Labomar S.p.A.

Consolidated Financial Statements

31 December 2022

Accounting Schedules

Consolidated Equity and Financial Position

Assets

(Euro)	Notes	31/12/2022	31/12/2021(*)
Intangible assets	1	41,584,645	43,245,058
Rights of use	2	4,481,390	4,993,953
Tangible assets	3	25,351,269	23,173,700
Equity investments	4	1,346,389	951,069
Other non-current financial liabilities and financial derivatives	5	1,269,770	210,433
Deferred tax assets	18	1,229,909	1,350,010
Non-current assets		**75,263,373**	**73,924,223**
Inventories	6	20,602,605	13,669,582
Trade receivables	7	16,687,113	13,908,986
Other current assets	8	3,667,940	2,116,222
Income tax credits	9	17,913	323,219
Other current financial liabilities and financial derivatives	10	240,029	22,253
Cash and cash equivalents	11	21,063,027	14,162,598
Current assets		**62,278,626**	**44,202,859**
Total assets		**137,542,000**	**118,127,082**

(*) Restated, see paragraph 7 "Business combinations".

Liabilities

(Euro)	Notes	31/12/2022	31/12/2021(*)
Share capital	12	1,848,404	1,848,404
Reserves	12	49,153,962	43,828,552
Group shareholders' equity		**51,002,366**	**45,676,957**
Shareholders' equity, minority interests		**(60,577)**	**(26,892)**
Total shareholders' equity		**50,941,789**	**45,650,065**
Non-current due to banks and other lenders	13	26,235,728	20,903,029
Non-current financial liabilities for rights of use	14	1,993,149	3,608,754
Non-current payables for business combinations	15	7,260,250	7,152,956
Provisions for risks and charges	16	925,269	811,062
Net liabilities for defined employee benefits	17	2,766,977	2,992,746
Deferred tax liabilities	18	5,307,055	5,474,518
Non-current liabilities		**44,488,427**	**40,943,065**
Current due to banks and other lenders	13	10,917,077	9,465,799
Current financial liabilities for rights of use	14	2,195,978	1,017,276
Other current financial liabilities and financial derivatives	19	79,851	243,380
Trade payables	20	21,356,486	15,796,168
Contractual liabilities	21	1,399,817	917,590
Other current liabilities	22	5,031,486	3,797,537
Income tax payables	9	1,131,089	296,204
Current liabilities		**42,111,784**	**31,533,954**
Total liabilities		**86,600,211**	**72,477,019**
Total Shareholders' equity and Liabilities		**137,542,000**	**118,127,082**

(*) Restated, see paragraph 7 "Business combinations".

Consolidated Income Statement

(Euro)	Notes	2022	2021(*)
Revenues from contracts with clients	**24**	**91,824,432**	**65,412,049**
Other income	30	1,152,618	1,088,013
Purchase costs of raw, ancillary and con. materials and goods for resale	25	(47,190,696)	(30,947,242)
Changes in inventory		6,717,204	1,017,809
Service costs	26	(16,537,726)	(11,900,586)
Personnel costs	27	(18,752,122)	(14,266,516)
Depreciation and writedowns of assets	28	(7,092,439)	(7,465,709)
Provisions	29	(7,470)	(312,500)
Other charges	30	(663,338)	(287,389)
Operating income		**9,450,461**	**2,337,929**
Financial income	31	127,300	744,607
Financial charges	32	(910,404)	(521,351)
Net gains (losses) on exchange	33	(140,163)	458,359
Value adjustments on financial assets	34	(18,898)	5,919,193
Pre-tax result		**8,508,296**	**8,938,736**
Taxes	35	(2,495,846)	(712,032)
Net profit for the year		**6,012,450**	**8,226,703**
Group net profit		**6,144,136**	**8,322,230**
Minority interest net profit		**(131,686)**	**(95,526)**
Profit per share, base ordinary shares	12	**0.33**	**0.45**
Profit per share diluted ordinary shares	12	**0.33**	**0.45**

(*) Restated, see paragraph 7 "Business combinations".

The notes are found in paragraph 8 "Breakdown of key items in the consolidated equity and financial position" and in paragraph 9 "Breakdown of key items in the consolidated statement of comprehensive income".

Consolidated Statement of Comprehensive Income

(Euro)	**2022**	**2021(*)**
Net profit for the year	**6,012,450**	**8,226,703**
Other components of the statement of comprehensive income to be subsequently reclassified to profit (loss) for the year after taxes:		
Change in the Cash Flow Hedge reserve	1,267,630	111,480
Taxes	(304,231)	(26,755)
Exchange differences from translation of financial statements in non-Euro currencies	(100,322)	1,057,554
Total other components of the statement of comprehensive income to be subsequently reclassified to profit (loss) for the year after taxes	**863,077**	**1,142,279**
Other components of the statement of comprehensive income that will not be subsequently reclassified to profit (loss) for the year after taxes:		
Actuarial gains (losses)	219,314	35,256
Taxes	(52,635)	(8,461)
Total other components of the statement of comprehensive income that will not be subsequently reclassified to profit (loss) for the year after taxes	**166,679**	**26,794**
Total other components of the statement of comprehensive income after taxes:	**1,029,756**	**1,169,073**
Total comprehensive income for the year	**7,042,206**	**9,395,777**
Attributable to the Group	**7,173,891**	**9,491,303**
Attributable to minority interests	**(131,686)**	**(95,526)**

(*) Restated, see paragraph 7 "Business combinations".

