risk Business Model

REVENUES BREAKDOWN (LABOMAR ONLY)

BY PHARMACEUTICAL FORM

(2019,%)

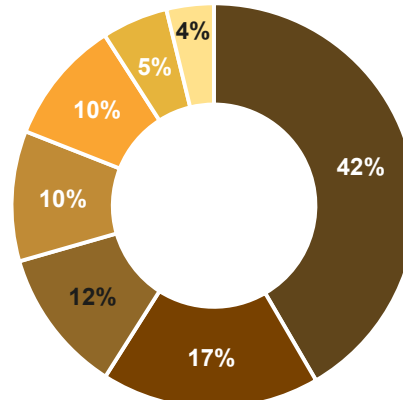


■ Liquids ■ Tablet ■ Powder ■ Capsule ■ Others

**WELL-BALANCED BETWEEN
SOLID AND LIQUID FORMS**

BY THERAPEUTIC AREA

(2019,%)

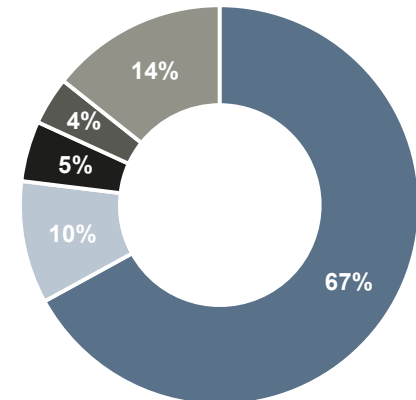


■ Gastrointestinal ■ Respiratory
■ Others ■ Nervous
■ Cardiovascular ■ Genito urinary
■ Antioxidants

**WELL DIVERSIFIED BY THERAPEUTIC
AREA, YET STRONG POSITIONING IN
THE OPPORTUNITY-RICH
GASTROINTESTINAL AREA**

BY GEOGRAPHY

(2019,%)



