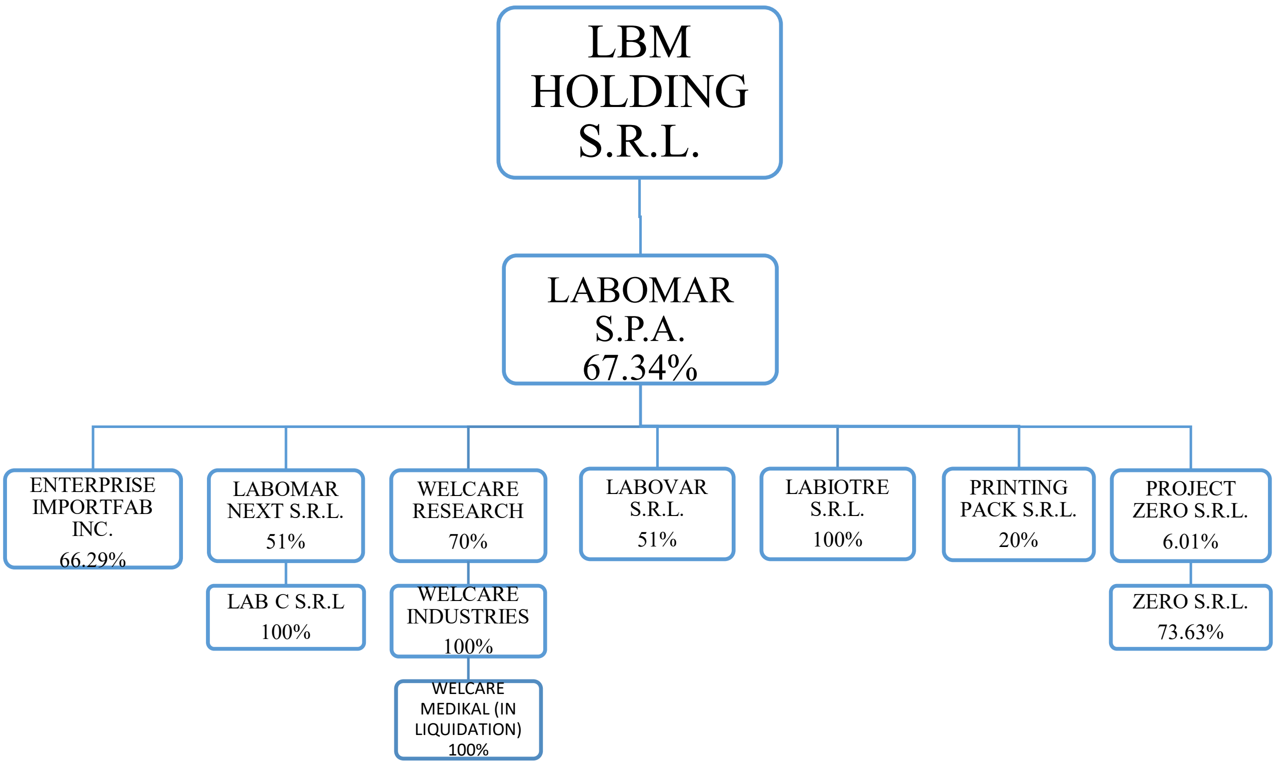
LABOMAR S.P.A.

Share Capital € 1,848,404 fully paid in
Registered office: Via Nazario Sauro, 35/I, Istrana, 31036
Tax ID and Treviso Business Registry no. 03412720264
VAT no. 03412720264 - REA: TV269752

REPORT ON OPERATIONS
accompanying the Consolidated Financial Statements as at 30 June 2022

The condensed consolidated half-yearly financial statements at 30 June 2022 show Group profits totalling € 3,148,230, net of € 1,348,929 in taxes for the year.

The Labomar S.p.A. Group (hereafter, also “Group”), has adopted the International Financial Reporting Standards (hereafter, also “IFRS”) to prepare its annual corporate accounts and hence the condensed consolidated half-yearly financial statements at 30 June 2022 were prepared in compliance with IAS 34 (Interim Financial Reporting), as adopted by the European Union.
The period ended on 30 June 2022 is compared with that ended on 30 June 2021 for analysis of economic performance, while for equity and financial analysis the comparison date is 31 December 2021.
The Group is represented by the parent company Labomar S.p.a. and its subsidiaries Entreprises Importfab Inc. (a Canadian company), Labomar Next S.r.l., Lab C S.r.l., Welcare Research S.r.l. and Welcare Industries S.p.a., Welcare Medikal we Saglik UrunleriSanayi ve Ticaret A.S., with registered office in Istanbul (a Turkish company in liquidation fully controlled by Welcare Industries S.p.a.), and Labiotre S.r.l., Labovar S.r.l.
The following schedule presents the current structure of the Group to which Labomar S.p.A. belongs at the time of publication of this report, accompanying the condensed consolidated half-yearly financial statements at 30 June 2022.



The condensed consolidated half-yearly financial statements provide exhaustive details and allow for careful analysis of the results for the half. This document provides details about the nature of the Group's business. Analysis of the Group's situation, its performance and management results is provided in the following paragraphs.
Amounts are expressed in euros.

ALTERNATIVE PERFORMANCE INDICATORS

Labomar's management also assesses Group performance on the basis of certain indicators not specified by the IFRS. Specifically, EBITDA is used as a primary indicator of profitability, as it enables analysis of the Group's margins.

As set out in Consob Communication no. 0092543 of 3 December 2015, adopting the ESMA/2015/1415 guidelines on alternative performance indicators, below is a description the components of these indicators:

- EBIT: is calculated by combining financial results with earnings before taxes, the former understood as the sum of financial charges and income, net gains or losses on exchange and value adjustments of financial assets;
- EBITDA: is calculated by combining amortisation, depreciation and impairment of assets, as well as provisioning with EBIT, as presented in the financial statements;
- Adjusted EBITDA and Adjusted Net Profit for the Period: these are calculated by adding non-recurring costs and subtracting non-recurring revenues to and from these indicators and/or items. In addition, for Adjusted Net Profit for the Period, there is tax-effect adjustment for these non-recurring components.
- Bank loans: represents the sum of available liquidity net current and non-current amounts due to banks and liabilities for derivative financial instruments;
- Comprehensive Net Financial Position: this is calculated as the sum of the net financial position relative to banks, right of use liabilities, payables to shareholders for dividends and payables for business combinations.

FORECASTED STATEMENTS

This document contains forecasted statements regarding future events and future results of Labomar and the Group, founded on expectations, estimates, predictions and current projections for the sectors in which the Group operates, and assessments, hypotheses and predictions on the future development of Group operations that management consider reasonable and credible at the current time and on the basis of the available information.

These forecasted statements are solely predictions and as such are subject to risks, uncertainty and hypotheses that are difficult to predict, being dependent on future events and circumstances. Therefore, the actual results of the Group may differ significantly and unfavourably in relation to that

communicated or understood through any forecasted statements. Factors that may determine such differences or contribute to them may include global economic conditions, political and economic conditions and regulatory changes at a national or international level.
No express or implied guarantee is provided regarding the reliability, accuracy, completeness or correctness of forecasted information and opinions presented herein.

DESCRIPTION OF GROUP AND PARENT COMPANY ACTIVITIES

The Labomar Group is a contract development and manufacturing organisation (CDMO), which researches, develops and produces food supplements, medical devices, food for special medical purposes and functional cosmetics for third parties, as well as providing R&D consulting services. This means it is not just a supplier, but a privileged partner of major domestic and international pharmaceutical companies. Its portfolio of offerings is wide and covers numerous therapeutical sectors, through various pharmaceutical methods (pills, capsules, powders, liquids and gels).
The Group has 8 plants, 7 in Italy and 1 in Canada (in the province of Quebec), which are dedicated to R&D, industrial production and logistics management. With regard to the parent company, the physical separation of the individual plants, even if they are concentrated in the parent company's industrial zone within Italy (central Veneto), constitutes an important disaster recovery measure. The plant of the subsidiary Labiotre, located in Tuscany (Tavarnelle Val di Pesa – Florence) is dedicated to the production of extracts, softgel and granulation and logistics. The plants of the subsidiary Welcare are located in Orvieto (Terni) and are dedicated to industrial production and logistics.
Since it has always given the utmost attention to complying with the highest quality and safety parameters required by sector regulations, the Group, through Labomar, has received the following certifications: ISO 9001, ISO 13485 (for Medical Devices) and GMP certification for food supplements (Code of Federal Regulations, Title 21, Volume 2, part 111). It is also certified to use the word "organic" on some of its products (Regulation EC 834/2007). Additionally, through Importfab it has CGMP certification issued by the US FDA and Health Canada.

THE ECONOMIC SITUATION AND REFERENCE SECTOR

Based on that indicated by the Bank of Italy in its updated report of June 2022, economic indicators relative to the second quarter of 2022 suggest a risk of decreased business for most advanced and emerging economies and a recovery in demand associated with the slowing of pandemic-based restrictions. However, prices for raw materials in the energy category have seen further significant increases, above all due to the continuation of the war in Ukraine. New highs have been seen for inflation, including an increase in the prices of food products. The most recent forecasts issued by international institutions indicate a net slowdown in the global economic cycle during the year, suffering from the repercussions of the conflict, the erosion of household purchasing power and the negative impact of growing uncertainty on private investment.

In the United States, the Federal Reserve has accelerated the process of normalising monetary policy with significant and repeated increases in the reference interest rate, with similar actions by the Bank of England. On the other hand, accommodating policies continue in Japan and China. Financial conditions on international markets have worsened. Stock prices fell significantly, especially in the United States, and returns on long-term public securities increased. Reflecting the more rapid turnabout in US monetary policy with respect to the Eurozone, the dollar has continued to appreciate, reaching parity with the euro in the first half of July.

The Eurozone economy has suffered significantly from tensions linked to the Russian invasion of Ukraine. Growth is likely to have continued in the second quarter, at a moderate rate. Internal demand has slowed due to additional increases in the prices of energy and new procurement difficulties for companies. Based on preliminary data, inflation reached 8.6 percent in June.

The ECB Governing Council has announced it intends to proceed with an increase in official interest rates. Additionally, in the face of rapid increases in the spreads for certain sovereign securities and the associated risks for the functioning of the monetary transmission mechanism, it has decided to reinvest in a flexible manner (including asset class, country and maturity) the securities maturing included in the Pandemic Emergency Purchase Programme (PEPP), also announcing an acceleration in work on a new tool to combat market fragmentation.

Based on ECB estimates, in Italy GDP growth, barely positive in the first three months of the year, became stronger in the spring, supported by all the main sectors. The services sector made the biggest contribution, thanks to the recovery of the tourism and transport sectors, which were the hardest hit by the new wave of the pandemic at the beginning of the year. Based on Bank of Italy research, around three fourths of manufacturing companies report supply difficulties for raw materials and intermediate input, while almost two thirds have seen their business negatively impacted by increased energy prices.

Growth in bank loans to businesses remained moderate. Surveys of banks suggest a slight tightening of offer policies, confirmed by the worsening in access conditions as perceived by non-financial companies. Until May the cost of business loans was essentially stable.

The macroeconomic situation is heavily impacted by the duration and intensity of the war in Ukraine, relative to which the overall consequences for the Italian economy are still highly uncertain. In the short-term, a new wave of the pandemic represents another risk.

The base scenario assumes the conflict will continue throughout 2022 without, however, a complete interruption in energy supplies coming from Russia. On average, GDP should increase by 3.2% in 2022, above all thanks to the growth already achieved at the end of 2021, followed by 1.3% in 2023 and 1.7% in 2024. Considerable support for economic activity should come from budget policy and the projects included in the NRRP. Employment should increase throughout the time frame in question, although at a lower rate with respect to GDP.

Consumer inflation should average 7.8 percent for the year (1.6 percentage points higher than that estimated in June), driven by increases in energy prices; it should decrease by 4.0 percent in 2023 (revised upwards by 1.3 points with respect to previous estimates) and by 2.0 in 2024. The underlying component, at 2.9 percent this year, is expected to fall to 2 in 2023-2024.

With regard to the reference market of the subsidiary Importfab Inc., the Canadian economy was in an expansion phase up to the beginning of the economic crisis caused by the pandemic, with GDP growth for several years: +1.5% in 2016, +3% in 2017, +1.8% in 2018 and +1.6% in 2019. Other macroeconomic indicators also suggest strength for Canadian public finance, with a public deficit equal to 1.1% of GDP in 2019 and a net public debt equal to 23.4% of GDP, one of the lowest within the OECD, despite gross public debt of 86.8%. This wide fiscal margin has allowed the federal government in Ottawa to take strong action to support businesses and citizens affected by the pandemic.

The Business Outlook Survey (BOS) of the Bank of Canada for the second quarter of 2022 reports that the indicator remains high, despite the uncertain situation. The BOS indicator is a weighted average of the individual indicators derived from various questions. These uncertainties are due to persistent inflation, increased interest rates and their impact on demand, continued supply chain issues, the continuation of the conflict in Ukraine and developments in the pandemic which saw a return to demand for assistance services and the possibility of a new wave.

Expectations of a slowdown in sales are widespread. Companies attribute this slowdown in large part to a switch towards normal demand conditions, after a recovery from the pandemic that was exceptionally fast for some. Nonetheless, these businesses continue to expect strong growth, supported by improvement in order portfolios and an increase in supply requests coming from both domestic and foreign customers.
Companies seeing a slowdown in sales growth are mainly in the residential construction, natural resources and transport sectors. The number of companies reporting constraints associated with the labour market and supply chain issues remains high. Supply chain problems are requiring more time to be resolved and many companies expect these difficulties will continue through the end of 2023 or even longer. To reduce the impact of supply chain interruptions on their business to a minimum, companies are using various strategies, including: restructuring their supply chains, replacing or adding new suppliers, ordering in advance and increasing warehouse inventory.
Some companies have reported that the lockdowns in China have been a more recent cause of difficulties. For four consecutive quarters, the percentage of companies reporting higher levels of labour shortages with respect to the previous year has been at or near record levels. This suggests that the labour market has been reduced significantly over the last two years. Initially this reflected a recovery with respect to weak labour markets; in the last two quarters, the situation has continued, but relative to more normal labour market conditions.

The number of companies that intend to increase spending on investments remains high. These plans continue to be supported by strong internal and external demand, long-term strategic plans and the need to expand or improve production capacity, often through digitalisation and automation in the face of a lack of labour. Some companies expect to reduce their investment spending after significant capital expenses incurred in recent years. Intentions to establish and offer higher salaries also continue to be widespread, supported by strong demand.

Companies expect more rapid growth in production costs and intend to transfer some of these costs to customers, including costs associated with supply chain difficulties and increased salaries, attempting to improve margins after they have deteriorated over time. Hence there is a certain level of downward pressure for production costs, so as to compete for customers who are more and more sensitive to prices.