Consolidated Statement of Cash Flow

	2022	2021(*)
NET PROFIT FOR THE YEAR	**6,012,450**	**8,226,703**
Adjustments for non-monetary elements:	**11,869,085**	**2,673,002**
Amortisation, depreciation and impairment of tangible and intangible assets and real estate	7,092,438	7,465,709
Provisions	1,595,737	1,067,865
Income taxes	2,495,847	712,032
Net interest income and expense	783,275	(223,256)
Other adjustments for non-monetary elements	(98,211)	(6,349,349)
Changes in operating assets and liabilities:	**(5,523,540)**	**(233,624)**
Changes in inventory	(8,181,980)	(1,837,348)
Changes in trade receivables	(3,129,605)	(2,136,208)
Changes in trade payables	6,050,041	1,903,492
(Use of provisions)	(484,892)	(279,971)
Other changes in operating assets and liabilities	222,897	2,116,410
Other amounts collected and paid:	**(2,304,505)**	**(1,941,349)**
Interest received (paid)	(542,438)	(180,001)
(Income taxes paid)	(1,762,068)	(1,761,348)
NET CASH FLOWS GENERATED (ABSORBED) BY OPERATIONS	**10,053,489**	**8,724,732**
Investments:		
Investments in tangible assets	(5,829,885)	(2,751,344)
Divestments of tangible assets	188,839	154,103
Investments in intangible assets	(640,278)	(563,493)
Business acquisition	811	(16,102,893)
Investment in financial assets	(482,675)	(26,400)
Divestments of financial assets	42,314	134,918
NET CASH FLOWS GENERATED (ABSORBED) BY INVESTMENTS	**(6,720,875)**	**(19,155,109)**
Financial management:		
Capital increase for pay	0	49,000
Increase (decrease) in bank loans	12,904,072	(6,430,376)
Increase (decrease) in short term amounts due to banks	(6,090,432)	(51,439)
(Increase) decrease in other financial liabilities	(1,370,348)	(999,421)
Dividends paid	(1,848,404)	(2,033,245)
NET CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS	**3,594,887**	**(9,465,481)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,927,502**	**(19,895,858)**
Exchange rate effects on cash and cash equivalents	(27,073)	397,825
Cash and cash equivalents at start of period	**14,162,598**	**33,660,631**
Increase (decrease) in cash and cash equivalents	6,900,429	(19,498,034)
Cash and cash equivalents at end of period	**21,063,027**	**14,162,598**

(*)Restated, see paragraph 7 "Business combinations"

Schedule of changes in Consolidated Shareholders' Equity

See note 13 in paragraph "8. Breakdown of key items in the equity and financial position".

Description	Share capital	Share premium reserve	Legal reserve	FTA Reserve	Actuarial Reserve	Extraordinary reserve for	Other reserves	Reserve for equity-accounted investments	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**	**38,238,530**
Destination of profit (loss) 2020			86,666					497,943		5,509,274		(6,093,883)			
Reclassification of other reserves										34,062	(34,062)				
Profit (loss) at 31 December 2021												8,322,230	8,322,230	(95,525)	8,226,705
Other comprehensive profit (loss):															
Cash flow hedge operations									84,725				84,725		84,725
Translation differences											1,057,554		1,057,554		1,057,554
TFR adjustment					26,794								26,794		26,794
Comprehensive profit (loss)					***26,794***				***84,725***		***1,057,554***	***8,322,230***	***9,491,304***	***(95,525)***	***9,395,778***
Dividends										(2,033,245)			(2,033,245)		(2,033,245)
Labomar next share capital increase														24,500	24,500
Establishment of Labovar														24,500	24,500
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			470,309	5,919,193			1,902,728		(8,322,230)			
Other reclassifications			(30,000)			(470,309)				500,233			(76)		(76)
Profit (loss) at 31 December 2022												6,144,136	6,144,136	(131,686)	6,012,450
Other comprehensive profit (loss):													-		-
Cash flow hedge operations									963,399				963,399		963,399
Translation differences											(100,322)		(100,322)		(100,322)
TFR adjustment					166,679								166,679		166,679
Comprehensive profit (loss)					***166,679***				***963,399***		***(100,322)***	***6,144,136***	***7,173,891***	***(131,686)***	***7,042,206***
Dividends										(1,848,404)			(1,848,404)		(1,848,404)
Labomar next share capital increase														98,000	98,000
Balance at 31 December 2022	**1,848,404**	**24,856,571**	**369,681**	**910,666**	**(191,827)**		**5,919,193**	**992,327**	**980,733**	**9,075,257**	**97,226**	**6,144,136**	**51,002,367**	**(60,577)**	**50,941,789**

ILLUSTRATIVE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 December 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).

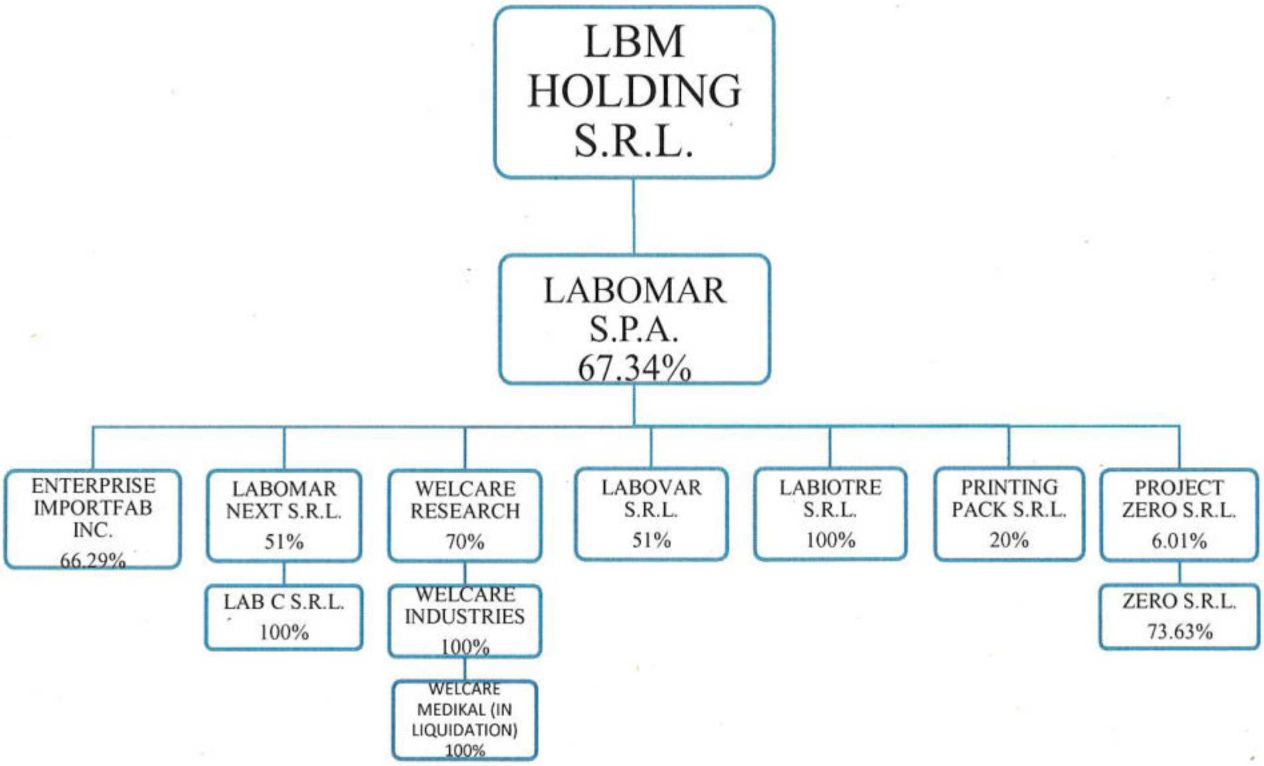
With notice 25436 of 1 October 2020, Borsa Italiana S.p.A. communicated that the ordinary shares issued by Labomar S.p.A had been admitted for trading on the AIM Italia market, a multilateral trading facility organised and managed by Borsa Italiana S.p.A., effective as of 1 October 2020. On 5 October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