■ Italy ■ France ■ Poland ■ Spain ■ Others

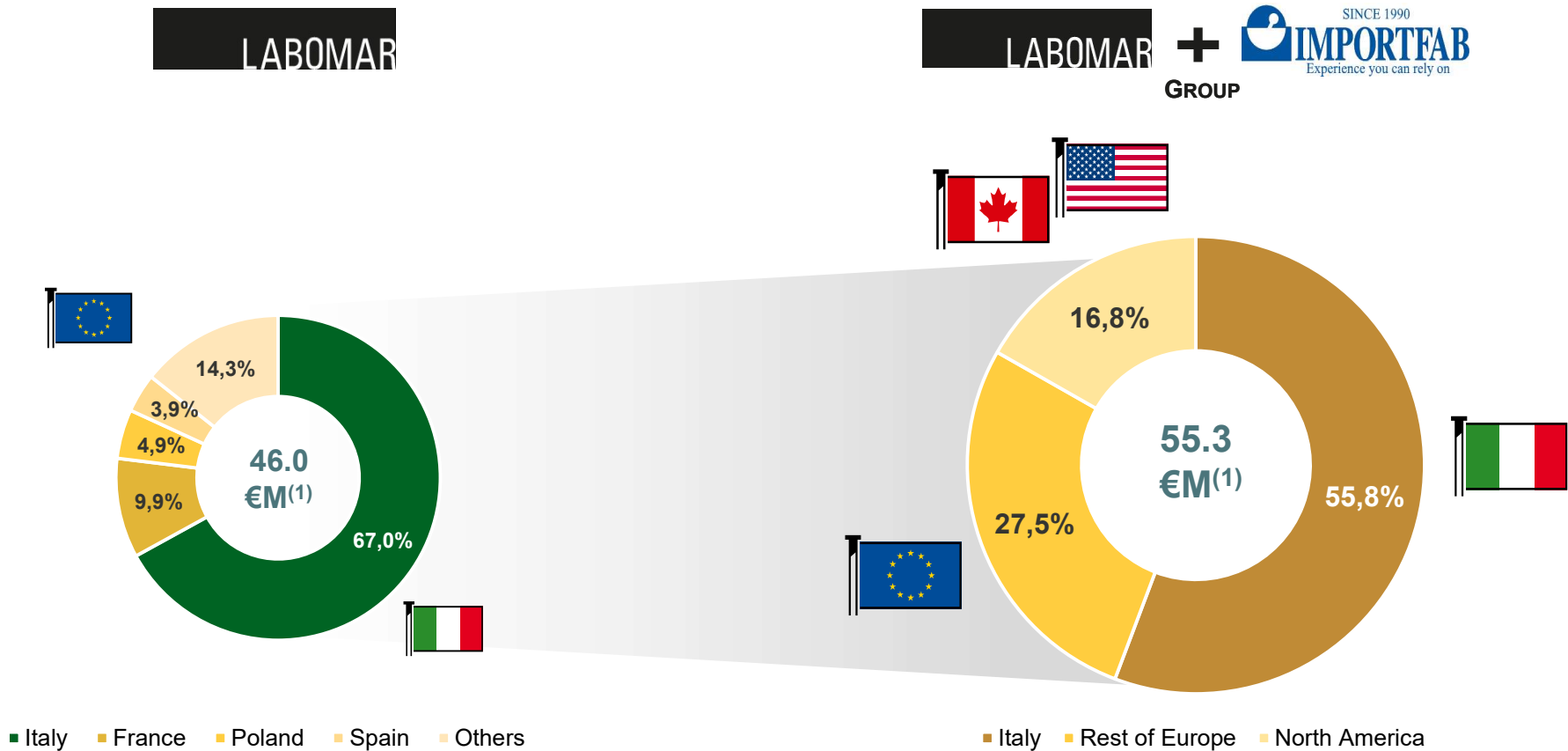
**IMPORTFAB AND FUTURE M&A
LEAD TO
FURTHER DIVERSIFICATION**



Tactful Internationalization Boosting Opportunities & Diversification

REVENUES BREAKDOWN BY GEOGRAPHY – CLASSIFICATION BY COUNTRY OF INVOICE

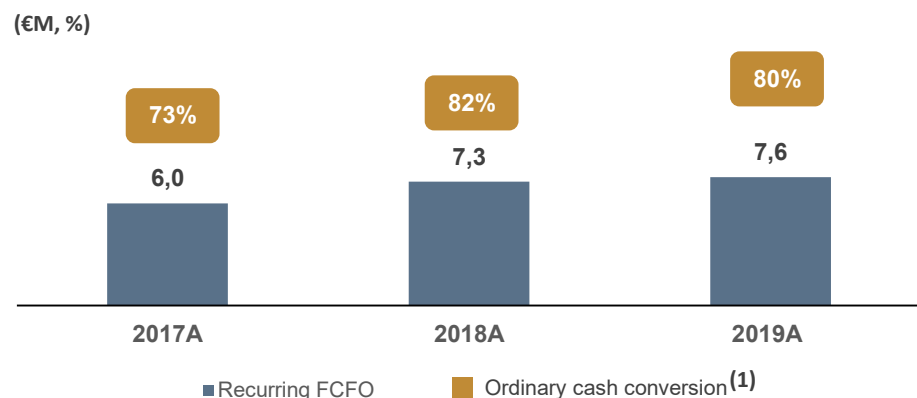
(2019 Labomar, 2019 Cons. PF Labomar + ImportFab)



THE ACQUISITION OF IMPORTFAB UNLOCKS THE NORTH AMERICAN MARKET WITH A WHOLE RANGE OF NEW OPPORTUNITIES

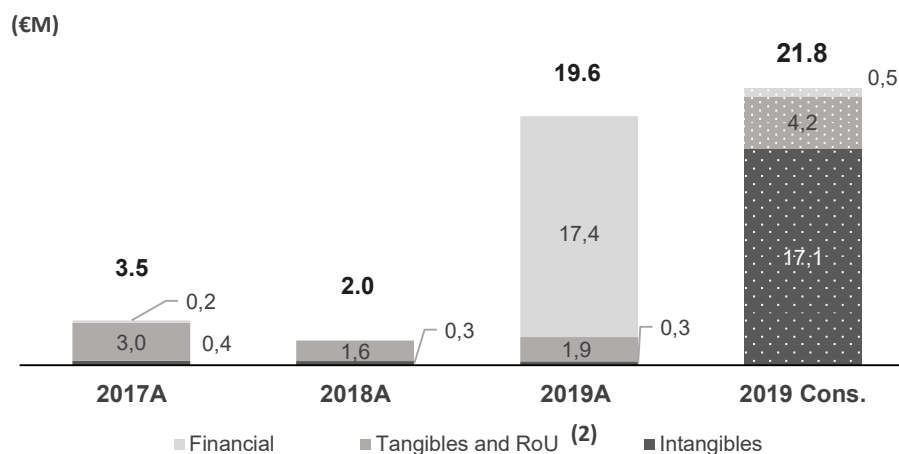
Efficient Business Model and Strong Cash Conversion

ORDINARY CASH CONVERSION



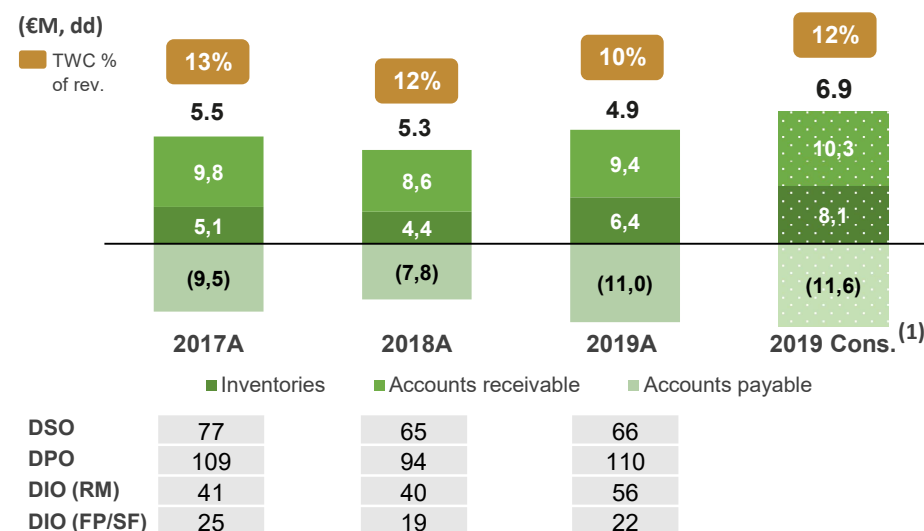
Note: Recurring FCFO = EBITDA - Δ Trade Working Capital - Ordinary Tangible and intangible Capex ⁽²⁾