Expectations for short-term inflation have increased. With respect to the last quarter, companies believe inflation will remain high for longer. Long-term expectations are stable, at between 2% and 3%. Most companies expect inflation will exceed 3%, on average, in the next two years. Inflationary pressures continue, due to current supply chain problems, high prices for raw materials, restrictive macroeconomic conditions and the war in Ukraine.
(Ref.: Business Outlook Survey (BOS) second quarter 2022)

Relative to the reference market, based on data prepared by Union Food in June 2022, the Nutrition and Health sector, which includes infant food, supplements and specialised nutrition products, saw total sales of € 5,100 million in 2021, showing excellent performance of +7%, with respect to the already positive result seen the previous year. The food supplement sector has been receiving growing and widespread attention globally in recent years, in response to specific and every more evolved requirements for health and well-being, as well as to prevent certain diseases.
These products, accompanied by a healthy lifestyle, can serve as an important tool to maintain health and the immune system, as well as representing a possible new approach to limiting costs associated with managing chronic diseases, above all those linked to ageing of the population.
In this scenario, the Italian market, which did not see a drop in demand even after the pandemic, has grown energetically, reaching sales of almost € 4 billion in 2021, with an 8.6% increase in value with respect to the previous 12 months. Hence, in the light of these results, Italy has strengthened its position as a European leader, responsible for 29% of total turnover on the continent and soundly beating both Germany, with its 19% share and France, which accounts for 9% of the European amount.
A glance at sales channels in 2021 shows that pharmacies continue to dominate, accounting for almost 82% of supplements sold, with a value of € 3,167 million, an increase of 5.4% over 2020. These are followed by the OTC pharmacy channel, with € 344 million, essentially stable at +0.3% over the previous year. The online channel is in third place, showing +24% growth, following the over 80 points recorded at the end of 2020, reaching over € 322 million in 2021. Finally, mass retail accounted for around 1% of the total, distributing around 44 million in products in the last year, +7% over the previous year.
Distribution in terms of type once again saw probiotic supplements and mineral salts in the lead, respectively at 11.4% and 6.8% of the total, with growth of 3.7% and 7.6%, followed by lipidemia supplements which saw growth of +6% over 2020, which saw a slight decline.

SIGNIFICANT EVENTS DURING THE HALF

During the initial months of 2022, note that on the basis of the results of the Parent Company's Shareholders' Register, the conditions set out in Article 2-bis of the Issuers' Regulation No. 11971 of 14 May 1999 (the "Issuers' Regulation") necessary for the Parent Company to qualify as an "issuer of shares widely distributed among the public" (the "Issuer with widespread shareholder base") have been met. It is specifically noted that:

- the total number of shareholders, other than the controlling shareholder of the Company (Walter Bertin through LBM Holding S.r.l.), holding a total of more than 5% in the share capital of Labomar is greater than 500;

- the limits indicated in article 2435-*bis*, first paragraph, of the Italian Civil Code have been exceeded.

The Parent Company, having acknowledged that it has exceeded the prescribed requirements, has assumed the status of "issuer of shares widely distributed among the public" and has taken steps to make the disclosures required by the Issuers' Regulations to the CONSOB. On the basis of the above, the parent company Labomar has applied the rules for its new status from financial year 2022.

Relative to products developed and produced by the parent company, on 5 April 2022 the products Aspi Gola® Natura and Supradyn Difese 50+ were elected Product of the Year 2022. This award goes to innovative products and services on the Italian market and is exclusively determined by votes coming from 12 thousand consumers. Both of these were formulated, developed and produced by Labomar in its plants in Istrana for the Italian branch of the multinational pharmaceutical company Bayer and were respectively ranked at the top of the sore throat medication and food supplement categories. The formulations of the medical device Aspi Gola® Natura, a technical file owned by Labomar, and that of the food supplement Supradyn Difese 50+, perfected by the Labomar Research and Development team, were chosen by Bayer due to their innovative characteristics, based on active ingredients with a solid scientific background that supports effectiveness and safety. Distribution on the Italian market began in 2020 and 2021, respectively. The success demonstrated by the "Product of the Year" award serves to further strengthen the long time collaboration between Labomar and Bayer, which at the beginning of the year, through its Bayer Consumer Health division, recognised Labomar as its Best External Partner for 2021, the only Italian company among the six selected. This recognition highlights the commitment and rapidity achieved to develop and launch the two products on the EMEA markets (Europe, Middle East, Asia) during the pandemic.

In May 2022 the parent company strengthened its partnership with the international company Noventure, part of the Spanish pharmaceutical company Ferrer, specialising in the distribution of medical devices and special food supplements throughout Europe.

The cooperative relationship between the two companies, already formalised in 2016, was further strengthened in 2022 with the aim of supporting the sales of Noventure medical devices, mainly focussed on the gastric and urology segment, in the European market and abroad. All of this is achieved through a specific plan to ensure compliance with the new European Union Medical Device Regulation (*MDR*).

ANALYSIS OF THE SITUATION AND OPERATING TRENDS

During the first half of 2022, Group business, as well as the entire global economy, saw a return to growth in line with the situation prior to the outbreak of the pandemic.

In terms of sales trends during the first half of 2022, the total was € 41.8 million, showing an increase of 36.9% with respect to the same period the previous year (€ 30.5 million). These figures include the performance of Labomar Spa, Entreprises ImportFab Inc., the Welcare Group and Labiotre Srl. These last two companies joined the Labomar Group in the second half of 2021. The parent company saw a

12.5% increase in sales (€ 3.4 million), while the Canadian subsidiary saw a 10.3% increase (€ 0.3 million, equal to a 1.7% increase with constant exchange rates).

Margins also saw a decidedly positive trend. The primary contribution margin for the first half of 2022 was 59.4% of revenues, compared to 52.6% in the first half of 2021, mainly thanks to improved margins provided by the new acquisitions carried out in the second half of 2021.
Consequently, EBITDA went from € 4.5 million in the first half of 2021 (14.6% of revenues) to € 8.1 million in the first half of 2022 (19.3% of revenues), despite an increase in operating costs. Net profit for the period is € 3.1 million, compared to net profit of € 2.9 million during the same period the previous year.

The Group's net financial position of € 33 million increased slightly with respect to 31 December 2021, when it was € 28.2 million, after the approval and payment of dividends totalling € 1.8 million in the first half of 2022 and around € 2.1 million in investments during the first six months of 2022. With respect to 30 June 2021 (€ 4.6 million), it increases significantly following the new acquisitions made in the second half of 2021.

Note that the positive results achieved in the first half of 2022 were accomplished in a macroeconomic situation that was still uncertain, both due to the dramatic events of the Russian/Ukraine conflicts with its impacts on the prices of raw materials and energy, and the progress of the Covid-19 health emergency which, especially in China, led to new restrictions for individuals and stoppages for commercial activities.
The actions implemented by the Group to combat these difficulties include accelerating certain activities with the most reactive customers and in markets which have seen less of a slowdown, allowing it to recover sales volumes. In the face of low availability of raw materials in its normal supply chains and an increase in energy prices, the Group has implemented a supply policy with larger purchases and more lead time. Nonetheless, problematic changes in the prices of raw materials were unable to be fully offset in the sales prices for orders already confirmed and will instead be recognised only for subsequent new orders.

At the same time, the Group continued to structure its governance and strengthen its top management to support complexity and increased size.
Some of the objectives for the immediate future in this area include:

- taking advantage of expected future synergies coming from integration with the Canadian subsidiary Importfab, obviously slowed greatly from March 2020 on due to the impossibility of travelling to Canada;
- strengthening integration and synergy with the newly acquired Welcare Group and Labiotre.

R&D activity continues to play a key role in the positive results achieved, creating original formulations developed on the basis of customer requests, and also offering consulting services for scientific marketing.

Below are the reclassified schedules of the Income Statement, compared with the figures for the previous half ended on 30 June 2021, and the Equity and Financial Situation at 30 June 2022, compared with the situation at 31 December 2021:

	First Half 2022	%	First Half 2021	%
Revenues from contracts with clients	**41,803,488**	***100.0***	**30,539,366**	***100.0***
Purchases of products, goods and materials	24,720,874	*59.1*	15,437,446	*50.5*
Changes in inventory	(7,747,074)	*(18.5)*	(950,362)	*(3.1)*
Cost of sales	**16,973,800**	***40.6***	**14,487,084**	***47.4***
Primary contribution margin	**24,829,688**	***59.4***	**16,052,282**	***52.6***
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)*
EBITDA	**8,068,409**	***19.3***	**4,450,705**	***14.6***
Amortisation and impairment	3,351,424	*8.0*	2,094,177	*6.9*
Other provisions	0	*0.0*	0	*0.0*
EBIT	**4,716,985**	***11.3***	**2,356,528**	*7.7*
Financial income	28,502	*0.1*	660,168	*2.2*
Financial charges	(273,693)	*(0.7)*	(225,699)	*(0.7)*
Net gains (losses) on exchange	20,274	*0.0*	521,711	*1.7*
Value adjustments on financial assets	(57,304)	*(0.1)*	291,701	*1.0*
Earnings before taxes	**4,434,764**	***10.6***	**3,604,409**	***11.8***
(Taxes)	(1,348,929)	*(3.2)*	(732,384)	*(2.4)*
Net profit for the period	**3,085,834**	*7.4*	**2,872,025**	*9.4*
Group net profit	**3,148,230**	*7.5*	**2,889,347**	*9.5*
Minority interest net profit	**(62,396)**	***(0.1)***	**(17,322)**	*(0.1)*

During the period, the Group ended the half with consolidated sales of € 41.8 million, an increase of 36.9% with respect to the first six months of 2021 and 11.8% with the scope held equal, substantially due to a recovery of business with respect to the previous half, which was still negatively impacted by the pandemic.
The primary contribution margin increased in both percentage terms and absolute numbers compared to the first half of 2021. While the increase in absolute terms is due to the contribution of the new acquisitions made in 2021, in percentage terms the primary margin fell slightly, mainly due to the increase in the cost of raw materials not entirely offset by increases in sales prices, especially with regards to the parent company and the Canadian subsidiary.

In terms of EBITDA, there has also been an increase in the amount of variable costs and fixed costs due to the following additional elements:

- the contribution of the new acquisitions made in the second half of 2021
- greater variable production costs due to increased energy costs
- higher transport costs for sales and storage due to the effect of volumes and the external situation
- increased personnel costs due to higher numbers of production employees in relation to sales growth
- increased fixed costs due to strengthening of the structure in the face of the new governance

With regard to "Other income", primarily deriving from revenues from compensation and operating grants, there was a significant decrease with respect to 2021, which included the receipt of € 500,000 for the listing bonus for SMEs received by the parent company following listing on Borsa Italiana's Euronext Growth Milan (formerly AIM Italia) market in October 2020.

For the reasons above, Group EBITDA is € 8.1 million, equal to around 19.3% of revenues and recording a significant increase with respect to the previous year.
Amortisation, depreciation and impairment increased with respect to the same period the previous year in that it includes the amortisation of intangible assets identified through the 2021 Welcare and Labiotre acquisitions, amounting to around € 0.7 million.
Net of amortisation, depreciation and provisioning of over € 3.3 million, EBIT is approximately € 4.7 million.
Income taxes are estimated at € 1.3 million.

Below are the main gross and net operating margins, before taxes and after, in particular net of non-recurring components in the first half of 2021 associated with the listing contribution and operating grants deriving from the fair value adjustment of the earnout debt for the ImportFab acquisition, as described in the Notes to the 2021 consolidated financial statements.

Below are the percentages of the relative values in relation to "revenues from contracts with clients".

RECLASSIFIED INCOME STATEMENT	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	First Half 2022	%	First Half 2021	%
Adjusted EBITDA	8,068,409	19.3	3,950,705	12.9
Net profit for the period, adjusted	3,148,230	7.5	2,121,927	6.9

Below is the reconciliation of the adjusted indicators:

	First Half 2022	%	First Half 2021	%

EBITDA	8,068,409	19.3	4,450,705	14.6
Listing bonus	0	0.0	(500,000)	(1.6)
Adjusted EBITDA	8,068,409	19.3	**3,950,705**	**12.9**

	First Half 2022	%	First Half 2021	%
Net profit for the year	3,148,230	7.5	2,872,025	9.4
Listing bonus	0	0.0	(500,000)	(1.6)
ImportFab transaction agreement	0	0.0	(530,065)	(1.7)
(Tax effect of costs detailed above)	0	0.0	279,967	0.9
Net profit for the period, adjusted	**3,148,230**	**7.5**	**2,121,927**	**6.9**

RECLASSIFIED FINANCIAL POSITION	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	30/06/2022	Increase % over CIN	31/12/2021	Increase % over CIN
Intangible assets	43,332,829	53.2	41,046,733	55.5
Rights of use	4,737,287	5.8	4,993,953	6.8
Tangible assets	23,339,163	28.6	23,173,700	31.4
Equity investments and 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)
Net Non-Current Assets	**64,886,544**	**79.7**	**64,684,002**	**87.5**
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)
Net Working Capital	**16,576,581**	**20.3**	**9,232,762**	**12.5**
Net Invested Capital	**81,463,125**	**100.0**	**73,916,764**	**100.0**
Shareholders' equity	**(48,418,201)**	**(59.4)**	**(45,688,170)**	**(61.8)**
Cash and cash equivalents	13,215,356	16.2	14,162,598	19.2
Due to banks	(34,083,532)	(41.8)	(30,368,827)	(41.1)
Liabilities for derivative financial instruments	(659,160)	(0.8)	(243,380)	(0.3)
Bank loans	**(21,527,335)**	**(26.4)**	**(16,449,609)**	**(22.3)**
Right-of-use liabilities	(4,311,627)	(5.3)	(4,626,030)	(6.3)
Payables to shareholders for dividends	0	0.0	0	0.0
Payables for business combinations	(7,205,962)	(8.8)	(7,152,956)	(9.7)
Comprehensive Net Financial Position	**(33,044,924)**	**(40.6)**	**(28,228,595)**	**(38.2)**
Funding sources	**(81,463,125)**	**(100.0)**	**(73,916,765)**	**(100.0)**

**This item includes deferred tax assets, liabilities for employee benefits, provisions for risks and charges and deferred tax liabilities.*

***This item includes other current assets, income tax credits, contractual liabilities, other current liabilities, income tax payables*

The schedule for the Equity/Financial Situation identifies certain important macro-indicators.

“Net Working Capital” indicates the difference between commercial assets and liabilities linked to the Group’s business cycle. The indicator represents the sum of warehouse inventories and trade receivables, net of payables of the same nature. The indicator represents the financial requirements generated by the business cycle and the increase reflects the dynamics outlined above, as well as advances on supplies to deal with the scarcity of raw materials available on the market.

The trend for “Net Non-Current Assets”, essentially consisting of tangible assets, intangible assets and financial assets (net of relative amortisation and depreciation) shows progress in investments in absolute and percentage terms during the period in question.
Against commitments outlined, sources are represented by own and third party funds which changed as a function of investments made and acquisitions completed.

The equity structure can be considered stable and solid.

The “Comprehensive Net Financial Position” represents bank exposure and financial debt linked to leasing and rental contracts, net of cash and cash equivalents.

Below is the consolidated statement of cash flow prepared using the indirect method.

	First Half 2022	First Half 2021
NET PROFIT FOR THE YEAR	**3,085,835**	**2,872,025**
Adjustments for non-monetary elements:	**4,940,542**	**1,846,471**
Amortisation, depreciation and impairment of tangible and intangible assets and real estate	3,351,422	2,094,177
Provisions	52,886	290,831
Income taxes	1,348,929	732,384
Net interest income and expense	245,191	(435,443)
Other adjustments for non-monetary elements	(57,886)	(835,479)
Changes in operating assets and liabilities:	**(7,861,663)**	**(1,628,978)**
Changes in inventory	(8,070,596)	(1,326,374)
Changes in trade receivables	(2,790,865)	(2,824,911)
Changes in trade payables	2,480,900	107,981
(Use of provisions)	(503,649)	(252,118)
Other changes in operating assets and liabilities	1,022,546	2,666,445
Other amounts collected and paid:	**(628,516)**	**(488,310)**
Interest received (paid)	(131,811)	(126,224)
(Income taxes paid)	(496,706)	(362,085)
Other amounts collected (paid)	-	0
NET CASH FLOWS GENERATED (ABSORBED) BY OPERATIONS	**(463,802)**	**2,601,209**
Investments:		

Investments in tangible assets	(2,016,713)	(1,535,929)
Divestments of tangible assets	200,000	147,090
Investments in intangible assets	(227,281)	(274,433)
Other cash flows from intangible assets	-	0
Business acquisition	-	0
Investment in financial assets	575	(400,000)
Divestments of financial assets	(49,670)	9,841
NET CASH FLOWS GENERATED (ABSORBED) BY INVESTMENTS	**(2,093,089)**	**(2,053,432)**
Financial management:		
Capital increase for pay	0	50,001
Increase (decrease) in bank loans	5,611,644	(3,168,321)
Increase (decrease) in short term amounts due to banks	(1,803,167)	(706,216)
Increase (Decrease) in other financial liabilities	(557,787)	(434,601)
Dividends received (paid)	(1,848,404)	(2,033,245)
NET CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS	**1,402,286**	**(6,292,382)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,154,605)**	**(5,744,605)**
Exchange rate effects on cash and cash equivalents	207,362	301,018
Cash and cash equivalents at start of period	**14,162,598**	**33,660,631**
Increase (decrease) in cash and cash equivalents	(947,242)	(5,445,387)
Cash and cash equivalents at end of period	**13,215,356**	**28,215,244**

In terms of cash flows, during the period in question the Group absorbed cash flows of € 0.5 million through operations.