On 27 November 2018, the Labomar S.p.A Board of Directors resolved to approve the adoption of the IFRS international accounting standards for the preparation of its corporate financial statements. The consolidated financial statements as at 31 December 2022 for Labomar S.p.A were approved by the Board of Directors on 29 March 2023.

Labomar S.p.A is in turn subject to consolidation by LBM Holding Srl.

The Group is represented by the parent company Labomar S.p.A and its subsidiaries Entreprises Importfab Inc. (a Canadian company), Labomar Next Srl, 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 structure of the Group to which Labomar S.p.A belongs at the time of publication of these consolidated financial statements.



Entreprises Importfab Inc. is a Canadian company established in October 2019, invested in by Labomar S.p.A 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 (ex Herbae Srl): established near the end of 2019 in partnership with Zero Srl and currently in the start-up phase, it will develop projects involving the cultivation of medicinal plants and similar using vertical farming techniques, developed by Zero Srl, with counterparties interested in developing new products (food supplements, medical devices and similar) that use active ingredients derived from the plants cultivated in this way.

Lab C Srl: established in April 2021 and 100% controlled by Labomar Next. Lab C develops, produces and sells innovative 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 exclusive proprietary technology and know-how for the end customer. Labiotre Srl 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 (prov. Florence) 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 the controlling interest in Zero Srl (78.75%), 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.
Welcare Research and Welcare Industries: in July 2021, Labomar S.p.A acquired a majority stake in the Welcare Group, as better described in section 7. Business combinations".
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 Srl 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 SpA, 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 2022 in partnership with Adiacent Srl, a subsidiary of Var Group SpA (company of the Sesa group, a company listed in the STAR segment of the Borsa Italiana S.p.A. MTA market. Labovar will hold the concession for B2C online sales for branded products developed and realised by Labomar, especially in the Far East.
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), through mini-programmes, 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 31 December 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. (formerly Herbae S.r.l.)	51.00%	51.00%		51.00%	51.00%	
Lab C S.r.l.	51.00%	0%		51.00%	0%	
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 S.a.	100%	0%		100%	0%	
Labovar S.r.l.	51.00%	51.00%		51.00%	51.00%	
Associated companies consolidated with the equity method						
Printing Pack S.r.l.		20.00%	4		20.00%	4
Project Zero S.r.l.		6.01%	4		6.01%	4

Recall that the minority interest in the Welcare Group is shown for accounting purposes as a financial liability in consideration of contractual options, as better outlined in note 15. For this reason, the portion pertaining to the Group is 100%.

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;
- the reference date for the consolidated financial statements is 31 December 2022, the reporting date for all companies in the Group;
- 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 annual financial statements 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 31/12/2022	Average exchange rate financial year 2022	Exchange rate at 31/12/2021	Average exchange rate financial year 2021
Canadian dollar - CAD	1.4440	1.3695	1.4393	1.4826
Turkish lira – TRY	19.9649	17.4088	15.2335	10.5124

2. Directors' comments on going concern requirements

While seriously taking into consideration the continued generalised economic crisis at the time these financial statements were prepared, the directors hold that based on the economic performance achieved up to the present, the existing order portfolio and the solid equity and financial situation, the Group 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 Expression of compliance with the IFRS

The consolidated financial statements as at 31 December 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), adopted by the European Union and in effect as of the reporting date. The Illustrative Notes to the financial statements include the additional information required by the Italian Civil Code. IFRS also means the International Accounting Standards (IAS) still in effect, as well as all the interpretation documents issued by the IFRS Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC") and, prior to that, the Standing Interpretations Committee ("SIC").

3.2 Content and structure of the consolidated financial statements

The parent company's consolidated financial statements are structured as follows:

- **consolidated equity and financial position schedule** broken down by current assets and liabilities and non-current assets and liabilities, based on whether they will be collected or

paid in the context of normal business operating cycles during the year after the end of the financial year;
- **consolidated income statement** which presents costs and revenues using a classification based on the nature of the same, held to be more representative for the sectors in which the Group operates;
- **consolidated statement of comprehensive income schedule** separate from the income statement which highlights items recognised directly in shareholders' equity when the IFRS calls for this;
- **consolidated statement of cash flow** prepared using the indirect method which represents operation, investment and financial cash flows;
- **schedule of changes in consolidated shareholders' equity** and the overall profit (loss) for the year;
- **illustrative notes** containing the information required under current law and the international accounting standards.

These consolidated financial statements are prepared in euro, the functional currency adopted by the parent company, in compliance with IAS 1.
The parent company set 1 January 2017 as the first time adoption date for the IFRS and determined the effects of this transition from 1 January 2017 to 31 December 2017, preparing the reconciliation called for under IFRS 1 (First Time Adoption of the International Financial Reporting Standards), as illustrated in paragraph 13 of the financial statements as 31 December 2018, to which the reader is referred.
The consolidated financial statements are subject to legal review, pursuant to article 14 of Italian Legislative Decree 39 of 27 January 2010, by the independent auditing firm Ernst & Young S.p.A..

3.3 Consolidation principles

The consolidated financial statements include the financial statements of 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. as at 31 December 2022.

The Group's equity investments in associated companies are measured using the equity method.
Control exists when the Group is exposed to or has the right to variable returns, deriving from its relationship with the investee entity and, at the same time, has the ability to impact these returns by exercising its power over the entity.
Specifically, the Group controls an investee company if, and only if, the Group has:
• power over the investee (or holds valid rights granting it the current ability to direct significant activities of the investee);
• exposure or rights to variable returns deriving from its relationship with the investee;
• the ability to exercise its power over the investee to impact the amount of its returns.