CAPEX

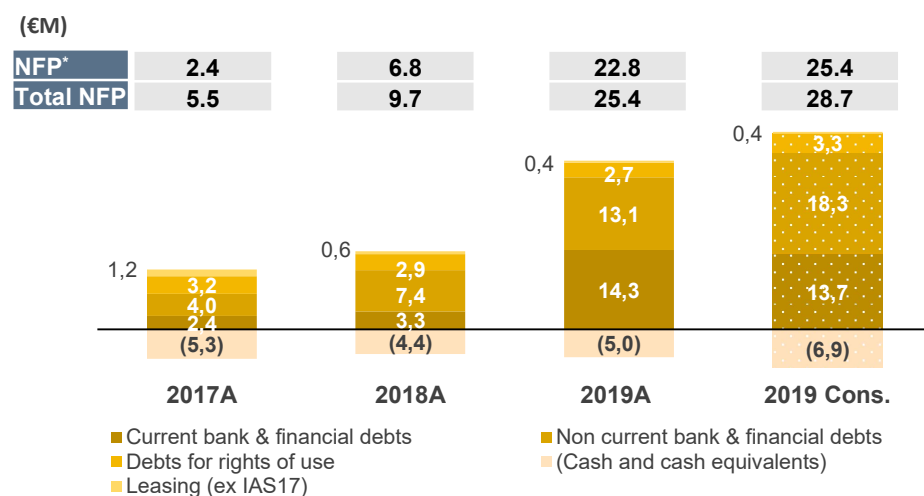


Note: CAPEX includes rights of use effects for IFRS 16 adoption

TRADE WORKING CAPITAL



NET FINANCIAL POSITION



Note: * NFP excluding debts for rights of use (IFRS 16 compliant)

1. Cash conversion and TWC cycle at 2019 Cons. is not meaningful because the Group consolidates only the last two months of ImportFab economics (acquisition on October 31st)
2. Tangibles 2019A and 2019 Cons. excludes 1,285€K outflow for the payment of a building plot to be re-sold and 507€K for linked plant design expenses; CAPEX 2019 Cons. not includes 2 €M of ImportFab current assets acquisition

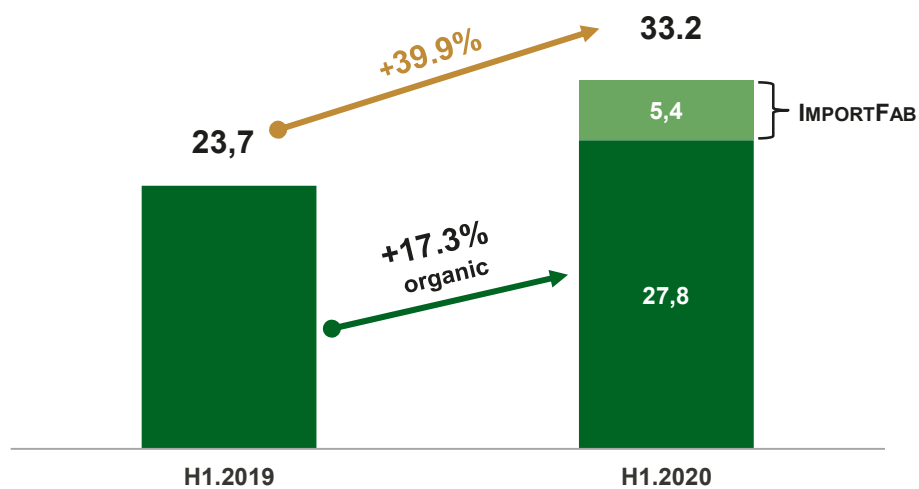
Source: Management data



Strong Half Year Results

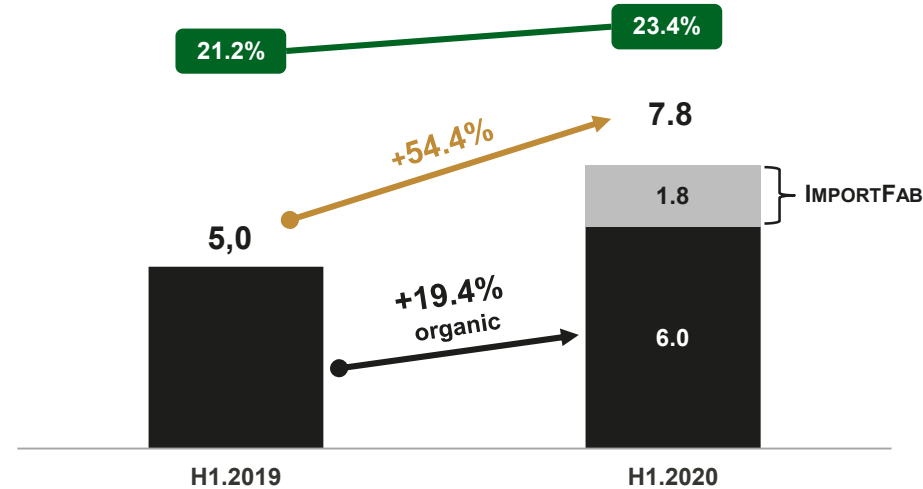
REVENUES

Total Revenues (€M)