On the other hand, investment activities required a sizeable net amount of over € 2.1 million, due to the investments cited above.

The increase in net cash flows generated by lending activities is a direct consequence of the above, as well as the distribution of dividends.

As an effect of the above, cash and cash equivalents decreased by around € 0.9 million.

Main risks and uncertainties to which the Group is exposed

The Group has an internal control system consisting of rules, procedures and organisational structures intended to ensure correct and proper management, including a process which is able to identify, manage and monitor the main risks which could threaten the achievement of the company's goals.
This paragraph outlines the risks and uncertainties linked to the general economic situation and reference market which could significantly influence the Group's performance.

Financial risks

The financial instruments used by the Group mainly include cash and cash equivalents and short and medium/long-term financial assets and liabilities.
In line with that resolved by the parent company's Board of Directors at its meeting on 23.11.2016, regarding the adoption of a "Interest rate risk management policy" (which defines and indicates the general principles and guidelines for the parent company's Board of Directors in analysing, managing and controlling interest rate risk), the Group has acted to diversify the technical types of bank lending used, with the aim of limiting the risks it is exposed to, identifying those most appropriate to meet the financial requirements determined by its industrial activities and the interest rate levels which can minimise any possible unfavourable changes in the cost of financing.
The existing equity structure, its changes during the year just ended and management's ability to generate liquidity at the operating level all confirm a low level of liquidity risk.
The Group continues to maintain balance and flexibility with regards to its financing sources and loans. Liquidity needs are constantly monitored with an eye to guaranteeing financial resources are efficiently obtained, with any available liquidity appropriately invested.

Exchange rate risks

During the year, the Group did not carry out any significant transactions in currencies other than the Euro or the Canadian dollar. The exchange-rate risks for the parent company refer to the credit line issued to the Canadian subsidiary, which involves repayment in instalments over the medium-term. In 2021, management signed hedging agreements in order to neutralise the exchange-rate risk for the above lending to the Canadian subsidiary. Having hedged the entire amount with matching maturity dates, these derivative contracts are considered as hedged in accordance with international accounting standards. The subsidiary Importfab is not subject to any significant exchange risk in that to sterilise risks linked to transactions in US dollars the company makes use of "natural hedging".

External risks

The Group is exposed to the normal risks connected with the general conditions of the economy and the sector.

Despite a positive growth trend in its reference market, both internally and on external markets, the Group is subject to pressure from numerous competitors who all have the objective of increasing their market shares through aggressive price policies.
To that end, the Group has implemented a policy to develop its sales which is focussed on wide diversification of markets and clients, so as to not concentrate turnover in individual counterparties/markets which could be risky in the case of default or a decrease in demand.
In addition to this, the Group also pursues its growth strategy through intensive research and development, with the aim of providing the Group with patents, original formulations and specific production know-how that help to protect it from competition from other actors in its reference sector.
The Group's business is not exposed to seasonal market fluctuations.
The Group constantly monitors risk with regards to changes in the relevant regulatory framework. The goods it produces are subject to numerous safety and quality norms and regulations, both national and international. To deal with these risks, the Group has always invested resources to research and develop innovative products, which anticipate possible restrictions contained in current regulations. It also has a Regulatory Affairs department.
The Group is exposed to the risk of unauthorised access/use of its company data and information. However, it has developed operating policies and technical security measures intended to guarantee adequate protection for its corporate data and information, partnering with highly qualified cybersecurity suppliers.

Geopolitical risk

The group has minimal operations (less than 1.0% of turnover) in geographic areas affected by the war between the Russian Federation and Ukraine.
Management is placing a particular focus on supplies that, in the past, originated directly from areas affected by the aforementioned war. These supplies in any case represent a slim portion of the total.
During the half and in subsequent months, the geopolitical situation led to a significant increase in inflation in the countries in which the Group works, also with reference to the cost of energy and raw materials. The Group's costs for electricity and gas went from accounting for 1.21% at 31 December 2021 to 2.63% of sales in the second half of 2022.
The actions implemented by the Group to combat these difficulties include accelerating certain activities with the most reactive customers and in markets which have seen less of a slowdown, allowing it to recover sales volumes. In the face of low availability of raw materials in its normal supply chains and an increase in energy prices, the Group has implemented a supply policy with larger purchases and more lead time.
The Group has also responded to the increase in energy costs by only partially reflecting this amount in sales prices offered to customers. Problematic changes in the prices of raw materials were hence unable to be fully offset in the sales prices for orders already confirmed and will instead be recognised only for subsequent new orders.
There are no other noteworthy transactions in other geographic areas which could give rise to macroeconomic, financial, regulatory, market, geopolitical or social risks.

Internal risks

The Group operates through a management structure divided into operational areas: sales, research and development, regulatory, technical/production, logistics, control and quality assurance, purchasing, administrative/financial, management control, personnel management and secretariat.
The internal structure is managed using an IT system accessible to each area as a function of their responsibilities and the access granted by the system administrator. Management and control over each individual area is based on a series of periodic reports, which may be daily, weekly and/or monthly (based on the function). This allows for constant monitoring of activities and events.
It is held that the company's control and management system is able to provide management and administration with all the information and parameters required to allow for proper and careful analysis of events and occurrences, allowing them to make suitable strategic decisions.
In November 2013 the parent company adopted its organisation, management and control model pursuant to Italian Law 231/01 and also appointed the Supervisory Body. During 2019 and 2020 the parent company updated this model to reflect regulatory changes which had occurred in the meantime as well as due to its listing on the Euronext Growth Milan market. The new model and the update were adopted by the parent company after specific resolutions made by the Board of Directors on 13 February 2020 and 24 October 2020. At its meeting in February 2020, the Board renewed the appointment of the Supervisory Body through the end of financial year 2022.

Risks connected to credit management and clients

The Group has adopted a credit management policy intended to evaluate the reliability of clients in terms of creditworthiness, monitor expected collection flows, issue payment reminders and, when deemed necessary or expedient, grant special credit conditions and handle legal disputes regarding receivables.
The estimate of the bad debt provision was determined based on analysis of monitored positions and statistical analysis of losses on receivables and/or impaired positions recorded over the last five years. Based on analysis of client credit positions at the end of the first half of 2022, also in the light of information obtained during July and August 2022, the administrative body held the provision to be reasonably suitable (at € 545 thousand) with respect to perceived credit risk. Finally, please see the paragraph "Significant events after the end of the half" for a description of the position relative to one of the main customers of the subsidiary ImportFab.

RESEARCH AND DEVELOPMENT

The Group continuously carries out Research and Development, which allows it to develop new patents and original formulations, which can be proposed to the market. It also continuously creates new products which are innovative and original in terms of active ingredients, production processes and methods used to deliver the active ingredients.
Aware of the strategic importance of these activities, as in previous years, the Group continued to invest in Research and Development in the first half of 2022 to further strengthen the resources dedicated and make new areas and equipment available.
Patents filed in previous years also led to the creation of new products, with significant sales revenues in 2021, the first half of 2022 and in coming years. These activities represent a distinctive feature for

the Group in terms of the internal and foreign markets, helping to explain its positive growth rates over the last five years.

During the first half of 2022, the company moved forward with innovative pre-competitive activities, focussing its efforts on the following projects in particular:

- Activity 1; Research and Development for new food supplements, medical devices and food for special medical purposes.
- Activity 2; Technological Innovation activities for new food supplements, health solutions and personal hygiene
- Activity 3; Futurals Green Project, to obtain nutraceutical raw materials with excellent safety characteristics (no heavy metals, no pesticides, no bacteria), high quality (concentration level of the nutraceutical component), reproducibility (standardisation with respect to season, geographic area, climate, etc.), and reduced environmental impacts (lower soil use, lower consumption of natural and energy resources).

To develop the above projects, the company incurred recognisable costs of € 298,913.29, fully recognised, relative to which it intends to access the benefits established in the tax code for research, development, technological innovation, design and aesthetic creation pursuant to article 1, paragraphs 198-209 of Italian Law 160 of 27 December 2019.

RELATIONS WITH SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES AND SUBSIDIARIES OF PARENT COMPANIES

Relations with subsidiaries and associates are carried out with the aim of mutually beneficial cooperation, with the goal of developing all useful synergies.
In particular:
- Labiotre: established in 2012, initially a minority interest, then acquired in its entirety in 2021. Positioned in the value chain of the parent company with synergies in the production of active ingredients and tinctures;
- Entreprises Importfab Inc., a Canadian company established in October 2019, in which Labomar holds a majority stake and the public financial company SIMEST-SACE holds a minority stake, which as of 1 November 2019 acquired the operating assets of Entreprises Importfab Inc, located in Pointe Claire-Quebec. The transaction was based on prospects for developing core business in the North American market over the medium/long-term, in part thanks to the know-how, patents and original formulations owned by the parent company, which could be transferred to the Canadian subsidiary;
- Labomar Next S.r.l.: established in December 2019 in partnership with Zero S.r.l., its objective is to develop cultivation of medicinal plants using aeroponic vertical farming, an area of interest for the food supplement and medical devices markets, in partnership with counterparties interested in specific plants and/or naturally-derived active ingredients to be used in new products.
- Lab C S.r.l.: established in April 2021 and 100% controlled by Labomar Next. Lab C develops, produces and sells innovative hi-tech products and services linked to vertical farming techniques.

- Welcare group: control acquired in July 2021. The group is based in Orvieto and has been active since 2001 in the development, production and sale of medical devices to prevent and treat infections and to manage skin injuries of various etiology. In Italy, Welcare distributes its products through hospitals and the main wholesale pharmacy suppliers. In Europe and the rest of the world, this occurs through a network of distributors.

The Welcare Group consists of the parent company Welcare Research S.r.l., a company which carries out scientific research and innovation relative to dietary, cosmetic and dermocosmetic products, as well as pharmaceuticals and similar, and its subsidiary Welcare Industries S.p.a., a company in which it holds 100% of the equity, which also is focussed on research and innovation in the areas of pharmaceuticals, parapharmaceuticals, cosmetics, medical devices and similar. The Welfare Group offers a particular high level of quality standards and some proprietary patented technological solutions, which are in perfect synergy with the Labomar business model.

- Labovar S.r.l.: established in 2021 in partnership with Adiacent S.r.l., a subsidiary of Var Group S.p.a. (company of the Sesa group, a company listed in the STAR segment of the Borsa Italiana S.p.a. MTA market. Labovar will be a sales agent in the Far East for selected Labomar products, with the obligation to purchase these products from Labomar and sell them exclusively within the aforementioned market, through the online sales platform TMALL.

- Printingpack: this is a minority interest that arose in 2012 in a company in the value chain in which the parent company operates, with synergies in the creation of specialised packaging materials.

- Project Zero: this is a minority interest in a holding company which in turn holds the controlling interest in Zero S.r.l., a company developing aeroponic vertical farming technology, ideal for using artificial intelligence to develop optimised cultivation of high cost/value plants or those which are difficult to produce due to a lack of necessary natural and environmental conditions.

All related party transactions were carried out at arm's length, using the conditions that would be applied between two independent parties.

In order to establish whether related party transactions are carried out using normal market conditions, the parent company considered quantitative conditions, relative to prices and associated elements, as well as the motivations which led it to decide to carry out the transaction and carry it out with a related party rather than a third party.

There are no atypical and/or unusual relations with related parties of the parent company.

	First Half 2022						31/12/2021					
	Financial receivables	Financial Debts	Receivables	Payables	Costs	Revenues	Financial receivables	Financial Debts	Receivables	Payables	Costs	Revenues
PARENT COMPANY												
LBM Holding S.r.l.												
ASSOCIATED COMPANIES												
Printingpack S.r.l.				778,879	1,001,482					460,134	1,129,271	
OTHER RELATED PARTIES												
Farmacia Bertin Walter Sas			25,367	749	5,122	22,723			11,326	1,513	8,785	33,691
Imm.re Alessandra S.r.l.	180,000	1,452,927	550,116	450,000	21,484	1,116	180,000	1,547,830	18		36,809	18
Universo TV Scarl					992						500	
Consorzio Ribes-Next Scarl	315						315				1,000	
BModel Sas				59,124	74,934					50,310	234,362	
Labofit S.r.l.				3,000	18,000					3,000	36,000	

	First Half 2021				
	Financial receivables	Receivables	Payables	Costs	Revenues
PARENT COMPANY					
LBM Holding S.r.l.					
ASSOCIATED COMPANIES					
Printingpack S.r.l.			398,546	563,408	
OTHER RELATED PARTIES					
Farmacia Bertin Walter Sas		26,440	728	3,244	23,853
Imm.re Alessandra S.r.l.		9	1,661,499	18,916	9
Universo TV Scarl					
Consorzio Ribes-Next Scarl	315		1,220	1,000	
BModel Sas			10,281	50,456	
Labofit S.r.l.			3,000	18,000	

Related party transactions mainly involve sales and consulting relations, with the exception of loan receivables relative to the associate Immobiliare Alessandra S.r.l. Financial payables to the associated company Immobiliare Alessandra S.r.l. represent the residual financial liability (current and non-current) in relation to the real estate sublease contract granted by this company to the Parent Company. Receivables and payables relative to the associated company Immobiliare Alessandra S.r.l. also include balances relative to the purchase of land in the amount of € 450 thousand, as part of the logistics base project known as L6. With reference to the purchase of this land, at 30 June, the parent company's financial statements include land and invoices to be received for € 450 thousand, as well as receivables of € 549 thousand relative to the advance payment of the fee with VAT.
It should be noted that in 2022 the Parent Company distributed € 1,848,404 in dividends, of which € 1,244,703 to LBM Holding S.r.l.
At the 31 December 2021, and 30 June 2022, there were no guarantees.

SIGNIFICANT EVENTS AFTER THE END OF THE HALF

During the months immediately following 30.06.2022, Group business grew, in line with forecasts. With regard to the parent company note the following significant events:

- On 29 July 2022, an unsecured loan was obtained by the parent company with a SACE GREEN guarantee for € 6 million, maturing in 12 years. The loan accompanies the other unsecured loan, supported by EIB funding, for an additional € 6 million and maturing in 7 years, signed on 30 June 2022 and already included in the Group's net financial position at 30 June 2022. This is described in more detail in Note no. 9 Due to banks and other lenders, in the Notes. Both loans were obtained from Banca Intesa Sanpaolo S.p.A. In line with market practice, the above loans include financial covenants which must be respected, relative to the ratio between EBITDA and NFP and the NFP relative to SE, set at 3.5x, as well as, solely for the SACE-guaranteed loan, EBTIDA and gross financial expense, set at 5. The Company has also established specific interest rate swap contracts to cover risks associated with changes in the interest rates applied to the loans.
  The total amount of € 12 million guarantees Labomar will be able to financially cover the construction of the first portion of the new plant, known as L6, which is currently expected to

involve total costs of around € 13.5 million (before VAT). The difference between the amount of the investment and the financing acquired will be covered by the Company's own resources. The project, which is expected to be completed over the next two years, consists of a building that will optimise incoming logistics flows, making material available to send to production, and ensuring compliance with Good Manufacturing Practice (GMP). At the same time, it will allow for fully autonomous management of not just raw materials supplies, but also the stock of finished product, eliminating movement between Labomar offices and third-party logistics locations, benefiting both total CO2 emissions and operating expense.