Generally, there is an assumption that a majority of voting rights implies control. Supporting this assumption and when the Group holds less than a majority of voting rights (or similar), the Group considers all the relevant facts and circumstances to establish whether it controls an investee, including:

- contractual agreements with other entities holding voting rights;
- rights deriving from contractual agreements;
- Group voting rights and potential voting rights.

The Group reviews whether or not it controls an investee if facts and circumstances indicate changes have occurred in one or more of the three elements used to define control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or dismissed during the year are included in the consolidated financial statements as of the date on which the Group acquired control or until the date on which the Group ceased to exercise control over the company.
Profit (loss) for the year and each of the other components of the statement of comprehensive income are assigned to the shareholders of the parent company and minority interests, even if this implies that minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of subsidiaries, to guarantee compliance with the Group's accounting policies. All intercompany assets and liabilities, shareholders' equity, revenue, costs and cash flows relative to operations between entities within the group are fully eliminated at the time of consolidation.
Changes in the equity investment stake held in a subsidiary which do not involve a loss of control are recognised in shareholders' equity.
If the Group loses control over a subsidiary, it must eliminate the relative assets (including goodwill), liabilities, minority interests and other shareholders' equity components, while any profit or loss is recognised in the income statement. If applicable, the remaining stake is recognised at fair value.

4. Accounting standards and interpretations

4.1 Accounting standards and interpretations applicable as of 1 January 2022 or later

As of 1 January 2022, the following amendments apply:

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). The 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 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 on the acquisition date.
These amendments did not have an impact on the Group's financial statements as no potential assets or liabilities which fall under the scope of these amendments were recognised during the year.

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 financial statements, as the Group did not make any sales related to these elements of property, plant and equipment prior to the beginning of operation or after the beginning of the previous comparison period.

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 financial statements as there were no changes in the Group's financial liabilities during the year.

4.2. Accounting standards issued but not yet in effect

Below are standards and interpretations which as of the reporting date of these financial statements had been issued but were not yet in effect. The Group intends to adopt these standards and interpretations, if applicable, when they take effect.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to defer settlement;
- That the right to defer settlement must exist at the end of the financial year;
- The classification is not affected by the likelihood that the entity will exercise its right to defer settlement;
- Only if an implicit derivative of a convertible liability is itself an equity instrument does the maturity of the liability not affect its classification.

These amendments will take effect for financial years beginning on or after 1 January 2023, and must be applied retrospectively. The Group is currently evaluating the impact that these changes will have on its current situation and whether it will be necessary to renegotiate existing financing contracts.

Definition of accounting estimate - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduced a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates, changes in accounting standards and correction of errors. Additionally, they clarify how an entity utilises measurement techniques and input to develop accounting estimates.

These amendments take effect for financial years starting on or after 1 January 2023 and apply to changes in accounting standards and changes in accounting estimates which occur as of the beginning of this period or after. Early application is allowed on the condition that this fact is made known.

These amendments are not expected to have a significant impact on the Group's financial statements.

Disclosure of accounting standards - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and 'IFRS Practice Statement 2 Making Materiality Judgements, which offer guidelines and examples to assist entities in making materiality judgements with regards to their disclosure of accounting standards. The amendments are intended to help entities to provide the most useful disclosure of accounting standards, replacing the obligation for entities to provide their "significant" accounting standards with the obligation to provide information on their "material" accounting standards. In addition, guidelines are provided on how an entity can apply the concept of materiality when making decisions on their disclosure of accounting standards.

The amendments to IAS 1 apply as of financial years starting on or after 1 January 2023. Early application is allowed. Given that the amendments to PS 2 provide non-obligatory instructions on

application of a materiality definition for the disclosure of accounting standards, an effective date for these amendments is not required.
The Group is currently evaluating the impact of these amendments to determine their significance for the Group's disclosure of accounting standards.

Deferred taxes for assets and liabilities deriving from a single transaction - Amendments to IAS 12

In May 2021, the IASB issued amendments to IAS 12, reducing the scope of application for the initial recognition exception included under IAS 12, which is no longer to be applied to transactions that give rise to temporary differences which are taxable and deductible in equal measure.
The amendments must be applied to transactions that occur after or at the beginning of the comparison period presented. Additionally, at the beginning of the comparison period presented, deferred tax assets (in the presence of sufficient taxable income) and deferred tax liabilities must be recognised for the entirety of the temporary deductible and taxable differences associated with leases and restoration provisions. The amendments to IAS 12 apply as of financial years starting on or after 1 January 2023. Early application is allowed.
The Group is currently evaluating the impacts of these amendments.

5. Discretionary measurements and significant estimates.

In the context of preparing financial statements compliant with the IFRS, company management must develop measurements, estimates and hypotheses in application of the accounting standards which influence the amounts of the assets, liabilities, costs and revenues recognised in the financial statements. The estimates and relative hypotheses are based on previous experience and other factors deemed reasonable in the case in question and are adopted to estimate the book value of the assets and liabilities when not easily obtainable from other sources.
These estimates and hypotheses are reviewed regularly. Any changes deriving from a revision of accounting estimates are recognised in the period in which the revision occurs.
The main data subject to estimates are shown below.

Deferred tax assets

Deferred tax assets are recognised in accordance with IAS 12. A discretionary measurement is required from the Directors to determine the amount of deferred tax assets that can be recognised. They must estimate when and how much future fiscal profits are likely to arise, as well as consider strategic planning of future taxes. The book value of deferred tax assets is provided in Note 18.

Allocations to provisions for risks and charges

Directors make estimates to measure risks and charges. In particular, the Directors made use of estimates and assumptions the determine the likelihood an actual liability will arise and, in the case this is deemed probable, to determine the amount provisioned against the risk identified.

Employee benefits

The amount recognised in the financial statements for defined benefit plans is determined with the use of actuarial measurements, which require the preparation of hypotheses about discount rates, expected loan return rates, future wage increases, death rates and future pension increases. Management holds that the rates estimated by actuaries for measurements at the reporting date are reasonable, but it cannot be excluded that future significant changes in these rates could have significant effects on the liabilities recognised in the financial statements. Further details are found in Note 17.

Provision for stock obsolescence

The value of warehouse inventory is adjusted based on risks associated with slow turnover of certain types of raw materials and consumables.

Bad debt provision

The bad debt provision reflects expected credit loss assumptions relative to the entire life of trade receivables recognised in the financial statements and not covered by credit insurance. This estimate makes use of historic information available to the Group and expectations about future economic conditions.