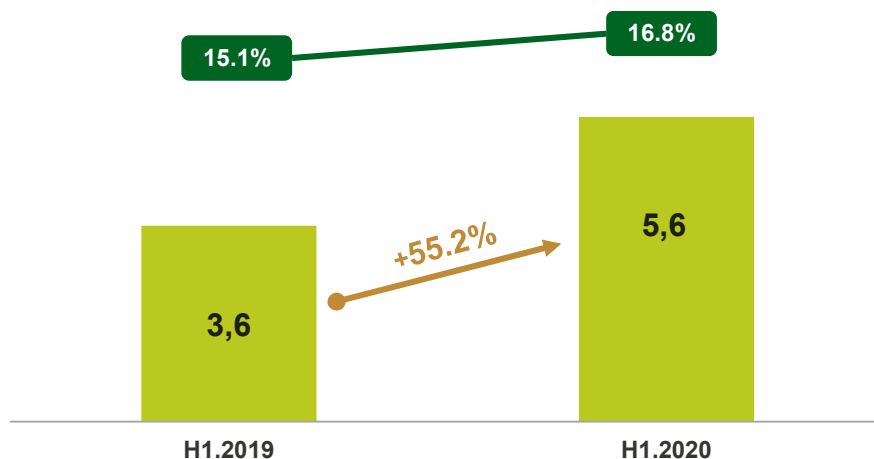
EBITDA

EBITDA (€M and % Total Revenues)



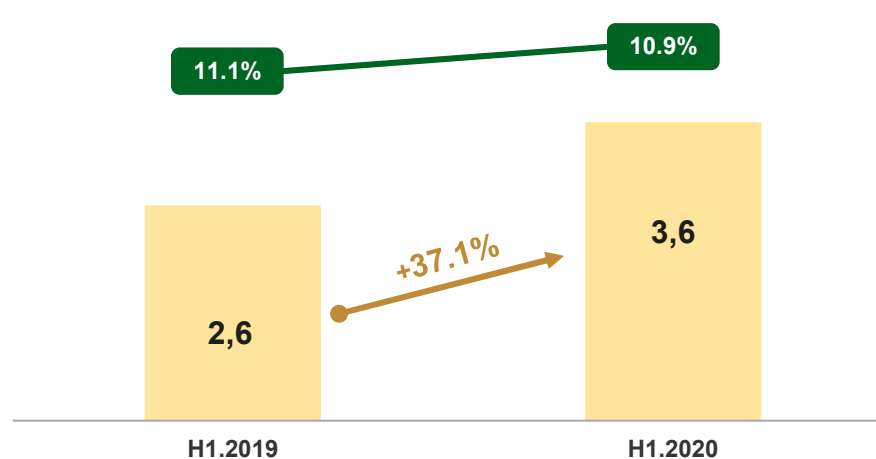
EBIT

EBIT (€M and % Total Revenues)



NET INCOME

Net Income (€M and % Total Revenues)



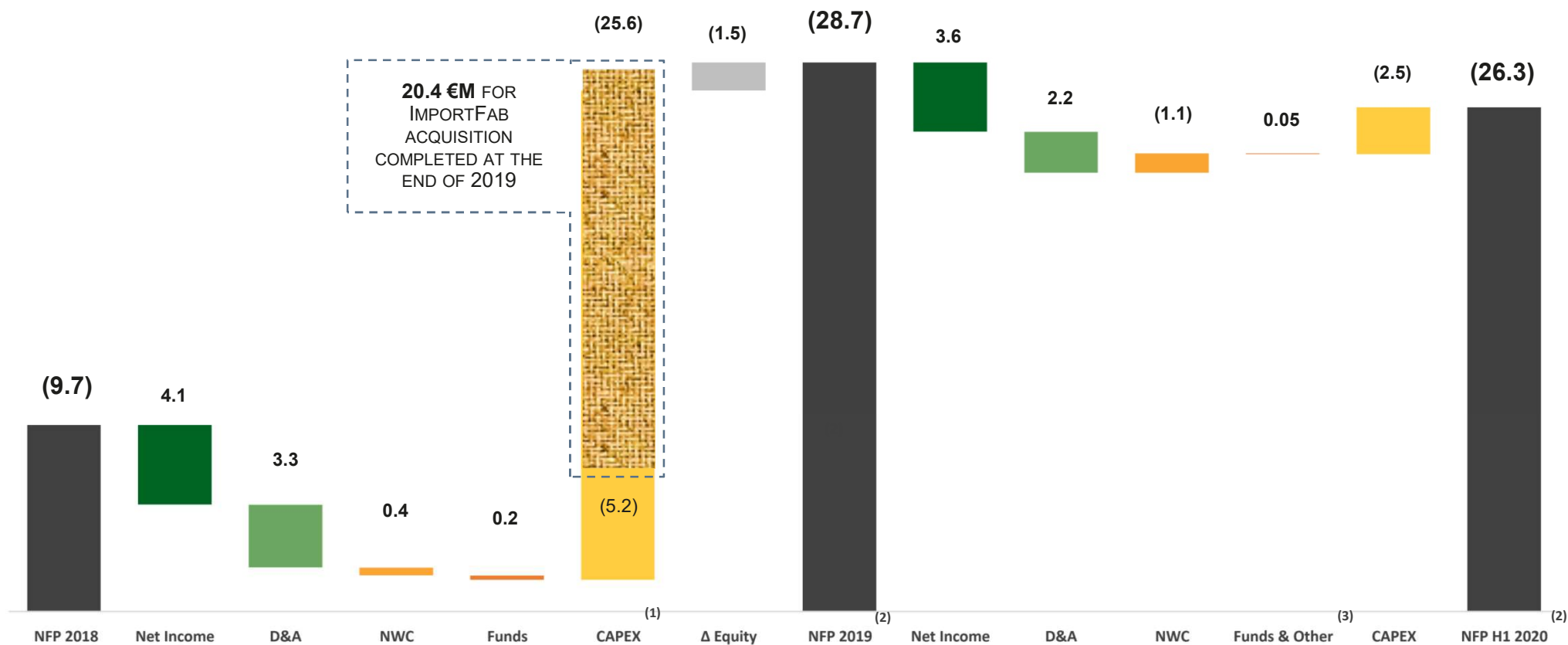
Source: Company Financial Statements



NFP Evolution

BRIDGE TO NFP

(FY2018 - FY2019 - 1H 2020, €M)