- In July 2022, the subsidiary Labiotre signed a loan with SACE guarantee for a capital amount of Euro 1 million maturing in 5 years. In order to cover the risk of fluctuations in the variable exchange rate applied, it has been signed an interest rate swap agreement. This loan was signed with Banca Monte dei Paschi di Siena Spa and is aimed at productive investments and the financing of working capital.
- In August 2022, Endo, the American parent company of one of ImportFab's main customers (Paladin Labs Inc.), filed for Chapter 11 protection (bankruptcy). Corporate reorganisation is currently under way, with senior lenders making an offer to acquire the company's assets. This would allow Endo to continue to operate under supervision. Also note that Importfab is included on the list of strategic suppliers which means:
  - all amounts due were paid, exceptionally, to Importfab (around CAD 742 thousand received between July and August 2022);
  - Importfab will continue to manufacture for Paladin and hence all the orders in the portfolio will be fulfilled.

  As of the time this report was drafted, Importfab has an order book for Paladin totalling around CAD 1.2 million but, given the strategic nature of the products supplied and the fact that Importfab has been classified as a strategic supplier, it is held that supplies will be collected and paid normally by Endo/Paladin. Additionally, management is negotiating with the customer to reduce the credit limit and reduce future credit risk associated with the position.
- in September 2022, the subsidiary Welcare announced the expansion of the production site in Orvieto starting from 2023. This will be an investment of over 2 million euros, which will lead to new hires starting from the next few months and which will be essential for achieving new and important growth and development objectives of the Group. The loan has been signed with Banca Centro Toscana Umbro in July 2022 by Welcare Industries. The principal amount is Euro 1.12 million and maturing in 7 years. In order to cover the risk of fluctuations in the variable exchange rate applied, it has been signed an interest rate swap agreement.

OUTLOOK

As of the time this document was prepared, despite the difficult situation faced by the Group, both in terms of production and the logistical management of materials, both incoming and outgoing, expectations for the second half of 2022 are to reach the pre-established goals, achieving strong growth even holding the scope constant, as well as the estimates internally prepared by management. Additional significant elements include the contribution to profits made by the Welcare Group, which

is experiencing an excellent year of positive and growth, with negotiations in progress with well-developed large international customers for the parent company.
Hence, the assumptions made in the corporate plans have been confirmed as solid and management continues to carefully and continuously monitor the development of business.

In consideration of this, the directors hold that the Group will continue on its current growth path, both in the domestic market and in foreign markets.

****

Istrana, 29 September 2022

The Chairman of the Board of Directors

Walter Bertin

Labomar S.p.a.

Condensed Consolidated Half-Yearly Financial Statements
30 June 2022

Accounting Schedules

Consolidated Equity and Financial Position

Assets

(Euro)	Notes	30/06/2022	31/12/2021(*)
Intangible assets	1	43,332,829	43,245,059
Rights of use	2	4,737,287	4,993,953
Tangible assets	3	23,339,163	23,173,700
Equity investments	4	865,766	951,069
Other non-current financial liabilities and financial derivatives		208,433	210,433
Deferred tax assets		1,185,622	1,350,010
Non-current assets		**73,669,099**	**73,924,224**
Inventories	5	21,786,819	13,669,582
Trade receivables	6	17,012,045	13,908,986
Other current assets		1,686,932	2,116,222
Income tax credits		352,964	323,219
Other current financial liabilities and financial derivatives		376,330	22,253
Cash and cash equivalents	7	13,215,356	14,162,598
Current assets		**54,430,446**	**44,202,859**
Total assets		**128,099,545**	**118,127,083**

(*)Restated, see paragraph 5 "Business combinations".

Liabilities

(Euro)	Notes	30/06/2022	31/12/2021(*)
Share capital	8	1,848,404	1,848,404
Reserves	8	46,561,085	43,828,552
Group shareholders' equity	8	**48,409,489**	**45,676,957**
Shareholders' equity, minority interests	8	**8,713**	**(26,892)**
Total shareholders' equity	8	**48,418,202**	**45,650,065**
Non-current due to banks and other lenders	9	22,000,202	20,903,029
Non-current financial liabilities for rights of use		2,060,207	3,608,754
Payables for business combinations	11	7,205,962	7,152,956
Provisions for risks and charges	13	673,596	811,062
Net liabilities for defined employee benefits		2,588,758	2,992,746
Deferred tax liabilities		5,311,768	5,474,518
Non-current liabilities		**39,840,492**	**40,943,065**
Current due to banks and other lenders	9	12,083,330	9,465,799
Current financial liabilities for rights of use		2,251,420	1,017,276
Other current financial liabilities and financial derivatives	10	659,160	243,380
Trade payables	12	18,124,874	15,796,168
Contractual liabilities		862,619	917,590
Other current liabilities		4,634,762	3,797,537
Income tax payables		1,224,687	296,204
Current liabilities		**39,840,852**	**31,533,954**
Total liabilities		**79,681,345**	**72,477,019**
Total Shareholders' equity and Liabilities		**128,099,545**	**118,127,084**

(*)Restated, see paragraph 5 "Business combinations".

Consolidated Income Statement

(Euro)	Notes	First Half 2022	First Half 2021
Revenues from contracts with clients	**14**	**41,803,488**	**30,539,366**
Other income		233,913	726,579
Purchase costs of raw, ancillary and con. materials and goods for resale		(24,720,874)	(15,437,446)
Changes in inventory		7,747,074	950,362
Service costs		(7,713,161)	(5,109,125)
Personnel costs		(8,958,392)	(7,126,049)
Depreciation and writedowns of assets	15	(3,351,424)	(2,094,177)
Provisions		-	-
Other charges		(323,639)	(92,982)
Operating income		**4,716,985**	**2,356,528**
Financial income		28,502	660,168
Financial charges		(273,693)	(225,699)
Net gains (losses) on exchange	16	20,274	521,711
Value adjustments on financial assets		(57,304)	291,701
Pre-tax result		**4,434,764**	**3,604,409**
Taxes	17	(1,348,929)	(732,384)
Net profit for the period		**3,085,834**	**2,872,025**
Group net profit		**3,148,230**	**2,889,347**
Minority interest net profit		**(62,396)**	**(17,322)**
Profit per share, base ordinary shares	9	**0.17**	**0.16**
Profit per share diluted ordinary shares	9	**0.17**	**0.16**

Consolidated Statement of Comprehensive Income

(Euro)	**First Half 2022**	**First Half 2021**
Net profit for the period	**3,085,834**	**2,872,025**
Other components of the statement of comprehensive income to be subsequently reclassified to profit (loss) after taxes:		
Change in the Cash Flow Hedge reserve	272,983	50,767
Taxes	(65,516)	(12,184)
Exchange differences from translation of financial statements in non-Euro currencies	977,768	779,866
Total other components of the statement of comprehensive income to be subsequently reclassified to profit (loss) after taxes	**1,185,235**	**818,449**
Other components of the statement of comprehensive income that will not be subsequently reclassified to profit (loss) after taxes:		
Actuarial gains (losses)	325,618	-
Taxes	(78,148)	-
Total other components of the statement of comprehensive income that will not be subsequently reclassified to profit (loss) after taxes	**247,470**	**-**
Total other components of the statement of comprehensive income after taxes:	**1,432,705**	**818,449**
Total comprehensive income for the period	**4,518,539**	**3,690,474**
Attributable to the Group	**4,580,934**	**3,707,796**
Attributable to minority interests	**(62,395)**	**(17,322)**

Consolidated Statement of Cash Flow

	Note	First Half 2022	First Half 2021
NET PROFIT FOR THE PERIOD		**3,085,835**	**2,872,025**
Adjustments for non-monetary elements:		**4,940,542**	**1,846,471**
Amortisation, depreciation and impairment of tangible and intangible assets and real estate		3,351,422	2,094,177
Provisions		52,886	290,831
Income taxes		1,348,929	732,384
Net interest income and expense		245,191	(435,443)
Other adjustments for non-monetary elements		(57,886)	(835,479)
Changes in operating assets and liabilities:		**(7,861,663)**	**(1,628,978)**
Changes in inventory		(8,070,596)	(1,326,374)
Changes in trade receivables		(2,790,865)	(2,824,911)
Changes in trade payables		2,480,900	107,981
(Use of provisions)		(503,649)	(252,118)
Other changes in operating assets and liabilities		1,022,546	2,666,445
Other amounts collected and paid:		**(628,516)**	**(488,310)**
Interest received (paid)		(131,811)	(126,224)
(Income taxes paid)		(496,706)	(362,085)
NET CASH FLOWS GENERATED (ABSORBED) BY OPERATIONS		**(463,802)**	**2,601,209**
Investments:			
Investments in tangible assets	3	(2,016,713)	(1,535,929)
Divestments of tangible assets		200,000	147,090
Investments in intangible assets	1	(227,281)	(274,433)
Other cash flows from intangible assets		-	-
Business acquisition		-	-
Investment in financial assets		575	(400,000)
Divestments of financial assets		(49,670)	9,841
NET CASH FLOWS GENERATED (ABSORBED) BY INVESTMENTS		**(2,093,089)**	**(2,053,432)**
Financial management:			
Capital increase for pay	9	-	50,001
Increase (decrease) in bank loans	9	5,611,644	(3,168,321)
Increase (Decrease) in short term amounts due to banks		(1,803,167)	(706,216)
Increase (Decrease) in other financial liabilities	8	(557,787)	(434,601)
Dividends received (paid)		(1,848,404)	(2,033,245)
NET CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS		**1,402,286**	**(6,292,382)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,154,605)**	**(5,746,405)**
Exchange rate effects on cash and cash equivalents		207,362	301,018
Cash and cash equivalents at start of period	7	**14,162,598**	**33,660,631**
Increase (decrease) in cash and cash equivalents		(947,242)	(5,445,387)
Cash and cash equivalents at end of period	7	**13,215,356**	**28,215,244**

Schedule of changes in Shareholders’ Equity

See note 8 in paragraph “6. Breakdown of key items in the equity and financial position”.

Description	Share capital	Share premium reserve	Legal reserve	FTA Reserve	Actuarial Reserve	Other reserves/Ind. reserve Val. part. TO SE	Cash flow hedge reserve	Profit/loss carried forward	Translation reserve	Profit/(Loss) for the period	Shareholders’ Equity of the Group	Shareholders’ Equity net minority interest	Total Net Shareholders’ Equity
Balance at 31/12/2020	**1,848,404**	**24,856,571**	**283,015**	**910,666**	**(385,300)**	**494,384**	**(67,391)**	**5,010,609**	**(825,945)**	**6,093,883**	**38,218,897**	**19,634**	**38,238,532**
Destination of profit (loss) 2020			86,666			497,943		5,509,274		(6,093,883)	-		-
Other reclassifications								34,062	(34,062)				-
Profit (loss) at 30 June 2021										2,889,347	2,889,347	(17,322)	2,872,025
Other comprehensive profit (loss):											-		-
Cash flow hedge operations							38,583				38,583	-	38,583
Translation differences									779,866		779,866		779,866
Comprehensive profit (loss)	-	-	-	-	-	-	***38,583***	-	***779,866***	***2,889,347***	***3,707,797***	***(17,322)***	***3,690,475***
Dividends								(2,033,245)			(2,033,245)	-	(2,033,245)
Lab Next share capital increase											-	24,500	24,500
Balance at 30 June 2021	**1,848,404**	**24,856,570**	**369,681**	**910,666**	**(385,300)**	**992,327**	**(28,808)**	**8,520,700**	**(80,141)**	**2,889,347**	**39,893,447**	**26,812**	**39,920,262**

Balance at 31 December 2021 (*)	**1,848,404**	**24,856,571**	**369,681**	**910,666**	**(358,506)**	**992,327**	**17,334**	**8,520,700**	**197,547**	**8,322,230**	**45,676,956**	**(26,891)**	**45,650,064**
Destination of profit (loss) 2021			30,000			6,389,502		1,902,728		(8,322,230)	-		-
Other reclassifications			(30,000)			(470,309)		500,309			-		-
Profit (loss) at 30 June 2022										3,148,232	3,148,232	(62,395)	3,085,837
Other comprehensive profit (loss):											-		-
Cash flow hedge operations							207,467				207,467		207,467
Translation differences									977,768		977,768		977,768
TFR adjustment					247,470						247,470		247,470
Comprehensive profit (loss)	-	-	-	-	***247,470***	-	***207,467***	-	***977,768***	***3,148,232***	***4,580,937***	***(62,395)***	***4,518,542***
Dividends								(1,848,404)			(1,848,404)	-	(1,848,404)
Labomar next recapitalisation											-	98,000	98,000
Balance at 30 June 2022	**1,848,404**	**24,856,570**	**369,681**	**910,666**	**(111,036)**	**6,911,520**	**224,801**	**9,075,333**	**1,175,315**	**3,148,232**	**48,409,489**	**8,714**	**48,418,202**

(*)Restated, see paragraph 5 “Business combinations”.

ILLUSTRATIVE NOTES TO THE CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL STATEMENTS AT 30 JUNE 2022

1. Corporate information

Labomar S.p.a. (hereafter, also the “parent company”) is an industrial company that researches, develops and manufactures food supplements and medical devices at its main and secondary offices, located in Istrana (prov. Treviso).

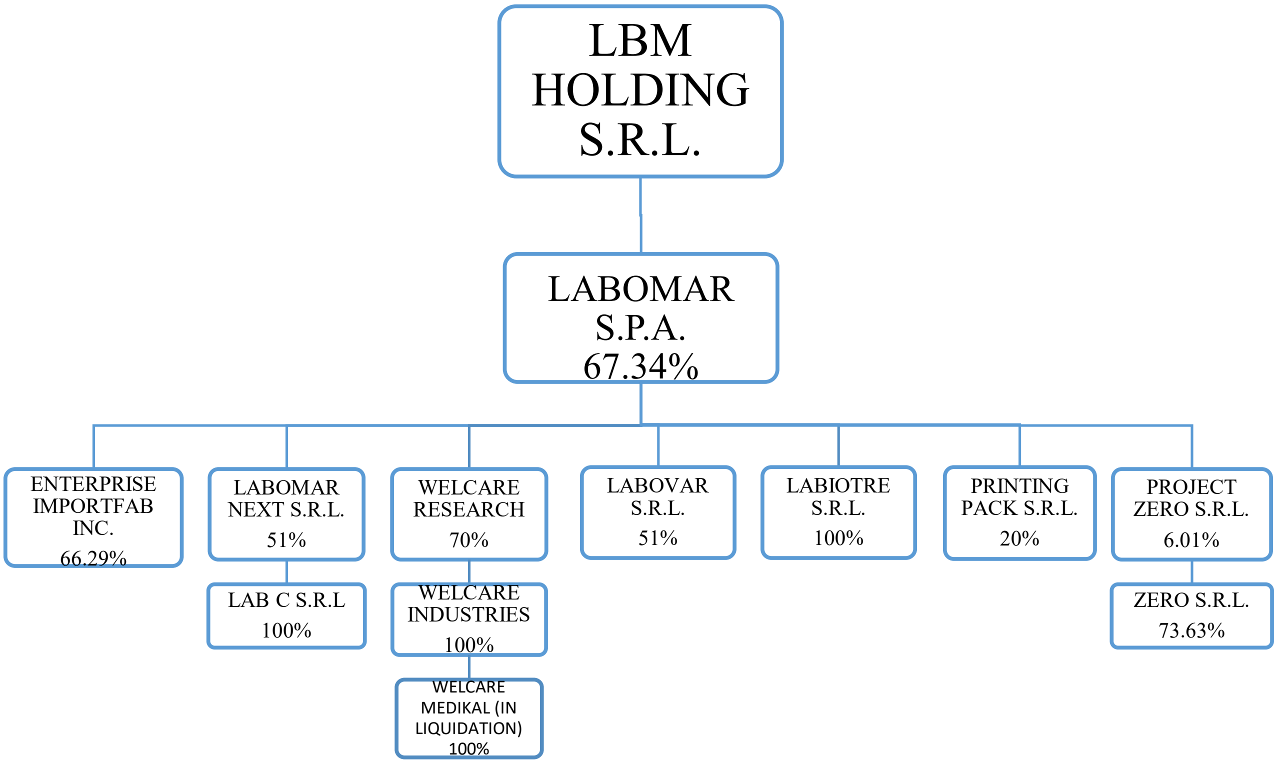
With notice 25436 of 1 October 2020, Borsa Italiana S.p.A. communicated that the ordinary shares issued by Labomar S.p.A. had been admitted for trading on the AIM Italia market, a multilateral trading facility organised and managed by Borsa Italiana S.p.A., effective as of 1 October 2020. On 5 October 2020, trading of ordinary shares officially began.