Impairment of non-financial assets

At each reporting date, the Group verifies whether there are indications of a lasting loss of value for all non-financial assets which require an impairment test. If a loss of value is identified, the book value is aligned to the relative recoverable value. The Group recognises goodwill and other intangible assets with an undefined useful life, initially recognised with regards to the business combination with the Canadian company, which must be subjected to an impairment test at least once per year to identify any lasting loss of value.

6. Classification and measurement criteria for financial statement items

The accounting standards and measurement criteria adopted to prepare the consolidated financial statements as at 31 December 2022 are shown below.

Current/non-current classification

The assets and liabilities in the Group's consolidated financial statements are classified using the current/non-current criteria. An asset is current when:

- it is expected to be realised, or held for sale or consumption, as part of the normal operating cycle;
- it is mainly held to be traded;
- it is expected it will be realised within twelve months of the reporting date; or

- it consists of cash or cash equivalents unless there are prohibitions on trading or using it to pay a liability which apply for at least twelve months of the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be paid as part of the normal operating cycle;
- it is mainly held to be traded;
- it must be paid within twelve months of the reporting date; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified under non-current assets and liabilities.

Intangible assets

Intangible assets acquired separately and held by the Group are recognised in the assets at the purchase cost if the cost can be reliably determined and it is likely the use of the asset will generate future economic benefits. The useful life is classified as either undefined or defined.

Intangible assets with an undefined useful life are not subject to amortisation and the undefined useful life is reviewed each year to determine whether facts and circumstances continue to support the attribution of an undefined useful life. In compliance with IAS 36, these assets are also subjected to an impairment test to identify any lasting losses in value.

Intangible assets with a defined useful life are recognised at the purchase or production cost and are subsequently recognised net of any cumulative amortisation or impairment, determined using the methods outlined below in the section "Impairment". Amortisation begins when the intangible asset is available for use and is calculated at constant rates based on the estimated useful life, reviewed on an annual basis. When necessary, any changes are applied going forward.

The rates used for amortisation, broken down by category, are provided below:

Intangible assets with defined useful life	Amortisation % rate
Patents and Brands	50.00/25.00
Software	33.33
Know-how	25.00
Know-how Welcare	10
Customer relations Importfab/Welcare	6.67
Importfab/Welcare brands	10
Other multi-year costs	20.00 - lower of useful life and contract duration

Business combinations and goodwill

Business combinations are recognised utilising the acquisition method. The cost of an acquisition is determined as the sum of the amount paid, measured at fair value as of the acquisition date and the amount of the minority interest in the acquired entity. For each business combination, the Group determines whether to measure the minority interest in the acquired entity at fair value or proportionally to the portion of the minority interest in the net assets identifiable for the acquired entity. Acquisition costs are recognised during the year and classified under administrative expenses. When the Group acquires a business, it classifies or designates the financial assets acquired and liabilities taken in based on the contractual terms, economic conditions and other relevant conditions existing as of the acquisition date. This includes a check to determine whether an incorporated derivative must be separated from the primary contract. If a business combination occurs in multiple stages, the equity investment previously held is returned to its fair value as of the acquisition date and any resulting gains or losses are recognised in the income statement.

Any potential fees to be paid are recognised by the acquiring entity at fair value on the acquisition date. A change in the fair value of a potential fee classified as an asset or liability, as a financial instrument subject to IFRS 9 Financial Instruments, must be recognised in the income statement.

Goodwill is initially recognised at cost, represented by the surplus between the fee paid and the amount recognised for minority interests with respect to the net identifiable assets acquired and liabilities taken on by the Group. If the fair value of the net assets acquired exceeds the total fee paid, the Group again verifies whether it has properly identified all the assets acquired and liabilities taken on and reviews the procedures used to determine the amounts to be recognised on the acquisition date. If the fair value of net assets acquired is still higher than the fee paid after this new assessment, the difference (profit) is recognised in the income statement. After initial recognition, goodwill is measured at cost net of accumulated impairment. To verify impairment, goodwill acquired through a business combination is allocated at the acquisition date to each Group CGU expected to generate benefits thanks to the synergies offered by the business combination, regardless of whether the other assets or liabilities of the acquired entity are assigned to those units. If goodwill has been allocated to a CGU and the entity disposes of part of the units of the CGU, the goodwill associated with the assets disposed of is included in the book value of the asset when determining the profit or loss associated with the disposal. Goodwill associated with the asset disposed of is determined based on the values of the assets disposed of and the part kept by the CGU.

Tangible assets

Property, plant and equipment are recognised at the cost or production cost, including any accessory charges directly attributable and necessary to render the asset operational for the use for which it was acquired, and shown net of any provisions for depreciation and any accumulated impairment. When significant portions of property, plant and equipment have different useful lives, these components are accounted for separately.

Financial expense directly attributable to the acquisition or construction of property, plant or equipment is capitalised as part of the asset. All other financial expense is recognised in the income statement at the moment is incurred.

Expense incurred for ordinary and/or cyclical maintenance and repair is directly recognised in the income statement when incurred.

Depreciation is calculated at fixed rates starting from the time the asset becomes available for use and based on the estimated useful life of the asset, which is reviewed annually. When required, changes are applied going forward.

The economic/technical rates used are the following:

Property, plant and equipment	Depreciation rate %
Buildings	3.00 -5.50
General systems	10.00
Specific systems	12.00
Machinery	12.00
Various production and laboratory equipment	40.00
Company vehicles and commercial vehicles	25.00 – 20.00
Internal transport vehicles	20.00
Office furniture and equipment	12.00
Electronic office machines	20.00
Telephony and radio	20.00
Light construction	10.00

The book value of property, plant and equipment is subject to verification of indications of impairment, that is events or changes indicating that the book value cannot be recovered, based on the depreciation plan established. If these indications are found and if the book value exceeds the recoverable value, the asset is written down to reflect its recoverable value.

Impairment is recognised in the income statement. The impairment is reversed in the case the reasons which led to its original recognition cease to exist.

When an asset is sold or there are no future economic benefits expected from its use, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale and carrying values) is recognised in the income statement in the year it is eliminated.