1. CAPEX includes 2 €M of ImportFab current assets acquisition; CAPEX includes rights of use effects for IFRS 16 adoption

2. Consolidated NFP 2019

3. Inclusive of 53€K of derivatives mark-to-market and 136€K of FX effect on cash & equivalents

Source: Management data



The Labomar way to face Covid-19

SINCE THE BEGINNING OF COVID LOCKDOWN, LABOMAR IS ONE OF THE COMPANIES DEEMED AS ESSENTIAL TO SOCIETY, THUS IT HAS BEEN FULLY-OPERATIONAL AT ALL TIMES

**STILL, EVEN STRONGER SAFETY MEASURES IMPLEMENTED
ACROSS ALL FUNCTIONS AND PLANTS**

COVID Task Force

1

EMPLOYEE HEALTH AND SAFETY

MASKS AND GEL, SOCIAL DISTANCE MEASURES, SELECTIVE SMART-WORKING, REORGANIZATION OF PRODUCTION TO AVOID GATHERINGS, RULES FOR COFFEE AND LUNCH BREAKS, ETC.

2

CONTINUITY OF PRODUCTION & FURTHER EFFICIENCY MEASURES

ESPECIALLY IN CONNECTION TO ENSURING THE CONTINUITY OF SUPPLY-CHAIN

3

KEEP CLOSE CONTACT WITH CLIENTS AND PROACTIVELY TAKE ADVANTAGE

WITH AN EYE TO CATCH NEW OPPORTUNITIES IN TARGETED THERAPEUTIC AREAS (E.G. COUGH & COLD, IMMUNE SYSTEM)

4

FOCUS ON FINANCIAL PLANNING

IMPLEMENTING ALSO AGEING ANALYSIS OF CUSTOMERS AND SUPPLIERS

5

CAPEX PLAN OPTIMIZATION

WITH ATTENTION TO PRIORITY AND TIMING, TO MAKE THE MOST EFFICIENT USE OF FINANCIAL RESOURCES



Labomar Accelerates on Growth Despite Covid-19

- LABOMAR OPERATES IN A RELATIVELY ANTI-CYCLICAL MARKET AND IS NOW FOCUSED ON CATCHING THE OPPORTUNITIES EMBEDDED IN THE CURRENT SCENARIO, BUT THERE ARE SIGNALS THAT THE VDS SECTOR AS A WHOLE IS NOT IN SUCH FAVOURABLE POSITION AND IS LIKELY TO EXPERIENCE LOWER GROWTH RATES IN THE SHORT-TERM

WHAT MAKES LABOMAR IMMUNE?

SALESFORCE AND R&D



R&D AND BDM FUNCTIONS
ENABLE TO SUPPORT CUSTOMERS
PROACTIVELY, PROPOSING NEW
PRODUCTS LEVERAGING LABOMAR'S
WIDE RANGE OF STRONGHOLD
AREAS (NOT JUST IMMUNE SYSTEM)

DIGITALIZATION



LABOMAR CONTINUOUSLY INVESTS
IN COMMUNICATION AND
ON-LINE TRAINING
TO FACILITATE AND STRENGTHEN
RELATIONSHIPS WITH
CLIENTS AND SCIENTIFIC
INFORMERS

CUSTOMERS



FOCUSED ON
GEOGRAPHIC EXPANSION PROJECTS
WITH LARGE MULTI-NATIONAL
CUSTOMERS,
ENJOYING STRONG INTERNATIONAL
DISTRIBUTION CAPABILITIES,
EVEN BEYOND EUROPE