Publication of the condensed consolidated half-yearly financial statements for Labomar S.p.A. and its subsidiaries (the “Labomar Group”) was authorised by the Board of Directors, which approved them on 29 September 2022.

The condensed consolidated half-yearly financial statements are subject to limited auditing by the auditing firm EY S.p.A., appointed to provide the statutory auditing of the parent company’s accounts and that of its main subsidiaries.

The Group is represented by the parent company Labomar S.p.a. and its subsidiaries Entreprises Importfab Inc. (a Canadian company), Labomar Next S.r.l., Lab C S.r.l., Welcare Research Srl and Welcare Industries spa, Welcare Medikal we Saglik Urunleri Sanayi ve Ticaret A.S., with registered office in Istanbul (a Turkish company in liquidation fully controlled by Welcare Industries spa), Labiotre S.r.l. and Labovar S.r.l.

The following diagram presents the current structure of the Group to which Labomar S.p.A. belongs at the time of publication of these condensed consolidated half-yearly financial statements.



Entreprises Importfab Inc.: a Canadian company newly established in October 2019, invested in by both Labomar and SIMEST-SACE, which as of 1 November 2019 acquired the operating assets of Entreprises Importfab Inc., a Canadian company based in Montreal, specialised since 1990 in the production and packaging of liquid and semi-liquid medicines, as well as medical devices for the pharmaceutical, cosmetic and nutraceutical industries.
Labomar Next Srl (formerly Herbae Srl): established in late 2019 in partnership with Zero Srl, which will be responsible for sales of cultivation modules using Vertical Farming techniques developed by Zero Srl, to counterparties interested in cultivating and producing plants with extracts that can be utilised to create food supplements.
Lab C Srl: established in April 2021 and 100% controlled by Labomar Next. Lab C develops, produces and sells innovative hi-tech products and services linked to vertical farming techniques
Labiotre Srl: founded in 2011 in partnership with Biodue S.p.a., it extracts active ingredients from plants using proprietary technology and know-how, exclusively for the end customer. LaBiotre supplies Labomar with plant-based raw materials and extracts to be used in the production cycle.
Printing Pack Srl: established in July 2013 through the merger of various companies with twenty years of experience in the graphic, paper and printing sector and located in Sambuca Val di Pesa in the industrial area of Tavarnelle. Labomar acquired a 20% stake at the time of establishment, to have a solid and secure partner for paper supplies to be used for the external packaging of its products, offering high quality standards, professionalism and low supply time.
Project Zero Srl: a holding company which holds 100% of Zero Srl, a company which develops aeroponic vertical farming technology, ideal for using artificial intelligence to develop optimised

cultivation of high cost/value plants or those which are difficult to produce due to a lack of natural and environmental conditions. Zero Srl is in turn an investor in other newly established companies, including Orto Verticale and Orto Verticale Capriolo.

Welcare Research and Welcare Industries: in July 2021 Labomar S.p.A. acquired a majority stake in the Welcare Group. Welcare is based in Orvieto and has been active since 2001 in the development, production and sales of medical devices to prevent and treat infections and to manage skin injuries of various etiology. In Italy, Welcare distributes its products through hospitals and the main wholesale pharmacy suppliers. In Europe and the rest of the world, this occurs through a network of distributors. The Welcare Group consists of the parent company Welcare Research S.r.l. which carries out scientific research and innovation relative to dietary, cosmetic and dermocosmetic products, as well as pharmaceuticals and similar, and its subsidiary Welcare Industries S.p.a., in which it holds 100% of the equity, which also is focussed on research and innovation in the areas of pharmaceuticals, parapharmaceuticals, cosmetics, medical devices and similar.
The Welfare Group offers a particular high level of quality standards and some proprietary patented technological solutions, which are in perfect synergy with the Labomar business model.

Labovar Srl: established in November 2021 in partnership with Adiacent Srl, a subsidiary of Var Group Spa (a company in the Sesa Group, listed on the STAR segment of the Borsa Italiana MTA market, with consolidated turnover of € 2.04 billion at 30 April 2021). Labovar will offer nutraceutical products on the Chinese market through e-commerce platforms. Labovar will be a sales agent in the Far East for selected Labomar products, with the obligation to purchase these products from Labomar and sell them exclusively within the aforementioned market, through the online sales platform TMALL.
The partnership represents an opportunity to engage with the Chinese market, one of the largest in the world, with products of excellence and a business model focused on digital sales platforms, such as Tmall (marketplace leader in China for online business-to-consumer sales, owned by the Alibaba Group) and Wechat (Tencent Group), through mini-programs, tailor-made proprietary social e-commerce solutions developed by Adiacent China for leading international customers.

1.2 Scope of consolidation

The following table shows the scope of consolidation at 30 June 2022 compared with 31 December 2021:

	2022			2021		
NAME	**Stake attributable to the Group**	**Directly controlled stake**	**Notes**	**Stake attributable to the Group**	**Directly controlled stake**	**Notes**
Parent company						
Labomar S.p.a.	100%			100%		

Subsidiaries consolidated on a line by line basis						
Entreprises Importfab Inc.	100%	66.28%		100%	66.28%	
Labomar next S.r.l. (ex Herbae S.r.l.)	51.00%	51.00%		51.00%	51.00%	
Lab C S.r.l.	51.00%	0.00%		51.00%	0.00%	
Labiotre S.r.l.(*)	100%	100%		100%	100%	
Welcare Research S.r.l.	100%	70%		100%	70%	
Welcare Industries S.p.a.	100%	0%		100%	0%	
Welcare Medikal a.s.	100%	0%		100%	0%	
Labovar S.r.l.	51.00%	51.00%		51.00%	51.00%	
Associated companies consolidated with the equity method						
Labiotre S.r.l.(*)		-			31.20%	4
Printing Pack S.r.l.		20.00%	4		20.00%	4
Project Zero S.r.l.		6.01%	4		6.01%	4

(*) the Group acquired control over Labiotre in November 2021, therefore as at 31 December 2021 the assets and liabilities of Labiotre were consolidated line by line within the Group's balance sheet. At 30 June 2021, Labiotre was 31.2% owned and therefore, as an associate, the company was valued using the equity method in the income statement for the first half of 2021.

The consolidated financial statements were constructed as follows:
- the equity figures reflect the consolidation of the assets and liabilities of Labomar S.p.A. and the subsidiaries included in the scope of consolidation;
- the economic figures reflect the consolidation of the costs and revenues of Labomar S.p.A. and the subsidiaries included in the scope of consolidation;
- aggregation of equity and economic items for subsidiaries included in the scope of consolidation was done on a line-by-line basis;
- equity investments in associated companies were measured and recognised using the equity method;
- equity and economic relations between companies included in the scope of consolidation were entirely eliminated. Profits and losses arising from transactions between consolidated companies which cannot be considered as having been realised through transactions with third parties were eliminated;
- the financial statements for the period of the subsidiaries, prepared in accordance with local laws and accounting standards, were adjusted to the dictates of the international accounting standards (IAS/IFRS) on which the parent company’s separate financial statements are based;
- currency translation was done for financial statements expressed in currencies other than the Euro, specifically for the Entreprises Importfab Inc. and Welcare Medikal a.s. financial statements, with recognition in the relative Translation Reserve. Below are the exchange rates used in the translation process:

Currency	Exchange rate at 30.06.22	Average exchange rate first half 2022	Exchange rate at 31.12.21	Average exchange rate first half 2021
Canadian dollar - CAD	1.3425	1.3900	1.4393	1.5040
Turkish lira – TRY	17.3220	16.2579	15.2335	9.5226

In the consolidated income statement and the consolidated statement of cash flows, as well as in that showing changes in consolidated shareholders' equity, the period ended on 30 June 2022 is compared with that ended on 30 June 2021. The consolidated equity and financial position is compared with the relative figures from the consolidated financial statements at 31 December 2021.

2. Directors' comments on going concern requirements

While seriously taking into consideration the state of the economy at the time these half-yearly financial statements were prepared, the directors hold that based on the economic performance achieved up to the present and the solid equity and financial situation, Labomar S.p.A. has the ability to continue its operations in the foreseeable future and, therefore, the financial statements were prepared on a going concern basis.

3. Financial statement preparation criteria

3.1 Preparation standards for the condensed consolidated half-yearly financial statements

The condensed consolidated half-yearly financial statements for the period ended on 30 June 2022 were prepared on the basis of IAS 34 Interim Financial Reporting.
The condensed consolidated half-yearly financial statements do not provide all the information required in the annual consolidated financial statements. For this reason, the condensed consolidated half-yearly financial statements should be read together with the consolidated financial statements at 31 December 2021.

4. Accounting standards and interpretations

The accounting standards adopted to prepare the condensed consolidated half-yearly financial statements are the same as those used to prepare the consolidated financial statements at 31 December 2021, with the exception of the adoption of the new standards and amendments which took effect on 1 January 2022. The Group did not opt for the early adoption of any new standard, interpretation or amendment issued by not yet in effect.
Various amendments and interpretations were applied for the first time in 2022, but none of these had an impact on the Group's condensed consolidated half-yearly financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract in which unavoidable costs (costs the Group cannot avoid as they are included in the contract) required to fulfil the obligations undertaken exceed the economic benefits which are presumed to be obtainable through the contract.
The amendment clarifies that when determining whether a contract is onerous or generates a loss, an entity must consider the costs directly associated with the contract to supply goods or services,

including incremental costs (e.g. the cost of direct labour and materials) and costs directly attributable to contractual activity (e.g. depreciation of the equipment used to carry out the contract, as well as costs to manage and monitor the contract). General and administrative expenses are not directly associated with a contract and are excluded unless they can be explicitly charged back to the counterparty based on the contract.
The Group applied this amendment to contracts for which its obligations had not yet been entirely met as of the beginning of the year.
These amendments had no impact on the Group's consolidated half-yearly financial statements.

Reference to the Conceptual Framework – Amendments to IFRS 3
These amendments are intended to replace the references to the Framework for the Preparation and Presentation of Financial Statements with reference to the Conceptual Framework for Financial Reporting published in March 2018, with any significant change in the requirements of the standard.
The Board also added an exception to the IFRS 3 measurement principles, to avoid the risk of potential "day after" gains or losses deriving from liabilities and potential liabilities that would fall under the scope of IAS 37 or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, instead of those in the Conceptual Framework, to determine whether a current obligation exists as of the acquisition date.
The amendment also added a new paragraph to IFRS 3 to clarify that potential assets are not eligible for recognition as assets o the acquisition date.
These amendments did not have an impact on the Group's consolidated half-yearly financial statements as no potential assets or liabilities which fall under the scope of these amendments were recognised during the half.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendments prohibit entities from deducting from the cost of a property, plant or equipment element any revenue from the sale of products sold during the period during which the asset is brought to the location or during which it obtains the conditions necessary for it to be able to operate in the way management intended. Instead, an entity should recognise revenues deriving from the sale of these products and the costs to produce these products in the income statement.
These amendments had not impact on the Group's condensed consolidated half-yearly financial statements, as the Group did not carry out any sales relative to these elements of property, plant and equipment prior to the beginning of operation or after the beginning of the previous comparison period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
This amendment allows a subsidiary to decide to apply paragraph D16(a) of IFRS 1 to recognise cumulative translation differences on the basis of the amounts recognised by the parent company, considering the IFRS first time adoption date of the parent company. This amendment also applies to associated companies or joint ventures that decide to apply paragraph D16(a) of IFRS 1.
This amendment had no impact on the Group's condensed consolidated half-yearly financial statements as the Group was not a first time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

This amendment clarifies which fees an entity includes when determining whether the terms and conditions of a new or amended financial liability are substantially different with respect to the conditions of the original financial liability.

These fees include only those paid or received by the debtor and lender, including fees paid or received by the debtor or lender on the account of others. No similar amendment has been proposed with respect to IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the Group's condensed consolidated half-yearly financial statements as there were no changes in the Group's financial liabilities during the half.

5. Business combinations

Acquisitions during 2021

During the second half of 2021, the Group completed two business combinations: the acquisition of a majority stake in the Welcare Group and the acquisition of all the shares of Labiotre, a company in which Labomar already held a 31.2% equity investment as at 31 December 2020. These operations are part of the Group's growth strategy for external lines and were carried out using liquidity derived from the listing process which occurred in October 2020.

Acquisition of the Welcare Group

The parent company Labomar, based on the share sales contract signed on 14 July 2021 and the exercising of purchase option, held 70% of the share capital of the newly acquired Welcare Group as at 31 December 2021. The remaining 30% is subject to put options offered to third party shareholders by the parent company Labomar (as described in Note 11). The parent company Labomar also holds a call option relative to the same portfolio of shares, which can only be exercised in the second time window established for the put option, under the same conditions as the put option and relative to the same period.

Please see that outlined in paragraph "7. Business combinations" in the Group's consolidated financial statements at 31 December 2021.

Labiotre acquisition

On 30 July 2021, the Board of Directors of the parent company resolved to exercise the option right on Labiotre stakes held by Difass International (10%) and Previfarma (7.6%) and signed a non-binding Letter of Intent, subject to due diligence for confirmation, for the acquisition of the 51.2% of the share capital of Labiotre S.r.l. held by Biodue S.p.a.

On 15 September 2021, Labomar acquired 17.6% of the capital of Labiotre, taking its overall stake in this company specialised in the production of plant extracts from 31.2% to 48.8%. The fees paid to exercise the two options were € 478,111 and € 700,000, respectively.

Subsequently, with a deed dated 23 November 2021, the purchase of the residual portions was completed, thus acquiring a 100% interest in Labiotre.

The price paid to Biodue Spa was € 8.4 million and is not subject to adjustments. The price takes into account the possible future acquisition of the Labiotre production plants, covering approximately 2,000 m^2, by exercising the purchase option under Labiotre's rent-to-buy contract, which can be used until January 2023. Payment was carried out using Labomar SpA's own resources, without making use of the banking system.

In accordance with IFRS 3, on the date control was acquired (November 30th) the value of the previously held associate investment was remeasured at fair value, which had previously been recognised and measured using the equity method. This accounting treatment resulted in a gain of € 5,547 thousand recognised in the income statement of the second half of 2021 under "Value adjustments on financial assets".