Rights of use - leased assets

As indicated in the introduction, with the exception of contracts with a duration of less than twelve months and contracts involving assets of low unitary value, all financial leasing, rental and leasing contracts are capitalised under the item "Rights of use" as of the start date of the contract at the value of the liability, reduced by an incentives received and increased by any initial costs directly incurred and the estimate of restoration charges. A payable is recognised in the liabilities equal to the current value of the fixed payments throughout the life of the contract, as well as payments for any purchase options that the company is reasonably certain will be exercised, and any penalties for termination of the contract when the duration of the contract takes this into account. The duration of the contract refers to the non-cancellable period as well as any extension options the company is reasonably certain will be used and periods covered by the contract termination option when the company is reasonably certain it will not withdraw. Liabilities are progressively reduced in line with the capital repayment plan included in the contractually established rent.

Rent is broken down into capital and interest, so as to apply a constant interest rate to the residual balance of the debt (capital portion). Financial expense is recognised in the income statement. Rights of use are amortised applying the criteria indicated for property, plant and equipment throughout the duration of the contract, or on the basis of the rates indicated for property, plant and equipment in the case the company is reasonably certain purchase options will be exercised, when applicable. Amortisation and interest are recognised separately.

For leasing or rental contracts which do not include a purchase option and have a duration of less than twelve months, as well as contracts referring to assets with a low unitary value, payments of the relative expenses are recognised as costs in the income statement at constant rates throughout the duration of the contract.

Equity investments in associated companies and joint ventures

Equity investments in associated companies are recognised using the equity method.

Hence, equity investments in associated companies are initially recognised at the cost of acquisition and, subsequently, adjusted based on changes in the stake of the net assets of the investee pertaining to the company. Profit or loss for the investor company reflects the stake it holds in the annual profit (loss) of the investee and other components of the investee's statement of comprehensive income reflect its relative stake in the other components of the investee's statement of comprehensive income.

The book value of equity investments in associated companies is subsequently increased or decreased to identify the relevant stake the company holds in the profit or loss of the associated company, or other changes in equity, realised after the date of acquisition. Dividends received from an associated company reduce the book value of the equity investment. Adjustments to the book value may also be required after changes to the stake the investor company holds in the associated company, deriving from changes in items in the schedule of other components in the investee's statement of comprehensive income. These changes include changes deriving from redetermining the value of property, plant and equipment and translation differences for items in foreign currencies. The portion of these changes which pertains to the investor company is recognised among the other components of the investee's statement of comprehensive income.

Equity investments in other companies

Equity investments in other companies, or equity investments in companies other than subsidiaries, associated companies or joint ventures, are measured in compliance with IFRS 9, as these are financial assets measured at fair value with changes recognised in the income statement. If recent information needed to determine the fair value is not available, or in cases in which the range of figures for the possible fair value is large, the cost value is selected as the best approximation of fair value.

Impairment

IAS 36 requires that an impairment test be carried out at each annual reporting date on property, plant and equipment, when there are indications that suggest this problem may exist. When determining whether there are indications that an asset with a defined useful life may have suffered impairment, internal and external sources of information are used. Relative to internal sources, these include verifying whether significant changes have occurred during the year in the use of the asset and whether the economic performance of the asset is different from that expected. On the other hand, external sources include verifying whether there have been technological or regulatory changes able to reduce the value of the asset.

Regardless of whether there are internal or external signs of impairment, intangible assets with an undefined useful life are subjected to an impairment test at least annually, to verify the existence of lasting losses in value, as required under IAS 36. In cases verifying the book value of intangible assets with a defined useful life or the verification of the book value of intangible assets with an undefined useful life, goodwill and equity investments, an estimate of the recoverable value is made.

The impairment is determined by measuring the recoverable value of the CGU (or company consisting of CGUs) with which the goodwill is linked.

The recoverable value is the greater of the fair value of an asset or CGU net of the cost of sale and its value in use and is determined per individual asset, except when these assets do not generate cash flows which are sufficiently independent from those generated by other assets or groups of assets. In this case, a recoverable value is estimated for the CGU to which the asset belongs. If the book value of an asset or CGU is greater than its recoverable value, the asset, having suffered impairment, is consequently written down to adjust it to its recoverable value. When determining the value in use, estimated future cash flows are discounted to the current value, using a discount rate that reflects market measurements relative to the time value of money and the specific risks of the asset.

For the purposes of estimating the value in use, future cash flows are obtained from company plans, which constitute the best estimate which can be made in relation to the economic conditions forecast for the period of the plan. The long-term growth rate to be used for estimating the terminal value of the asset or CGU is generally lower than the average long-term growth rate for the sector, country or market of reference and, if appropriate, may also be zero or even negative. Future cash flows are estimated making reference to current conditions: estimates therefore do not consider benefits deriving from future restructurings in which the Group is not yet involved, nor future investments to improve or optimise the asset or CGU. Impairment suffered by operating assets are recognised in the income statement under cost categories consistent with the function of the assets which have suffered impairment.

Additionally, at every annual reporting date the existence of indications that impairment previously recognised has ceased to exist (or has decreased). If this is found, the recoverable value is estimated. The value of an asset previously written down, with the exception of goodwill, can be restored only if there have been changes in the estimates used to determine the recoverable value of the asset after the last recognition of impairment. In this case, after the writeback the book value must not exceed the value that would have been determined (after the writedown or amortisation/depreciation) if no other impairment had been recognised for the asset in previous years. All writebacks are recognised as revenue in the income statement, unless the asset is recognised at a revalued amount, in which case the writeback is treated as an increase in the revaluation. After a writeback has been recognised, the amortisation/deprecation rate for the asset is adjusted in future periods, to systematically divide the adjusted book value of the asset, net of any residual values, throughout the remaining useful life.

Financial assets

Financial assets are classified in the following categories:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit and loss.

Classification depends on the business model the entity uses to manage the financial assets and the characteristics of the relative contractual cash flows associated with the financial asset. The Group determines classification at initial recognition and verifies the same at each reporting date. Financial assets are initially recognised at cost or fair value, equal to the amount paid as an advance or financing or the fee established against a given service, plus any accessory costs for the acquisition.

Financial assets at fair value through profit and loss are classified under current assets and measured at fair value; profits and losses deriving from these measurements are recognised in the income statement.

Financing and receivables are measured at amortised cost based on the original effective return rate for the financial asset.

Inventories

Inventories of raw materials, subsidiary materials and consumables and products in progress/semi-finished products are measured at the lesser of the purchase (or production) cost, including accessory costs, and the presumable net realisable value based on market trends. The cost of inventories includes purchase costs and other costs incurred to bring inventories to the location and at current conditions, excluding financial charges.

The method used to determine the cost of inventories is represented by FIFO (first in first out), which assumes that the assets first acquired are those sold first, consequently it is assumed that the assets in the warehouse at the end of the year have the value of those most recently acquired and/or produced.