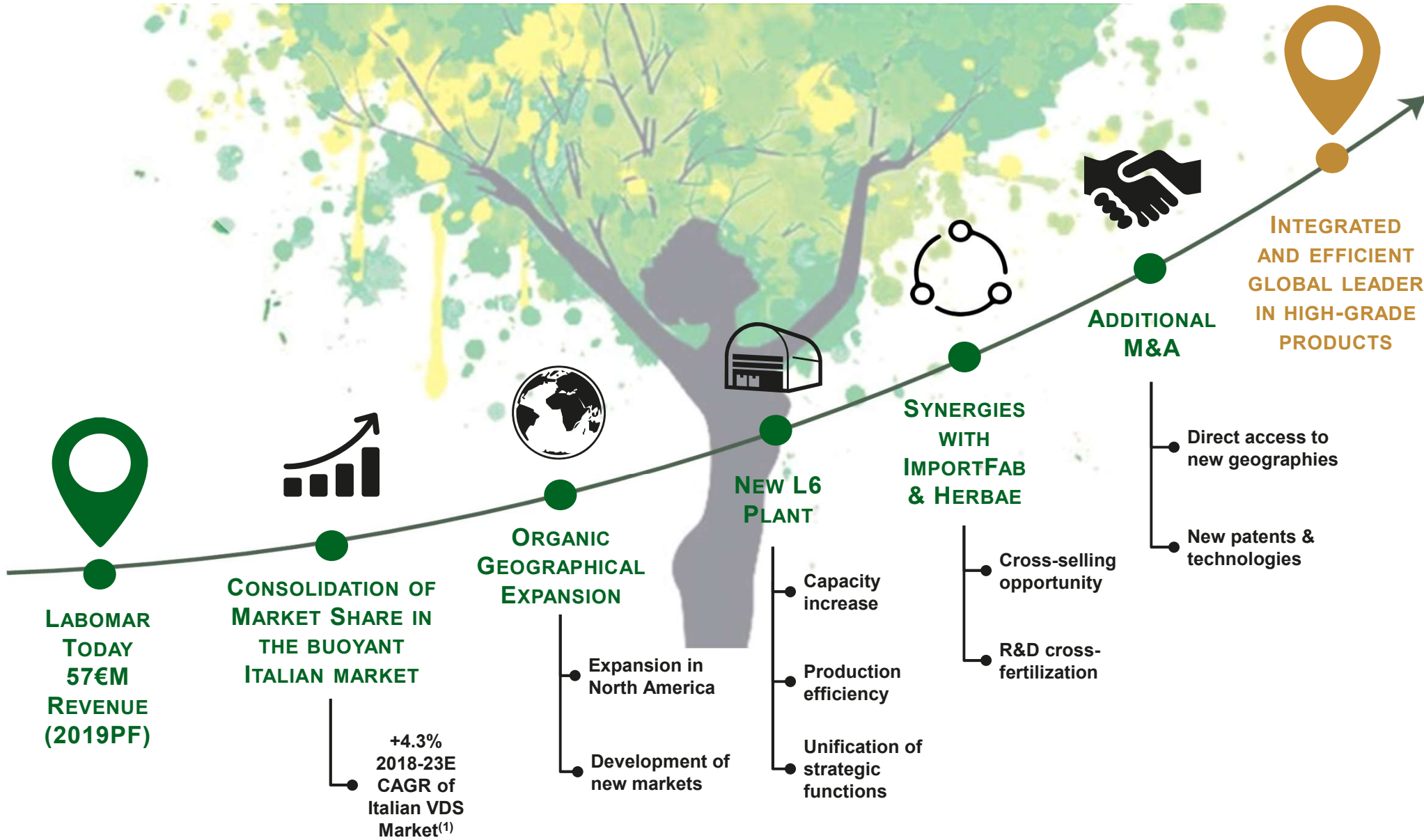




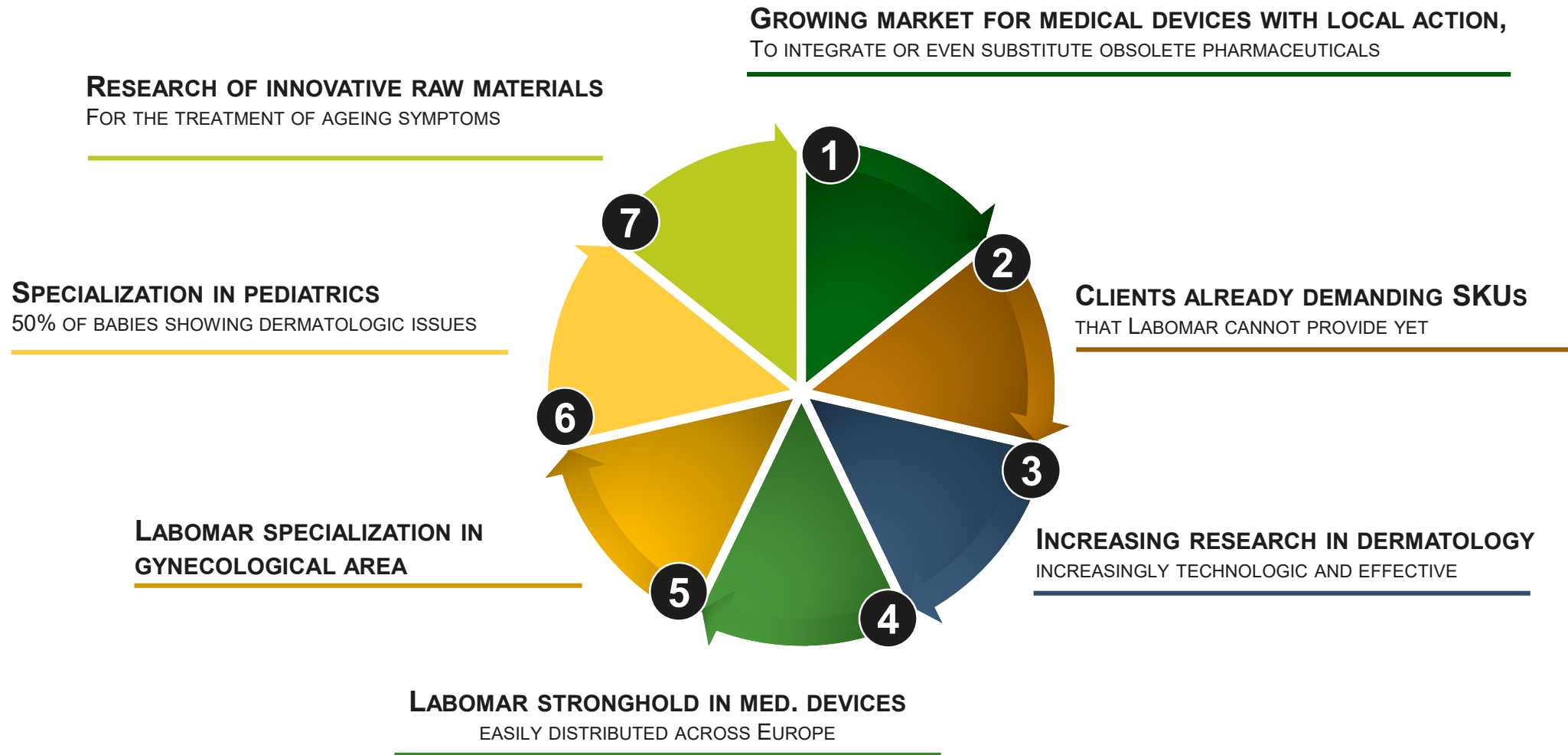
GROUP STRATEGY



Labomar Strategy Pillars

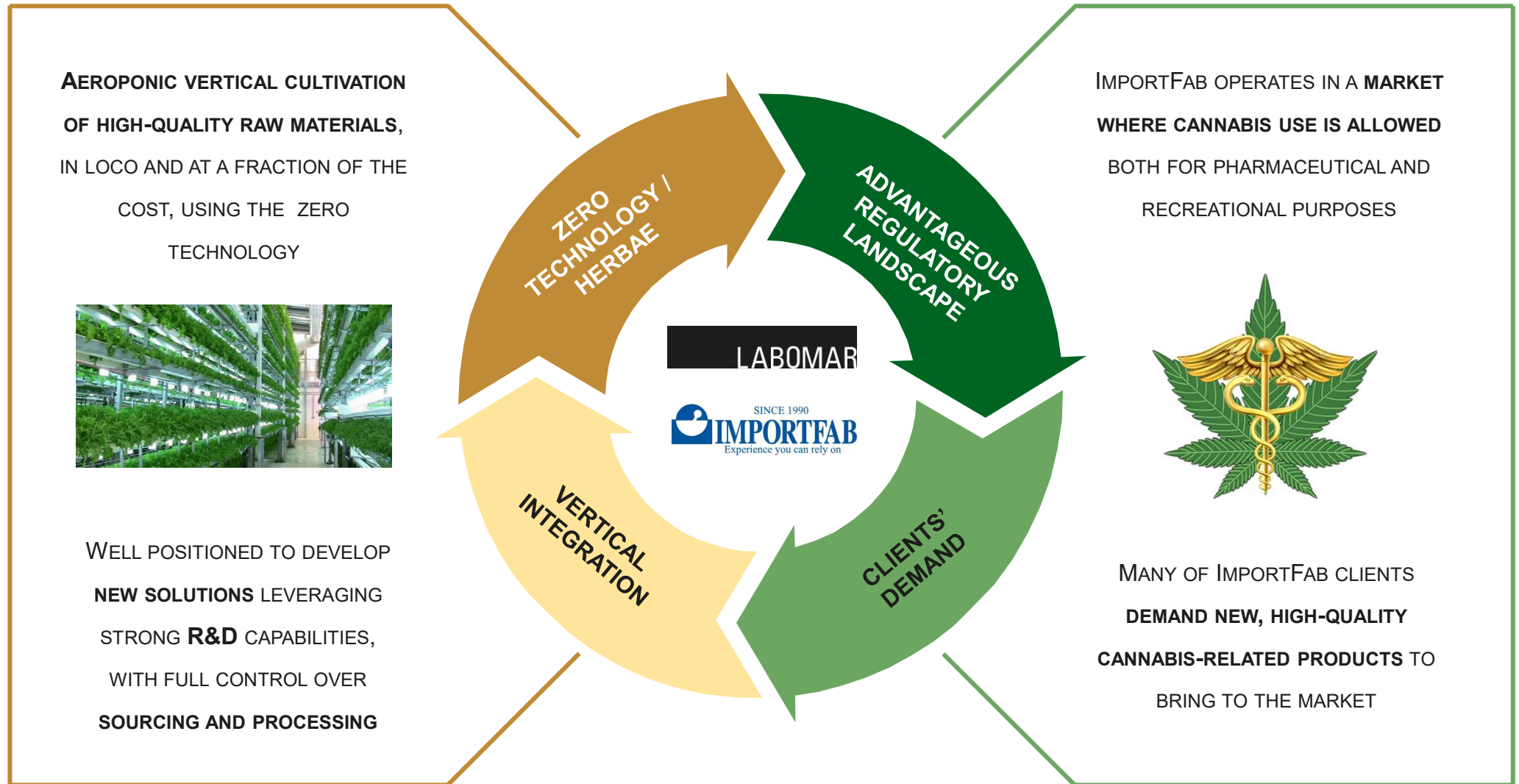


Upside: Cosmeceuticals and Ramp-up of Medical Devices



STARTED COVERAGE OF ADJACENT SEGMENTS OF INCREASING INTEREST FOR BIG PHARMA CLIENTS

Upside: Herbae and the Cannabis Opportunity



CONTINUOUS INNOVATION ALONG THE VALUE-CHAIN AND BEST POSITIONED TO ENTER THE CANNABIS CDMO MARKET

Upside: “B Corp” Status Achievement and Ecosystem Improvement

LABOMAR EMBRACED ALREADY IN 2018 THE **B-CORP MOVEMENT**, AIMING TO **REDEFINE BUSINESS PARADIGM**, TO GENERATE A **POSITIVE SOCIAL AND ENVIRONMENTAL IMPACT** BEYOND THE MERE ACHIEVEMENT OF PROFIT