The definitive identification of the fair value of the net assets acquired (purchase price allocation) was completed after publication of the Group's consolidated financial statements at 31 December 2021. Below are the final values assigned to the identifiable assets and liabilities as of the acquisition date:

(Euro)	**30/11/2021 (restated)**
Intangible assets	8,113,439
Rights of use	1,723,999
Tangible assets	3,921,110
Other non-current financial liabilities and financial derivatives	8,863
Deferred tax assets	129,088
Non-current assets	**13,896,499**
Inventories	2,106,533
Trade receivables	2,682,393
Other current assets	(53,532)
Income tax credits	94,649
Other current financial liabilities and financial derivatives	(5,405)
Cash and cash equivalents	(269,025)
Current assets	**4,555,613**
Total assets	**18,452,112**
Non-current due to banks and other lenders	(1,873,807)
Non-current financial liabilities for rights of use	(1,370,108)
Net liabilities for defined employee benefits	(106,672)
Deferred tax liabilities	(2,251,176)

Non-current liabilities	**(5,601,763)**
Current due to banks and other lenders	(795,071)
Current financial liabilities for rights of use	(254,224)
Trade payables	(1,194,619)
Other current liabilities	(139,424)
Income tax payables	(91,423)
Current liabilities	**(2,474,761)**
Total liabilities	**(8,076,524)**
Total fair value of identifiable net assets (restated)	**10,375,588**

The fair value of trade receivables is € 2,683 thousand. The gross amount of trade receivables is € 2,693 thousand and the entire contractual amount is expected to be collected.
Current financial liabilities include existing loans and financial payables for rights of use.

With respect to the provisional allocation seen in the Group's consolidated financial statements at 31 December 2021, identification of the fair value of the net assets acquired (purchase price allocation) has been performed with the assistance of an appraisal prepared by an independent expert, and led to the identification of the following additional intangible assets with a defined useful life, distinct from goodwill:

- non-patented technology or know-how, meaning the knowledge and abilities held by the company acquired, for € 2,889 thousand, before the relative tax effect (€ 806 thousand);
- customer relationships, for a total of € 5,180 thousand, before the relative tax effect (€ 1,445 thousand).

The Directors plan to amortise know how at constant rates over ten years and customer relationships at constant rates over fifteen years.

To estimate the value attributable to the know how, a profit-based criteria was used which discounts royalties to be paid to a licensor of the brand or specific technology (known as the relief from royalty method). This method is based on the assumption that the value of the asset is a function of the figurative savings that the holder can achieve due to its ownership of the same, meaning it does not need to pay a third party rent to utilise the asset in question. Consistent with the evaluation approach described, a royalty rate was identified to be used to measure the know how, determined by taking into account information obtained by company management, as well as analysing the results of a group of licensing contracts for similar brands and know how. The royalty rate was applied to prospective revenue identified in the business plan and projections of the same, considering a suitable maintenance cost.
The amounts obtained were then discounted with a suitable discount rate, also taking into account the tax benefit theoretically attributable to amortisation of the asset (Tax Amortisation Benefit or TAB). The time horizon considered for discounting of royalty flows was set at ten years for non-patented technology.

The fair estimate of customer relationships was acquire by adopting a profit measurement criteria based on discounting excess earnings attributable to the specific intangible asset being analysed (known as the multi-period excess earnings method - MEEM). This is method is based on the assumption that the value of an asset is equal to the current value of incremental income flows attributable to the sole asset being evaluated net of the tax effect, or net of remuneration for all other assets necessary to make use of the intangible asset being evaluated. The other assets considered (contributory assets) included know how, net working capital, other investments in fixed assets and the assembled workforce (AWF).
In consideration of the fifteen year useful life established for customer relationships, excess earnings derived from the business plan were discounted, combined with projections obtained starting from the last year of the plan and hypothesising a constant growth rate of 1% per year.

The fair value of Labiotre S.r.l. identifiable assets and liabilities at the acquisition date was calculated allocating the full differential between the fee paid and the fair value of the net assets acquired to goodwill, as detailed below:

Cash fee paid in November 2021 for 51.2% of the Labiotre units	8,400,000
Cash acquisition of 17.6% of equity in September 2021	1,193,864
Accounting derecognition of the associate investment previously held and measured using the equity method	1,280,801
Adjustment of the investment previously held to its fair value on the acquisition date	5,547,338
Total fee	**16,422,003**
Fair value of identifiable net assets	10,375,588
Goodwill	**6,046,415**

The fee paid (€ 16.4 million) includes amounts paid in cash during the second half and equal to € 9,594 thousand as well as the value of the associate investment previously held and restated at its fair value on the acquisition date (€ 6,828 thousand). Net cash flows from the operation, equal to € 9,560 thousand, are equal to the payments made (€ 9,594 thousand) net of Labiotre cash and cash equivalents on the acquisition date (€ 34 thousand).

Net expenses for the acquisition amount to € 193 thousand and are classified under "General and administrative expense" and "Personnel costs". Outgoing cash flows relative to these expenses are included in cash flows deriving from operations.

Since the acquisition date, Labiotre has contributed € 396 thousand in revenues (net of sales to the parent company) and net profit of € 55 thousand. If the business combination had occurred on 1 January 2021, net Group revenues would have increased by € 4,703 thousand.

Measurement of intangible assets shows that the fair value of the net assets acquired at the acquisition date was € 10,376 thousand, with an increase of € 5,818 thousand compared to the value provisionally recognized in the Group's consolidated financial statements at 31 December 2021. The increase (Euro 5,818 thousand) is consequent to the identification and registration of relationships with customers for Euro 5,180 thousand and of know-how for Euro 2,889 thousand, and the related deferred tax liabilities for a total of Euro 2,251 thousand, which corresponds to a reduction of the same amount of goodwill that had been provisionally recognized at 31 December 2021, a reduction of € 5,818 thousand, with consequent definition of the overall goodwill deriving from the acquisition at € 6,046 thousand. The comparative disclosure of 2021 was restated to reflect the adjustment with respect to the value provisional. The increase in amortization on intangibles from the date of acquisition to 31 December 2021 has been equal to 53 thousand euros, net of tax effects (18 thousand euros), while the shareholders' equity attributable to the Group at 31 December 2021 is therefore reduced by Euro 38 thousand: both amounts, including the accounting effects described for the individual lines of the financial statements, have been correctly restated in the comparative data, when applicable.

6. Breakdown of key items in the consolidated equity and financial position

ASSETS

Note No. 1: Intangible assets

Investments in intangible assets in the first half of 2022 amounted to a total of € 227 thousand, mainly associated with costs for software and licenses and assets in progress, incurred by the parent company in the context of a wider project to strengthen IT systems and improve corporate ERP.

The consolidated financial statements at 30 June 2022 include 15.6 million in goodwill and 26.7 million in intangible assets recognised following business combinations.
In relation to the Importfab CGU, goodwill was recognised for € 5.6 million, as well as intangible assets, including licenses, customer relations and brands, for a total residual amount of € 8.9 million. Goodwill and licenses, recognised at the time of the purchase price allocation for the Importfab acquisition in 2019, are intangible assets with an undefined useful life.
In relation to the Welcare CGU, goodwill was recognised for € 3.9 million, as well as intangible assets, including licenses, customer relations and brands, for a total residual amount of € 10.1 million.
In relation to the Labiotre CGU, goodwill was recognised for € 6.0 million, as well as intangible assets, including licenses, customer relations and brands, for a total residual amount of € 7.7 million.

Estimates relative to the remaining portion of the year in progress confirm the reasonable nature of the assumptions made when preparing the financial plan for the various CGUs and, consequently, the results of the impairment test performed in the most recently approved financial statements. Therefore, at the end of the half management held that there were no conditions rendering an update to the business plan necessary, nor the performance of an additional impairment test, which will be carried out when preparing the financial statements at the end of the year.

Note No. 2: Rights of use

Rights of use as at 30 June 2022 refer to capital property, plant and machinery, equipment, cars and electronic office equipment acquired through lease and financial lease agreements.
It should be noted that the lease, rental and hire contracts currently in place do not provide for variable payments not linked to indices or rates of an appreciable amount. At the reporting date, there were no contracts with guarantees for the residual value or commitments for contracts not yet started.
The Group uses real estate rental contracts in order to obtain the availability of the premises where it carries out its business activities; these contracts provide for options for extension and termination in accordance with normal commercial practice. At the consolidated balance sheet date, none of the assets consisting of the right of use meets the definition of investment property.

The Group does not have any sub-lease agreements in place. There were no sale or leaseback transactions during the period.
There are costs for the period related to leases, rental and hire contracts with a duration of less than twelve months or with an insignificant unit value for which the parent company has exercised the option not to capitalise the right of use.

Note No. 3: Tangible assets

Investments in tangible fixed assets during the first half of 2022 amounted to € 2,016 thousand and refer for € 1.056 thousand to plant and machinery, for € 450 thousand to land associated with the new logistics plant project, for € 27 thousand to industrial and commercial equipment, for € 49 thousand to other tangible fixed assets and for € 434 to tangible assets under construction and advance payments.
Tangible assets under construction are associated for € 346 thousand with costs incurred to design two new buildings (logistics production plant and new offices) and for other services associated with the same. The remaining part refers for the most part to advances paid to suppliers of plant and machinery.

With regards to the current project for the two new buildings, as of reporting date the parent company has existing commitments of around € 2.5 million, corresponding with orders confirmed but not yet fulfilled.
There are no restrictions on the ownership and title of property, plant and machinery pledged as security for the liability.

Note No. 4: Equity investments

The following is a list of equity investments, held directly or through trust companies or intermediaries, in associates and other companies as of 30 June 2022.

NAME	**30.06.2022**		**31.12.2021**	
Associated companies measured with the equity method	**Carrying amount**	**Investment stake**	**Carrying amount**	**Investment stake**
Printing Pack S.r.l.	305,192	20.00%	298,521	20.00%
Project Zero S.r.l.	549,802	6.01%	641,776	6.01%
Equity investments in other companies				
Univ.Treviso Scarl	2,000		2,000	
Banca Credito Cooperativo	1,263		1,263	
Cons. share Ribes-Next Scarl	185		185	
Assofidi	224		224	
Banca Crediumbria	2,100		2,100	
Banca Sviluppo Tuscia	5,000		5,000	
Total Equity Investments	**865,766**		**951,069**	

Note that the changes derive from application of the equity measurement method.

There are no restrictions on the ability of the above companies to transfer funds to Labomar in the form of dividends and repayment of loans or advances that may have been received.
There are no particular commitments/agreements with the above companies other than those arising from ordinary commercial transactions.

Note No. 5: Inventories

Below is a break down of changes in warehouse inventories.

Description	Value as at 31.12.2021	Change	Value as at 30.06.2022
Raw materials, subsidiary materials and consumables	9,499,220	3,307,120	12,806,339
Products in progress and semi-products	663,169	2,666,842	3,330,010
Finished products and goods	3,252,606	2,110,446	5,363,052
WIP R&D/Laboratory inventories	130,554	16,172	146,727
Advances	124,032	16,658	140,691
TOTAL	**13,669,581**	**8,117,238**	**21,786,819**

The item "advances" relates to advances paid to suppliers, for purchase orders made at costs not lower than those used in the valuation of the related inventories.

The increase in inventories mainly derives from a supply policy with larger purchases and more lead time implemented by the Group in the face of the scarce availability of raw materials in the reference supply chains and the increase in energy prices.

The item WIP R&D/Laboratory inventories represents costs actually incurred on projects for the development of new products, new formulations and new technical files, for which at 30 June 2022 the service had not yet been completed and therefore the unconditional right to invoice the customer had not yet arisen. These services will be completed in the second half of 2022 and will then be billed.

It should be noted that these amounts have been adjusted for risks associated with the slow turnover of certain types of raw materials and consumables. The write-down at 30 June 2022, of € 860,922, was increased during the period in question so as to achieve a quantification deemed congruent.
The following table provides a breakdown of the inventory allowance of raw materials and finished goods:

Description	Value as at 31.12.2021	Utilisations	Increases	Value as at 30.06.2022
Provision for impairment of raw materials and consumables	400,000	(347,037)	414,789	467,751
Provision for impairment of semi-finished and finished products	215,934	-	177,237	393,171
TOTAL	**615,934**	**(347,037)**	**592,026**	**860,922**

Note No. 6: Trade receivables

The table below shows trade receivables and their breakdown by geographic area, net of the write-down of receivables allocated during the half.

	Value as at 31.12.2021	Change	Value as at 30.06.2022	Amount due within the financial year
Customer receivables recorded among current assets ITALY	9,725,610	2,474,407	12,200,017	12,200,017
Customer receivables recorded among current assets EU	3,350,944	964,645	4,315,589	4,315,589
Customer receivables recorded among current assets NON-EU	1,504,450	(462,953)	1,041,497	1,041,497
Bad debt provision	(672,018)	126,960	(545,058)	(545,058)
TOTAL	**13,908,986**	**3,103,059**	**17,012,045**	**17,012,045**

Trade receivables in Italy include receivables subject to collection for € 7,404,370. In line with previous years, the increase in receivables at 30 June 2022 compared to the end of the previous year is due to seasonality, to which is added the effect deriving from the increase in sales prices.

The change in the provision for bad debt is shown below:

Bad debt provision	
Balance at 31/12/2021	672,018
(Utilisations)	(107,053)
Allocations/(releases) in the period	(19,907)
Balance at 30 June 2022	**545,058**

The Group monitors risk concentration with respect to counterparties. During the period considered, there were no significant changes in terms of credit risk to which the Group is exposed.
Below is information on credit risk exposure on the Group's trade receivables, using an impairment matrix:

		Overdue band (in days)				
Currency: €	**Current**	**0-30**	**31-60**	**61-90**	**>91**	**Balance 30.06.2022**
Total gross receivables *	15,089,755	1,306,888	480,228	20,551	659,680	17,557,103
Bad debt provision	(32,555)	(18,851)	(16,424)	(3,349)	(473,879)	(545,058)
Expected loss rate	0.2%	1.4%	3.4%	16.3%	71.8%	3.1%
Total Trade Receivables	**15,057,201**	**1,288,037**	**463,804**	**17,202**	**185,801**	**17,012,045**
Impact on total balance (%)	88.5%	7.6%	2.7%	0.1%	1.1%	100.0%

** Receivables, invoices to be issued and credit notes to be issued*

		Overdue band (in days)				
Currency: €	**Current**	**0-30**	**31-60**	**61-90**	**>91**	**Balance 31.12.2021**
Total gross receivables *	12,396,081	1,436,930	4,120	89,111	654,762	14,581,004
Bad debt provision	(48,412)	(17,733)	(109)	(11,019)	(594,745)	(672,018)
Expected loss rate	0.4%	1.2%	2.7%	12.4%	90.8%	4.6%
Total Trade Receivables	**12,347,669**	**1,419,197**	**4,010**	**78,093**	**60,018**	**13,908,986**
Impact on total balance (%)	88.8%	10.2%	0.0%	0.6%	0.4%	100.0%

** Receivables, invoices to be issued and credit notes to be issued*

The bad debt provision reflects the Group's analysis of positions at risk and expected loss. The net value of receivables reflects their estimated recoverable amount.

At 30 June 2022, the Group had 6 customers with balances in excess of € 500 thousand, which together accounted for 27.73% of all trade receivables (at 31 December 2021, 7 customers with balances in excess of € 500 thousand each, accounting for 37.9% of all trade receivables at the same date).

