LABOMAR S.P.A.
2022 RESULTS CONFERENCE CALL, MARCH, 29 2023

Preface: Claudio De Nadai (Labomar Board Member and Investor Relator Manager)

To remedy the technical issues that influenced the first part of the Conference Call with financial community on March 29, 2023, at 5.00 p.m., the Company decided to produce a written note of the initial speeches, which preceded the Q&A session:

- the Founder and CEO of Labomar, Walter Bertin, commented on the general context in which the Company is operating,

- the Chief Sales Manager Francesco Da Riva gave a an overview of the market context and how the Company is seizing opportunities for further development,

- the Group CFO Nicola Tomasini presented a brief summary of the economic and financial results of the Group for the year that has just ended, as shown in the slides of the specific presentation called 'Labomar_2022FY Financial Snapshots' which was published in the afternoon, following the Board of Directors’ meeting,

- and he then gave the floor once again to Mr. Bertin, for a concluding comment on the Company's vision for the full year 2023.

Walter Bertin (Labomar Founder & CEO)

Before getting to the heart of the numbers and performance for the 2022 financial year, I would like to express my thoughts and the direction of the Company, with respect to the particular moment we are experiencing.

In the two-year period 2020-2021, a global pandemic first revolutionized and then strongly influenced our way of living and working.

In 2022, with the effects of the pandemic not yet over, we entered a complex phase characterized by a conflict with unpredictable outcomes, uncertainty of the availability of raw materials in the supply chains, a very strong increase in the cost of energy, with the fear of not having full availability, regardless of the price, and finally our ethical duty to support our People, workers dramatically affected by the effects of inflation.

In such a complex general context, seizing the many development opportunities that continue to characterize the business sector to which we belong has required resilience, teamwork, the ability to find new strength and a feeling of attachment to the Company.

During these years, Labomar has strategically chosen to integrate all phases of the value chain in order to control a large part of the supply chain, from the raw materials to the finished product.

This has been achieved through the 3 different acquisitions - ImportFab in Canada, Welcare and Labiotre in Italy - which the company made just before and immediately after entering the capital market, and this allowed us better than other competitors to manage the unforeseen events and uncertainties, despite the difficult context.

For the commitment that this has required, I once again thank all our internal resources, the management and all our stakeholders, who support us in pursuing our goals.

First of all, those related to ESG issues, which remain priorities for us, as you can appreciate in the 2022 Impact Report, approved by the Board of Directors and to be published in the coming weeks.

I leave it to our CFO to give you the numerical figures of our results, but I would like to highlight 2 indicators.

We achieved € 91.8m of revenues, up 40.4% compared to the previous year, with an increase that, even on a like-for-like basis, is largely double-digit, and with a significant increase in Ebitda compared to FY 2021, where our Company, especially in the first half of the year, had also suffered the effects of the pandemic for clear and recognizable causes.

This means being perfectly in line with our Budgets drawn up in November 2021, and having exceeded analyst estimates in terms of profitability.

But these numbers were conceived and forecast before a war broke out, the cost of energy exploded and high inflation emerged, all factors that we have instead had to manage and fight this year.

This is why we think that the quality of these results rewards us, our People and the Investors who have believed in us.

Francesco Da Riva (Labomar Chief Sales Officer)

2022 was - despite the obvious difficulties of the context - the year of integration, first of all from a commercial point of view, through the general strengthening of the sales network and the creation of multiple projects for sharing the commercial offering, and cross selling between the companies of the Labomar Group.

All this is combined with the creation of specific products offerings dedicated to clusters of end-consumers, such as infants or the aging population, with the aim of increasing our share

of wallet in those large target clients who, due to their multi-geographical distribution capacity, can better let us express our growth ability.
Labomar's rapid response, in terms of Research and Development, the creation of new products and effective action in investing to adapt our range of medical devices to the new regulatory framework, has provided our customers with an answer to their needs.

All this is happening in a market that has so far been very dynamic, in terms of both sell-out and the wish of our "core" Customers to increase their offer to the consumer with continuous innovation.

The commitment of our Scientific Marketing department to measuring trends and evolution in the consumption of specific categories of nutraceutical products is, at this time of strong change, more essential than ever to guide us towards offering those solutions that will best adapt to people's needs.

We think that all this will help us counteract a natural slowdown in the sell-out in pharmacies, when the reduced spending capacity of the consumer classes, affected by high inflation, will generally impact on the consumption of these products, even if they have now entered into daily life for many for us and even if, at present, we do not see any particular effects.