The presumable net realisable value is the normal estimated sales price minus estimated costs for completion and those required to achieve the sale. Obsolete stock and/or that with slow turnover are written down in relation to their presumed possibility of use or future realisation. The writedown is then eliminated in subsequent years if the reasons behind it cease to exist.

Trade receivables and other current assets

Receivables classified under current assets are initially recognised at fair value, meaning the nominal value, and are subsequently reduced for any impairment. Trade receivables that have normal commercial deadlines are not discounted given that the discounting of the cash flows would be irrelevant. They are recognised at cost (nominal value) net of any impairment recognised in a specific provision. The estimate of sums deemed non-collectable is based on the current value of expected cash flows.

Receivables with due dates that exceed one year, non-interest bearing or bearing interest at lower than market rates, are discounted using market rates. Trade receivables are discounted in the case of payment terms which are greater than average extension deadlines granted.

Derecognition of financial assets

A financial asset is derecognised from the financial statements when:

- rights to receive cash flows generated from the asset expire;
- the Group maintains the right to receive cash flows from the asset but has a contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (i) has substantially transferred all the risks and benefits deriving from ownership of the financial asset or (ii) has not transferred nor substantially retained all the risks and benefits of the assets but has transferred control over the same.

In cases in which the Group has transferred the right to receive cash flows from an asset and has not transferred nor substantially transferred all the risks and benefits and has not lost control over the same, the asset is recognised in the Group's financial statements proportional to its residual involvement with the asset. Residual involvement in the form of a guarantee over the transferred asset is measured at the lesser of the initial book value of the asset and the maximum amount of the fee the Group could be held to pay.

Impairment of financial assets

Financial assets are recognised net of bad debt provisions, calculated to reflect expected credit loss estimates for the entire life of receivables recognised in the financial statements and not covered by credit insurance. This estimate makes use of historic information available to the Group and expectations about future economic conditions. At each annual reporting date, the Group considers evidence of impairment which may include indications that a debtor or group of debtors are suffering financial difficulties, inability to meet their obligations, inability or delays in the payment of interest or significant payments, likelihood to be subjected to settlement or other financial restructuring procedures, as well as observable data that indicates a measurable decrease in future estimated cash flows, including changes in the overall situation or economic conditions that are associated with financial crises.

Cash and cash equivalents

Cash and cash equivalents include the cash value, or values which hold the requirements of cash on demand or very short term, without any expenses for collection, with a maturity of three months or less, readily convertible to a given amount of cash and subject to a non-significant risk of changes in value. Cash and cash equivalents include current account overdrafts repayable on demand, to the extent they are an integral part of treasury management.

Financial liabilities

All financial liabilities other than derivatives are initially recognised in the amount equal to the payment collected or due, net of transaction costs (fees or charges to obtain financing).

Measurement of financial liabilities is done using the amortised cost criteria, with the effective interest rate method. A financial liability is eliminated from the financial statements when the obligation underlying the liability has been extinguished, cancelled or fulfilled. In cases in which an existing financial liability is replaced by another from the same provider, under substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or change is treated as accounting derecognition of the original liability with the recognition of a new liability, with any differences between the book values recognised under the income statement.

Financial liabilities for rights of use

Financial liabilities for rights of use corresponding to leasing liabilities and are calculated as the current value of payments due for the lease and not yet paid as of that date. Based on IFRS 16, payments due for leasing must be discounted using the implicit interest rate of the lease if this can be easily determined. If it cannot, the lessor must use their incremental borrowing rate.
On the effective date, payments due for the lease included when measuring the liability encompass the following payments for rights of use relative to the underlying asset, throughout the duration of the lease, not paid as of the effective date:

- fixed payments, net of any lease incentives to be received;
- variable payments due for the lease which depend on an index or rate, initially measured using an index or rate as of the effective date;
- amounts the lessor expects it will need to pay to guarantee the residual value;
- the price to exercise the purchase option, if the lessor is reasonably certain they will exercise this option;
- penalties to be paid to terminate the lease, if the duration of the lease takes into account the exercising by the lessor of the option to terminate the lease.

Derivative financial instruments

Financial derivatives are used solely for the purpose of hedging to reduce exchange and interest rate risk consistent with that established in company policies. In compliance with IFRS 9, financial derivatives can be recognised using the method established for hedge accounting only if, at the beginning of the hedge relationship, the following conditions are met:

- there is a formal designation as a hedging instrument;

- documentation is available to demonstrate the hedging relationship and high efficacy of the same;

- efficacy can be measured reliably;

- the hedge is highly effective during the various accounting periods for which it is designated. All derivative instruments are measured at their current value, as established in IFRS 9.

Financial derivatives are initially recognised at fair value.

When hedging derivatives cover fair value measurement risk for the hedged instruments (fair value hedge), these are recognised at fair value with effects recognised in the income statement; similarly, the hedged instruments are adjusted to reflect changes in fair value associated with the risk hedged. When hedging derivatives cover the risk of changes in cash flows from hedged instruments (cash flow hedge), changes in fair value are recognised as a component of the statement of comprehensive income.

If derivatives do not meet the conditions for classification as accounting hedge operations, changes in fair value are recognised directly in the income statement.

Provisions for risks and charges

Provisions for risks and charges refer to costs and charges of a determinate nature, certain or probable, which as of the date the financial statements are prepared are indeterminate with reference to their amount or the date on which they will arise. Provisioning is done in the presence of a current obligation (legal or implicit) which derives from a past event, when an outlay of resources to satisfy the obligation is probable and a reliable estimate can be made of the amount of the obligation.

This obligation is recognised at its current value, determined by discounting future expected cash flows by a rate that also takes into account the cost of money and the risk of the liability; for risks relative to which a liability is held to be only possible, a description is provided in the disclosure section, but no provisioning is done.

Net liabilities for defined employee benefits

Benefits provided to employees at the time of or after the termination of the employment relationship are broken down based on their economic nature into defined contribution and defined benefit plans. In defined contribution plans, the company's legal or implicit obligation is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation consists of granting and ensuring the benefits agreed upon for employees: consequently, the actuarial and investment risks are borne by the company.

Through 31 December 2006, the TFR (employee severance indemnity) was classified as a defined benefit plan and was measured using the unitary projection method for the payable, carried out by independent actuaries. This calculation consists in estimating the amount of the benefit an employee will receive on the presumed employment termination date, using demographic hypotheses (e.g. mortality rates and personnel turnover rates) and financial hypotheses (e.g. discount rate and future wage increases). The amount determined was then discounted and made proportional based on seniority accrued with respect to total seniority.