Note No. 7: Cash and cash equivalents

The breakdown of cash and cash equivalents at 31 December 2021 and 30 June 2022 is shown below:

	Value as at 31.12.2021	Change	Value as at 30.06.2022
Bank and postal deposits	15,036,157	2,293,083	17,329,240
Current account overdrafts	(889,943)	(3,242,529)	(4,132,472)
Cash and cash equivalents	16,384	2,204	18,588
TOTAL	**14,162,598**	**(947,242)**	**13,215,356**

Cash and cash equivalents fell as better demonstrated in the statement of cash flows.

SHAREHOLDERS' EQUITY

Note No. 8: Share Capital and Reserves

The table below shows the breakdown and change in reserves from 31 December 2021 to 30 June 2022. Share capital at 30 June 2022 amounted to € 1,848,404, consisting of 18,484,043 shares and fully paid in. The number of shares outstanding did not change with respect to 31 December 2021.

Changes to shareholders' equity during the first half of 2022 are mainly associated with the net profit achieved in the first half of 2022 and the distribution of dividends.

The legal reserve is the result of profit allocated during financial years.
The FTA (first time adoption) reserve was recorded against the accounting changes required during the transition to the new accounting standards.
The actuarial reserve recognises the changes arising from the discounting of the employee severance indemnities debt in accordance with IAS 19, net of the related tax effect.
The reserve for hedging operations for expected cash flows recognises changes in the value of financial instruments (derivatives) used by the Group, in compliance with IFRS 9.
The translation reserve is the result of consolidation of equity investments in foreign companies.
The item profit/(loss) carried over increased by the retained earnings from the previous year.

Item	31.12.2021(*)	Change	30.06.2022
Share capital	1,848,404	-	1,848,404
Share premium reserve	24,856,570	-	24,856,570
Legal reserve	369,681	-	369,681
Extraordinary reserve	-	-	-
FTA Reserve	910,666	-	910,666
Actuarial Reserve	(358,506)	247,470	(111,036)
Reserve for hedging operations for expected financial flows	17,334	207,467	224,801
Reserve from valuation of investments using the equity method	992,327	5,919,193	6,911,520
Other reserves		-	
Profit/(Loss) carried over	8,520,700	554,633	9,075,333
Translation reserve	197,547	977,767	1,175,315
Profit/(Loss) for the period	8,322,230	(5,174,001)	3,148,230
Shareholders' Equity of the Group	**45,676,954**	**2,732,533**	**48,409,487**
Shareholders' Equity net minority interest	**(26,891)**	**35,605**	**8,714**
Total Net Shareholders' Equity	**45,650,065**	**2,768,136**	**48,418,201**

(*) Restated, see paragraph 5 "Business combinations".

The table below provides details of the Minority Interest in Equity as at 30 June 2022:

Item	31.12.2021	Change	30.06.2022
Capital of Third Parties	73,500	-	73,500
Reserves of Third Parties	(4,866)	2,476	(2,390)
Capital and reserves of Third Parties	**68,634**	**2,476**	**71,110**
Profit/(Loss) for the period	**(95,526)**	**33,130**	**(62,396)**
Shareholders' Equity total minority interest	**(26,892)**	**35,606**	**8,714**

Also note the decision made by the Labomar Next S.r.l. Shareholders' Meeting of 29 April 2022, which renounced the shareholder loan granted to support investment in machinery associated with vertical farming techniques, for a total of € 200 thousand. This will be reclassified as "capital contributions from shareholders". The financing renounced refers to € 102 thousand relative to the parent company Labomar S.p.A. (amounts eliminated through consolidation) and to € 98 thousand relative to the shareholder ZERO S.r.l., shown in the statement of changes in Shareholders' Equity as an increase to Minority Interest in Equity.

Note that during the half, dividends totalling € 1,848,404 were approved and paid.

As required by IAS 33, information is provided on the data used to calculate net income and earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of shares outstanding during the period. There are no dilutive effects on earnings per share.

Below is a break down of the calculation of profit per share attributable to parent company shareholders for the halves ending on 30 June 2022 and 30 June 2021.

	Value as at 30.06.2022	Value as at 30.06.2021
Group net profit	3,148,230	2,889,347
Average no. ordinary parent company shares outstanding	18,484,043	18,484,043
Profit per share (base)	0.17	0.16
Profit per share (diluted)	0.17	0.16

During both the periods in question, the diluted profit per share is equal to base profit per share. The company has not share-based payment plans and has not issued any investment instruments other than ordinary shares.

During the first half of 2022, dividends per share were € 0.10 per share (€ 0.11 per share in the first half of 2021).

LIABILITIES

Note No. 9: Due to banks and due to other lenders

This item is detailed as follows:

Due to banks and other lenders	Current	Non-current	Total
Payables as at 31 December 2021	9,465,799	20,903,029	30,368,827
Payables as at 30 June 2022	12,083,330	22,000,202	34,083,532

Amounts due to bank are for the most part loans previously taken out, mainly for the corporate restructuring of the parent company in 2018, to acquire control over the Canadian company ImportFab and for new investments.
The table below summarises the changes in liabilities arising from cash flows and changes other than cash:

Due to banks and other lenders	Amount
Payables as at 31 December 2021	**30,368,827**
Taking out new loans	8,967,920
Accrued interest	70,504
Repayment cash flows	(5,195,443)
Other changes	(128,277)
Payables as at 30 June 2022	**34,083,532**

The increase is mainly due to the stipulation of new loans. Relative to loans obtained in the first half of 2022, on 30 June 2022 a loan contract was signed with Banca Intesa SanPaolo S.p.A. for € 6,000,000, maturing on 15 June 2029, to support the investment to build the logistics base known as L6. Additionally, short-term loans (invoice advances) were taken out, in part already repaid at 30 June 2022.

€ 12,083,330 of bank debt is current. Bank debt at 30 June 2022 is mainly floating rate. For this reason, it is held that the fair value of the debt does not significantly differ from the carrying amount. Recall, as better indicated in paragraph 10 “Risk management and hierarchy of financial instruments at fair value”, that the Group has stipulated hedging derivatives to mitigate risk deriving from interest rate increases.

It should be noted that as of 30.06.2022, the following loans contain certain conditions (covenants), as illustrated below:

- Credit Agricole-Friuladria loan signed on 21 December 2017 by LAB Holding and acquired by the company following the merger by incorporation in May 2018, for an amount of

€ 6,000,000, with a term of 60 months and maturity on 30 June 2023, nominal residual of € 1,200,000 at 30 June 2022, with the financial constraint that the ratio of Net Financial Debt to Ebitda in the consolidated financial statements is less than or equal to 2.5;

- BNL loan signed on 29 January 2018 for an amount of € 2,000,000, with a duration of 60 months and maturity on 31 January 2023, nominal residual of € 300,000 at 30 June 2022, with the financial constraint that the ratio of Net Financial Debt to Ebitda in the consolidated financial statements is less than or equal to 2.25;
- Loan from Banca Intesa Sanpaolo signed on 11 October 2019 for an amount of € 8,000,000, with a duration of 66 months and maturity on 31 March 2025, and a residual nominal amount of € 5,750,000 at 30 June 2022, with the financial constraints that the ratio of net financial position to EBITDA in the consolidated financial statements is less than or equal to 3.5 and the ratio of net financial position to shareholders' equity in the consolidated financial statements is less than or equal to 3.5;
- Unicredit loan signed on 29 September 2019 for an amount of € 5,000,000, for a term of 60 months and with maturity date of 30 September 2024, residual amount of € 2,267,019 as of 30 June 2022, with the financial constraints that the ratio of Net Financial Position to Ebitda in the consolidated financial statements is less than 2.5.
- Loan from Banca Intesa Sanpaolo signed on 30 June 2022 for an amount of € 6,000,000, with a duration of 72 months and maturity on 15 June 2029, and a residual nominal amount of € 6,000,000 at 30 June 2022, with the financial constraints (calculated using the consolidated financial statements) that the ratio of net financial position to EBITDA is less than or equal to 3.5, the ratio of net financial position to shareholders’ equity is less than or equal to 3.5 and the ration between EBITDA and financial expense is greater than or equal to 5.

As of June 30, 2022, compliance with this covenant is confirmed. However, it should be noted that the due date for reporting compliance with the covenant to the bank is expected to be within 45 days from the date of approval of these current financial statements.

As at 31 December 2021, the financial constraints for the loans cited above were respected.

Due to banks and other lenders include, in the non-current portion, € 4,075,712 relating to the "Simest equity loan", which refers to Simest's investment in the Canadian company. Specifically, on 23 October 2019, an investment contract was signed between Labomar and Simest S.p.A. ('Simest'), a company that looks after the development and promotion of Italian companies abroad. The agreement provides that the acquisition, through Importfab, of the aforementioned production branch of Entreprises Importfab Inc. be also financed through the subscription, by Simest of a minority shareholding in Importfab equal to 33.33% of its share capital. The Parent Company undertook to pay Simest a remuneration equal to 4.50% per annum of the amount paid by Simest for the acquisition of the minority interest in the share capital of Importfab. According to the contractual provisions, Simest's holding of the minority shareholding can only be temporary. The equity loan therefore provides for put and call options on Simest's interest in Importfab Inc.

exercisable as from 31 October 2023, as well as a commitment to purchase by 31 October 2027, for the price of EUR 4,075,712 or the Listing Value, if higher, or for the Sale Price to Third Parties, if higher.
According to the provisions of international accounting standards, the elements that distinguish Simest's equity investment in the share capital of the subsidiary Importfab Inc. lead to considering this intervention not as a third-party interest in the consolidated financial statements of the Labomar Group, but rather as a financial liability.

Note No. 10: Other current and non-current financial liabilities and financial derivatives

This item includes the value of the provision for hedging derivative financial instruments, equal to the fair value indicated by the corresponding credit institution.

Note No. 11: Current and non-current payables for business combinations

The amount of € 7,206 thousand at 30 June 2022 refers to the fair value of options on the remaining 30% of Welcare. In particular, as part of the acquisition transaction Labomar granted a put option, which allows the minority shareholders to sell the remaining stake, equal to 30%, which can be exercised in two contractually foreseen time frames within two months from the approval of the financial statements of the subsidiary Welcare Research S.r.l. that will close on 31 December 2024 or on 31 December 2025. The calculation of the put option exercise price provides for the application of a multiple to the value of the average EBITDA of the last two financial years preceding the date of exercise of the option, net of the value of the Net Financial Position. The resulting exercise price of the option may not in any event be lower than a contractual floor of € 4,015,500 or higher than the floor increased by 70% and 90% respectively (depending on the option period exercised). Labomar also holds a call option, which can only be exercised in the second time frame indicated above, under the same conditions as the put option and relating to the same period.

The change seen during the half is shown below:

Current and non-current payables for business unit acquisition	Amount
Payables as at 31 December 2021	**7,152,956**
Interest from discounting	53,006
Payables as at 30 June 2022	**7,205,962**

The fair value adjustment of the liability is included in the income statement under financial income and expense and consists of expense for € 53 thousand in relation to the adjustment of the debt for the purchase option of the residual share of Welcare.

Note No. 12: Trade payables

Trade payables are mainly due to domestic suppliers.
All payables fall due within the next financial year, so there are no payables to be discounted. It should be noted that payables to suppliers are indiscriminately included in the item trade payables with reference to both suppliers of finished products and raw materials and suppliers of services.

	Value as at 31.12.2021	Change	Value as at 30.06.2022	Amount due within the financial year
Payables to suppliers ITALY	13,229,435	2,008,677	15,238,112	15,238,112
Payables to suppliers EU	1,470,953	757,127	2,228,079	2,228,079
Payables to suppliers NON-EU	1,095,782	(437,099)	658,683	658,683
TOTAL	**15,796,170**	**2,328,705**	**18,124,874**	**18,124,874**

Note No. 13: Provisions for risks and charges

The change in provisions for risks and charges for the period in progress is shown below

	Provisions for legal risks	Provision for directors' severance pay	Total provisions for risks and charges
Closing balance of the year as at 31 December 2021	711,062	100,000	811,062
Allocations/(releases) during the year	(135,494)	25,000	(110,494)
Utilisation during the year	(26,971)		(26,971)
Closing balance of the year as at 30 June 2022	**548,597**	**125,000**	**673,597**

Relative to the provision for legal risks, note that during the half an issue with an employee was resolved, which had already been allocated the previous year against likely future risks. The excess totalling € 138.5 thousand was released, with a positive impact in the income statement, under personnel costs.

BREAKDOWN OF THE MAIN INCOME STATEMENT ITEMS

Below are comments on the main items in the income statement at 30 June 2022, compared with the amounts at 30 June 2021. Recall that the first half of 2022 includes consolidation of the Welcare and Labiotre Groups, over which the Group acquired control only in the second half of 2021.

Note No. 14: Revenues from contracts with clients

Below is a breakdown of revenues, separated by category for the periods ending on 30 June 2022 and 30 June 2021.

Category of Asset	First Half 2021	First Half 2022
Sales of goods	29,545,731	41,117,600
Sales for processing	2,690	0
Sale of samples	1,673	26,976
Various services and recourses	989,272	658,912
TOTAL	**30,539,366**	**41,803,488**

The breakdown of revenues by geographic area is shown below.

Geographical area	First Half 2021	First Half 2022
Italy	21,419,664	23,644,286
European Union	5,534,604	10,632,656
Non-European Union	3,585,099	7,526,545
TOTAL	**30,539,366**	**41,803,488**

As better described in the Report on Operations, the increase in revenues compared to the comparative period is attributable both to an increase in the turnover of the Parent Company and Importfab, and from the consolidation in the first half of 2022 of the revenues of the Welcare group and Labiotre, companies acquired in second half of 2021.

It should be noted that, during the semester, no significant revenue was recognised due to performance obligations fulfilled in previous years, such as price changes.

An analysis of the customers served in the first half of 2022 shows that the top client achieved a share of 6.14% of total consolidated sales, while the top 10 customers accounted for 39.99% of consolidated sales in the first half of 2022 and the top 25 for 62.01%.

With regard to a possible effect of the seasonality of sales, it should be noted that the Group's business does not show characteristics of this kind: some of the finished products manufactured by the Group are seasonal products (products for the cold season, products for the hot season, products for the change of season), which replace each other without generating peaks in a positive or negative sense.

The distribution of sales is influenced in the second half of the year by the presence of the summer holidays in August. However, the gradual increase in the share of foreign sales over the years has significantly reduced this effect.
This information is provided to allow better understanding of the results. However, management has concluded that the Group's business is not "highly seasonal" with regards to IAS 34.

Note No. 15: Depreciation and writedowns of assets

The following table presents details of depreciation and amortisation for the periods ended 30 June 2022 and 30 June 2021.

	First Half 2021	Change	First Half 2022
Amortisation of intangible assets	314,972	805,414	1,120,386
Depreciation of tangible assets	1,331,510	471,920	1,803,430
Amortisation of rights of use	397,234	151,878	549,112
Write-down of fixed assets	-	(101,597)	(101,597)
Write-down of receivables	50,460	(70,367)	(19,907)
Total	**2,094,177**	**1,257,248**	**3,351,424**

Note No. 16: Net gains (losses) on exchange

Below are foreign exchange gains/losses for the periods ended on 30 June 2022 and 30 June 2021:

	First Half 2021	Change	First Half 2022
Foreign exchange gains	652,259	(184,770)	467,489
Foreign exchange losses	(130,548)	28,457	(102,090)
Financial charges from hedging derivatives	-	(345,125)	(345,125)
Total	**521,711**	**(499,366)**	**20,274**

In the first half of 2022, net foreign exchange profit came to € 20,274, compared to net foreign exchange profit of € 521,711 in the first half of 2021. The amount mainly refers to profit from valuation, realised by the Parent Company in respect of loans granted to the Canadian subsidiary Importfab Inc.
Foreign exchange losses mainly refer to exchange rate differences on the Parent Company's currency account balances.
Gli oneri finanziari da derivati di copertura rappresentano il *mark to market* al 30 giugno 2022 degli strumenti finanziari derivati sottoscritti dalla Capogruppo a copertura del rischio di cambio sul finanziamento residuo alla società controllata canadese Importfab Inc.