Nicola Tomasini (Labomar Group Chief Financial Officer)

I have the pleasure of commenting for you on a summary of the Labomar Group’s results for the 2022 financial year, compared to the same period 2021, following the logic of the dedicated presentation, published on the Company’s website today, that I am going to to comment on.

In slide 1 you can see from a revenue point of view, the group grew from 65.4 million euros in 2021 to 91.8 million euros in FY 2022, with a significant increase of 40.4%, thanks to the contribution of newly acquired companies, but also to organic growth.

On a like-for-like basis, the company in any case achieved growth of 25%, in line with expectations at the beginning of the year of high double-digit growth.

In both cases, the growth effect is predominantly quantitative in nature, and not inflationary, since the careful advance purchase policies of raw materials, which resulted in a marked increase in Net Working Capital, allowed us to control and graduate the price list increases for customers, which have found greater, progressive application in the second half of 2022.

From an operating profitability point of view, slide 2 shows at the top the trend for individual years of EBITDA, in its "Adjusted" dimension, where for 2022 we have not considered any revenue or cost as non-recurring, while for in 2021 alone, the company adjusted the parameter downwards, reducing the revenues from extraordinary public contributions (€500,000) received in May 2021, in partial compensation of the listing costs incurred in 2020 and excluding the costs related to the acquisitions made during 2021 .

Moving on to slide 3, after discounting the higher amortization and depreciation and provisions, deriving from the inclusion in the scope of the companies acquired, EBIT values increased significantly, from €2.4m in FY2021 to €9.5m in FY2022, while the net profit of the Company, equal to €6m, is down by €2.3m compared to the 2021 figure, on the one hand due to the positive effect of value adjustments to financial assets for a total of €5.9m, related to the changes in the value of the equity investments in the Group valued using the equity method, and on the other hand, due to the depreciation effect of the goodwill recognized in the financial statements of the subsidiary ImportFab Inc. for a total of €2.2 million (€1.6 million net of the tax effect).

In slide 4, the key results are compared with the average analysts' estimates produced between January and February 2023.

In slide 5, the natural expansion of Net Working Capital is highlighted at the to:,

- both linked to organic growth,
- and deriving from new acquisitions (which in some cases represent a different business model, and higher inventory needs, as in the case of Labiotre),
- but also, indeed above all, to the advance purchase policies of raw materials, which have allowed us to better stabilize production costs and make the impact of requests to increase sales prices progressive.

Finally, the bottom part of the slide analyzes the Group's Net Financial Position, which amounts to 27.6 million euro, against 28.2 million in FY 2021.
Its stability is a consequence of the investments made, the significant increase in size, also connected to the acquisitions made, but, above all, the strong advance procurement policies that have been adopted by the company since September 2021.

I would like to remind you that since our financial statements are drawn up in accordance with IFRS, the Net Financial Position does not only include traditional debt of a financial nature, but also liabilities for rights of use emerging from the accounting for future rents and leases according to the dictates of the IFRS 16, for €4.2m, and also includes the outstanding debts for the future exercise of the Call Options connected to the acquisition of the residual shares of ImportFab and Welcare, for €7.3m, and therefore the traditional net bank debt net would amount to €16.2 million.

Finally, slide 6 represents the dividend payout that the Board of Directors will submit for approval at the Shareholders' Meeting.

Walter Bertin (Labomar Founder & CEO)

Thank you Nicola.

In a situation that turned out to be far more complicated and uncertain than anyone could have foreseen, Labomar was able to react quickly, as efficiently as possible, and in a way that was appreciated by its target customers.

The numerical results attest to this, and our ability to exceed the size and profitability estimates has been confirmed as we had expressed it in the middle of the year, commenting on the results of the first half of 2022.

Thinking about 2023, we are aware that with the persistence of a complex context, many challenges await us on every side of the business: the certainty of being able to obtain supplies, the unfavorable cost trends, difficulties in finding personnel, the management of customer needs and a possible slowdown in the sell out of market products, which in any event see us confident of being able to replicate, and possibly exceed, the trend of reference market.

This is also thanks to the addition of a General Management function separate from that of the Chief Executive Officer and focused on business execution.

2023 will also be the year in which to start the construction of the logistics hub and during which to plan the further expansion of the production plants in the following two years to support a further phase of turnover expansion.