RECENT ORGANISATION SET-UP

1

CLOSE COLLABORATION WITH CA' FOSCARI'S STRATEGY & INNOVATION TEAM

SPIN-OFF UNIT OF CA' FOSCARI UNIVERSITY OF VENICE IS PARTICIPATING TO THIS LABOMAR INITIATIVE, BY OFFERING ITS ADVISORY EXPERTISE ON THE MATTER (4 DEDICATED PEOPLE) AND TO ASSIST LABOMAR IN THE NECESSARY STEPS TO OBTAIN THE CERTIFICATION

2

ESTABLISHED AN INTERNAL TASK-FORCE OF CA. 20 PEOPLE

8-PEOPLE CROSS-COMPETENCE TEAM, AND 12 PEOPLE IN THE ANALYTICS TEAM, TO IDENTIFY AREAS OF IMPROVEMENT UNDER A SOCIAL AND ENVIRONMENTAL PROFILE

Certified



Corporation

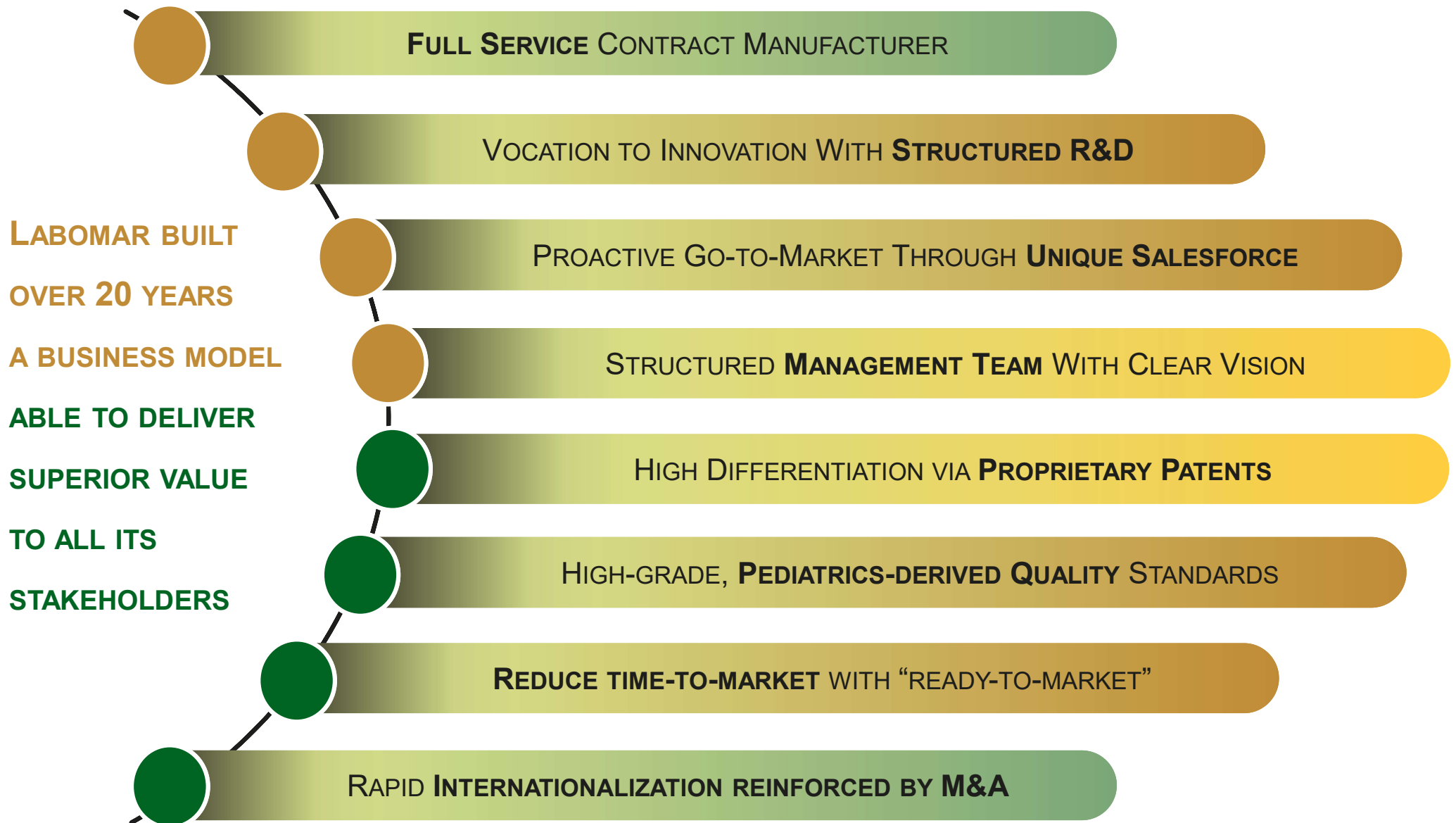
WE BELIEVE IN
A BETTER WAY OF
DOING BUSINESS.

B-CORP STATUS IS CERTIFIED IN ITALY BY B LAB, UPON ACHIEVEMENT OF A MINIMUM SCORE OF 80 ON A SCALE 1 TO 200

ONGOING IDENTIFICATION AND IMPLEMENTATION OF CLEAR INITIATIVES TO ENSURE THE LABOMAR ECOSYSTEM IS FULLY RESPONSIBLE, TRANSPARENT AND FUTURE-PROOF



Closing Remarks – Why Labomar is a Rare Jewel in the Market



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