Note No. 17: Taxes

The table below provides a breakdown of income taxes at 30 June 2022 and 2021.

	First Half 2021	Change	First Half 2022
Current taxes	822,485	699,935	1,522,420
Deferred tax assets and liabilities	(103,494)	(119,455)	(222,949)
Taxes from previous years	13,394	36,064	49,458
Total taxes for the period	**732,384**	**616,544**	**1,348,929**
% current taxes on pre-tax profit	23%		34%
% tax for the year on pre-tax profit	20%		30%

7. Information on transactions with related parties

All related party transactions were carried out at arm's length, using the conditions that would be applied between two independent parties.

In order to determine whether related party transactions were concluded at arm's length, the Group considered both the quantitative conditions, relating to price and related elements, and the reasons that led to the decision to enter into the transaction and to conclude it with a related party rather than with a third party.
Furthermore, related party transactions do not include any atypical and/or unusual transactions.

The following table summarises transactions with related parties:

	First Half 2022						31/12/2021					
	Financial receivables	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**	**Financial receivables**	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**
PARENT COMPANY												
LBM Holding S.r.l.												
ASSOCIATED COMPANIES												
Printingpack S.r.l.				778,879	1,001,482					460,134	1,129,271	
OTHER RELATED PARTIES												
Farmacia Bertin Walter Sas			25,367	749	5,122	22,723			11,326	1,513	8,785	33,691
Imm.re Alessandra S.r.l.	180,000	1,452,927	550,116	450,000	21,484	1,116	180,000	1,547,830	18		36,809	18
Universo TV Scarl					992						500	
Consorzio Ribes-Next Scarl	315						315				1,000	
BModel Sas				59,124	74,934					50,310	234,362	
Labofit S.r.l.				3,000	18,000					3,000	36,000	

	First Half 2021				
	Financial receivables	Receivables	Payables	Costs	Revenues
PARENT COMPANY					
LBM Holding S.r.l.					
ASSOCIATED COMPANIES					
Printingpack S.r.l.			398,546	563,408	
OTHER RELATED PARTIES					
Farmacia Bertin Walter Sas		26,440	728	3,244	23,853
Imm.re Alessandra S.r.l.		9	1,661,499	18,916	9
Universo TV Scarl					
Consorzio Ribes-Next Scarl	315		1,220	1,000	
BModel Sas			10,281	50,456	
Labofit S.r.l.			3,000	18,000	

Related party transactions mainly involve sales and consulting relationships.
Related party transactions mainly involve sales and consulting relations, with the exception of loan receivables relative to the associate Immobiliare Alessandra S.r.l. Financial payables to the associated company Immobiliare Alessandra S.r.l. represent the residual financial liability (current and non-current) in relation to the real estate sublease contract granted by this company to the Parent Company.
Receivables and payables relative to the associated company Immobiliare Alessandra S.r.l. also include balances relative to the purchase of land in the amount of € 450 thousand, as part of the logistics base project known as L6. With reference to the purchase of this land, at 30 June, the parent company's financial statements include land and invoices to be received for € 450 thousand, as well as receivables of € 549 thousand relative to the advance payment of the fee with VAT.
It should be noted that in 2022 the Parent Company distributed € 1,848,404 in dividends, of which € 1,244,703 to LBM Holding S.r.l.

At the 31 December 2021, and 30 June 2022, there were no guarantees.

8. Fees to directors, statutory auditors and strategic employees

Fees paid to directors and auditors for their work during the half is as follows:

	First Half 2022
Directors' fees*	616,199
Remuneration of statutory auditors	23,750
Directors and statutory auditors' fees	**639,949**

*including contributions and social security charges.

Relative to employees holding strategic positions, these are three, who at 30.06.2022 had received total remuneration involving a cost to the company of € 239 thousand.

9. Information on off-balance sheet arrangements

The Parent Company has numerous contractual agreements in place with its customers, suppliers, employees and trade associations, and other commercial and financial partners, which provide for reciprocal commitments of various types and of various durations, the effects of which are reflected in the statement of financial position if and to the extent that this is correct on the basis of the accounting principles applied, with particular reference to the accrual principle, while as regards future effects, these are obviously not reflected in the statement of financial position if this is consistent with the requirements of the accounting standards.
However, these agreements are all within the scope of what can be called 'normal industrial, commercial and financial management'.

10. Risk management and hierarchy of financial instruments at fair value

The Group has approved the "Policy for the management of interest rate risk" which aims to define and disclose the general principles and guidelines for analysing interest rate risk exposure, management and control.
In adopting this policy, the Group has diversified the technical forms of bank financing in order to limit the risk to which it is exposed, finding the most suitable to cover the requirements determined by its industrial activities and whose interest rate levels can minimise any unfavourable changes in the cost of financing.
The existing equity structure, its changes during the year just ended and management's ability to generate liquidity at the operating level all confirm the non-existence of liquidity risk.
Indeed, the Group continues to maintain balance and flexibility with regards to its financing sources and loans. Liquidity needs are constantly monitored with an eye to guaranteeing financial resources are efficiently obtained, with any available liquidity appropriately invested.
Below is a break down of the fair value of derivatives and other financial instruments measured at fair value:

Transaction	**Value as at 30.06.2022**	**Level 1**	**Level 2**	**Level 3**
Derivative on loan - IRS with cap	(854)			(854)
Derivative on loan - IRS with hedging	37,291			37,291
Derivative on loan - IRS	153,911			153,911
Derivative on loan - IRS	138,417			138,417
Foreign exchange derivatives - Put and call options	(583,655)			(583,655)
Derivative on loan - IRS	(74,651)			(74,651)
Derivative on loan - IRS with floor	36,272			36,272
Derivative on equity investments - Put option	7,205,962			7,205,962

NOTES:

Level 1: listed prices in active markets for identical assets or liabilities;
Level 2: valuation techniques (based on observable market data);
Level 3: valuation techniques (not based on observable market data).

At 30 June 2022, the following instruments were outstanding in relation to the Parent Company: (i) one IR derivative with cap entered into in 2018 for a notional value of € 2,520,000 with a 5-year term, to hedge interest rate risk, providing a fixed rate of 0.00 against a variable rate of (Euribor 6 months); (ii) one IR derivative with hedging entered into in 2019 for a notional value of € 4,753,251 with a 5-year term, to hedge interest rate risk, providing a fixed rate of 0.00 against a variable rate of (Euribor 6 months); (iii) one IR derivative entered into in 2020 for a notional value of € 8,000,000 with a 5-year term, to hedge interest rate risk, with a fixed rate of -0.3 against a variable rate of (Euribor 3 months); (iv) one IR derivative stipulated in 2020 for a notional value of € 5,000,000 with a 6-year term, to hedge interest rate risk, with a fixed rate of -0.3 against a variable rate of (Euribor 6 months); (v) 13 optional derivatives on the Canadian dollar, entered into in 2021 to hedge the exchange rate risk related to the loan receivable from the associate ImportFab. The options are aligned on a quarterly basis with the maturities of the loan repayment plan; (vi) an IRS derivative taken out in 2022 with a notional value of € 6,000,000 and a duration of 7 years, to cover interest rate risk, with a fixed rate of 2.05 against a floating rate (Euribor 6 months).
The subsidiary Labiotre has an IRS derivative with floor entered into in 2017 by Labiotre for a notional value of Euro 1,250,000 with a 5-year term, to hedge interest rate risk, providing a fixed rate of -0.1 against a variable rate of (Euribor 3 months) with a minimum of 1%.
Finally, as of 30 June 2022, a put option is outstanding for the minority shareholders of Welcare. For more information, please see Note no. 11 Current and non-current payables for business combinations.

Credit risk

In the course of its business, the Group is exposed to the risk that its receivables may not be paid when due, as a consequence of the financial conditions of the obligor, and therefore the risks relate to the increase in the seniority of the receivables, the risk of insolvency and the increase in receivables subject to bankruptcy proceedings with consequent loss of value that may lead to their total or partial cancellation from the financial statements. The Group has adopted internal procedures for credit management aimed at setting rules as regards the creditworthiness of clients, the monitoring of expected collection flows, issue payment reminders and, when deemed necessary or expedient, grant special credit conditions and handle legal disputes regarding receivables. Almost all the receivables present at the end of the year were not past due.

Geopolitical risk

The group has minimal operations (less than 1.0% of turnover) in geographic areas affected by the war between the Russian Federation and Ukraine.
The management is paying special attention to supplies that, in the past, came from the areas affected by the aforementioned war. These supplies in any case represent a slim portion of the total.
During the half and in subsequent months, the geopolitical situation led to a significant increase in inflation in the countries in which the Group works, also with reference to the cost of energy and

raw materials. The Group’s costs for electricity and gas went from accounting for 1.21% at 31 December 2021 to 2.63% of sales in the first half of 2022.
The actions implemented by the Group to combat these difficulties include accelerating certain activities with the most reactive customers and in markets which have seen less of a slowdown, allowing it to recover sales volumes. In the face of low availability of raw materials in its normal supply chains and an increase in energy prices, the Group has implemented a supply policy with larger purchases and more lead time.
The Group has also responded to the increase in energy costs by only partially reflecting this amount in sales prices offered to customers. Problematic changes in the prices of raw materials were hence unable to be fully offset in the sales prices for orders already confirmed and will instead be recognised only for subsequent new orders.

There are no other noteworthy transactions in other geographic areas which could give rise to macroeconomic, financial, regulatory, market, geopolitical or social risks.

Exchange rate risks

For most of the period, the Group did not carry out any significant transactions in currencies other than the euro. However, in view of the financial exposure to the Canadian subsidiary, management undertook currency hedging activities for the Canadian currency.

Currency risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of fluctuation of exchange rates mainly refers to the loan in Canadian dollars that the Company granted to its Canadian subsidiary Importfab.
The Group manages its exchange rate risk by hedging the loan repayment flows that will occur according to the expected depreciation schedule.
When derivatives are entered into for hedging purposes, the Group negotiates the terms of such derivatives to match the terms of the hedged exposure. As regards hedging of expected transactions, derivatives cover the exposure period from the time when the cash flows of transactions are expected to occur to the time of payment of the resulting foreign currency denominated receivable.
The Group has preliminarily defined the amount of the exchange rate risk based on the residual portion of the loan. The hedge is implemented through specific forward currency sales contracts.

Management believes that the policies adopted by the Company to manage and contain this risk are adequate.

Forward foreign exchange contracts are designated as hedges of redemptions in Canadian dollars. These future transactions are highly probable and relate to 100% of the principal amounts outstanding at the date of subscription of the instruments.

There is an economic relationship between the hedged items and the hedging instruments in that the terms of the exchange rate reflect the terms of the highly probable future transactions (i.e. the notional amount and expected payment date). To test the effectiveness of the hedge, the Group uses

a method based on the determination of a hypothetical derivative that compares the changes in fair value of the hedging instruments with the changes in fair value of the hedged instruments arising from the hedged risk.
Ineffectiveness of the hedge may occur due to:

- Timing differences of cash flows generated by the underlying hedged items and hedging instruments;
- Different indices (and their different curves) correlated with the hedged risk of the underlying item and the hedging instruments;
- Different impact that counterparty risk has on fair value movements of hedging instruments and the underlying item;
- Changes in the expected amount of cash flow of the underlying hedged items and hedging instruments.

Liquidity risk
Considering the nature of the business in which it operates and the operating cash flows historically generated, the Group does not present particular risks related to the procurement of financing sources. The Group pursues a prudent management of liquidity risk and therefore systematically carries out analyses to monitor cash flows, funding needs and any surplus liquidity.
With this in mind, the Group has adopted a series of policies and processes aimed at optimising the management of financial resources, reducing liquidity risk by maintaining an adequate level of available liquidity, obtaining adequate credit lines and monitoring prospective liquidity conditions with the support of internal corporate planning processes.
To this end, monthly the Group produces an update of the net financial position and a short-term financial forecast, in order to highlight potential critical issues to be addressed.

11. Operating segments

For the purposes of IFRS 8 'Operating Segments', the Group's activities are in a single operating segment.

12. Significant non-recurring events and transactions

There were no significant non-recurring events carried out by the Group during the first half of 2022.

13. Transactions resulting from atypical and/or unusual transactions

The Group has not carried out any atypical and/or unusual transactions, i.e. transactions which, due to their significance/relevance, the nature of the counterparties, the purpose of the transaction, the way in which the transfer price is determined and the timing of the event, may give rise to doubts as to the fairness/completeness of the information in the financial statements, the conflict of interest, the safeguarding of the company's assets and the protection of shareholders' interests.

14. Events after the end of the half

In the initial months of 2022, after year end on 30.06.2022, the Group's operations continued to be affected by the spread of Covid-19, as did the entire domestic and international economy.
The Group continued its production activity observing the provisions of local regulations aimed at reducing the spread of Covid-19.
With regard to the parent company note the following significant events:

- On 29 July 2022, an unsecured loan was obtained with a SACE GREEN guarantee for € 6 million, maturing in 12 years as well as an addendum to the loan agreement which provides for the application of benefits on the contractual interest rate in function of events related to corporate welfare and sustainability objectives.
  The loan accompanies the other unsecured loan, supported by EIB funding, for an additional € 6 million and maturing in 7 years, signed on 30 June 2022 and already included in the Group's net financial position at 30 June 2022. This is described in more detail in Note no. 9 Due to banks and other lenders, in this document. Both loans were obtained from Banca Intesa Sanpaolo S.p.A. In line with market practice, the above loans include financial covenants which must be respected, relative to the ratio between EBITDA and NFP and the NFP relative to SE, set at 3.5x, as well as, solely for the SACE-guaranteed loan, EBTIDA and gross financial expense, set at 5. The Company has also established specific interest rate swap contracts to cover risks associated with changes in the interest rates applied to the loans.
  The total amount of € 12 million guarantees Labomar will be able to financially cover the construction of the first portion of the new plant, known as L6, which is currently expected to involve total costs of around € 13.5 million (before VAT). The difference between the amount of the investment and the financing acquired will be covered by the Company's own resources. The project, which is expected to be completed over the next two years, consists of a building that will optimise incoming logistics flows, making material available to send to production, and ensuring compliance with Good Manufacturing Practice (GMP). At the same time, it will allow for fully autonomous management of not just raw materials supplies, but also the stock of finished product, eliminating movement between Labomar offices and third-party logistics locations, benefiting both total CO_2 emissions and operating expense.

- In August 2022, Endo, the American parent company of one of ImportFab's main customers (Paladin Labs Inc.), filed for Chapter 11 protection (bankruptcy). Corporate reorganisation is currently under way, with senior lenders making an offer to acquire the company’s assets. This would allow Endo to continue to operate under supervision. Also note that Importfab is included on the list of strategic suppliers which means:

- all amounts due were paid to Importfab (around CAD 742 thousand received between July and August 2022 of which CAD 340 thousand existing at 30 June 2022),
- Importfab will continue to manufacture for Paladin and hence all the orders in the portfolio will be fulfilled.

As of the reporting date, Importfab has an order book for Paladin totalling around CAD 1.2 million but, given the strategic nature of the products supplied and the fact that Importfab has been classified as a strategic supplier, it is held that supplies will be collected and paid normally by Endo/Paladin. Additionally, management is negotiating with the customer to reduce the credit limit and reduce future credit risk associated with the position.

****

Istrana, 29 September 2022

The Chairman of the Board of Directors

Walter Bertin