Following the reform introduced with Italian Law 296 of 27 December 2006, the TFR, for the portion accruing after 1 January 2007, is substantially classifiable as a defined contribution plan. In particular, the reform granted workers the possibility to choose where to send their accruing TFR: for companies with more than 50 employees, new TFR amounts can be directed by the worker to preselected pension structures or to the Treasury Fund maintained by INPS.

Relative to the presentation in the income statement of the various cost components for TFR, it was decided to use the accounting methods allowed under IAS 19 which require separate recognition in the income statement of cost components linked to working performance (classified as part of the cost of labour) and net financial expense (classified in the financial section), with recognition of actuarial gains and losses deriving from the measurement of the liability each year among the components of the statement of comprehensive income. The gain or loss deriving from the actuarial calculation of defined benefit plans (TFR) is entirely recognised in the statement of comprehensive income.

Contractual liabilities

In compliance with the provisions of IFRS 15, if the customer pays a fee or the entity has a right to an amount of the fee that is unconditional (i.e. a receivable), prior to transferring the good or service to the customer, the Group presents the contract as a liability deriving from the contract at the moment in which the payment is made or (if earlier) the moment in which the payment is due. The liability deriving from the contract is the Group's obligation to transfer to the customer goods or services for which the Group has received a fee from the customer (or for which the amount of the fee is due).
In compliance with the above, upon receiving an advance payment from the customer, the Group recognises as a liability deriving from the contract the amount of the advance payment for the obligation to transfer or be ready to transfer goods or services in the future. The Group eliminates for accounting purposes the liability deriving from the contract (recognising the revenues) when it transfers the goods or services and, therefore, fulfils its obligation.

Trade payables and other liabilities

Trade payables with payment due dates falling within normal commercial terms are initially recognised at cost (identified as the nominal value). No discounting is done for payables due within twelve months because the effect is held to be irrelevant.

Other liabilities included among current and non-current liabilities are substantially recognised at cost, corresponding to the fair value of the liability, net of transaction costs attributable to the issuing of the liability. After initial recognition, financial liabilities are measured using the amortised cost criteria, using the original effective interest rate method.

Derecognition

A financial liability is eliminated when the obligation underlying the liability has been extinguished, cancelled or honoured. When an existing financial liability is replaced by another from the same provider, under substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or change is treated as accounting derecognition of the original liability, accompanied by recognition of a new liability, with any differences between the book values recognised under the income statement.

Recognition of revenues

The Group produces and sells food supplements; revenues from customers are recognised in the income statement at the time control over the goods or services is transferred to the customer. Revenues are recognised at a value that reflects the amount the Group expects to have the right to in exchange for the goods or services transferred. The Group generally operates as the "principal", as it has control over the goods or services prior to their transfer to the customer.

The Group's business model mainly consists in the transfer of goods, with revenues recognised at a given moment, specifically when the goods are transferred to the customer, generally meaning the shipment or delivery of the same. Normally, payment terms call for extensions of no more than one hundred twenty days. The Group makes use of the practical expedient that allows non-separation of the financing component of fees for contracts in which the expected time interval between the time the promised good or service is transferred to the customer and the time the customer makes the relative payment does not exceed one year.

The Group constantly evaluates whether there are other implicit promises in its contracts in addition to the transfer of goods and, if these promises are distinct, allocates the envisaged fee to the various contractual promises. When determining the price of an operation, the Group considers the effect of any variable payments, the existence of significant financial components, of non-monetary payments or fees to be paid to its customers.

In general, contracts stipulated by the Group with its customers do not call for special obligations in terms of returns or reimbursements, nor any specific additional guarantees with respect to the conformity of the product with the agreed upon specifications.

Generally, the Group does not incur significant incremental costs to acquire contracts with customers. The Group makes use of the ability to consider these costs as expenses at the time in which they are incurred, as they have an amortisation period of less than twelve months.

As of the date this document was prepared the Group had no contract with an original expected duration of more than twelve months for which residual contractual promises were yet to be satisfied (or were only partially satisfied).

Finally, note that given the Group's business model there are no judgements or estimates with a significant impact on determining the amount and schedule for recognition of revenues.

Financial expense and income

Financial income and expense are recognised on an accrual basis which considers the effective income/expense or the relative asset/liability. The Group does not capitalise financial expense.

Current taxes

Income taxes include all taxes calculated on the Group's taxable income. Income taxes are recognised in the income statement, with the exception of those for items directly charged or credited to shareholders' equity, for which the tax effect is recognised directly in shareholders' equity.

Current taxes for the year are measured at the amount expected to be recovered from or paid to the tax authorities. Tax rates and regulations used to calculate this amount are those in effect at the reporting date.

Prepaid and deferred taxes

Deferred tax assets and liabilities are calculated for all temporary differences between the equity/economic amounts recognised in the financial statements and the corresponding values recognised for tax purposes.

Recognition of deferred tax assets occurs when recovery is held probable, based on estimated future availability of future taxable amounts sufficient with regards to those to be recovered. The amount of deferred tax assets is reviewed at the end of each period and reduced to the extent it is no longer deemed probable that sufficient taxable profits will be generated in the future to make use of all or part of the deferred tax assets. Deferred tax assets not recognised are also reviewed at each annual reporting date and are recognised to the extent it is deemed probable that taxable profits will be sufficient to allow recovery of the said deferred tax assets.

Both deferred tax assets and liabilities are defined based on the tax rates expected to be applied in the year in which the assets are realised or liabilities are extinguished, considering the rates in effect or substantially in effect as of the reporting date.

Deferred taxes relative to elements recognised outside of the income statement are also recognised outside of the income statement, either in shareholders' equity or the statement of comprehensive income, consistent with the element to which they refer.

The Group offsets deferred tax assets and deferred tax liabilities if and only if there is a legal right allowing the offsetting of current tax assets and current tax liabilities.

Translation of items in other currencies: transactions and balances

Transactions in foreign currencies are initially recognised in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate on the reporting date.

Realised exchange differences or those deriving from translation of monetary items are recognised in the income statement, with the exception of monetary elements which are part of a hedge for a net investment in a foreign company.

Non-monetary items measured at historic cost in a foreign currency are translated using the exchange rates in effect as of the initial recognition of the transaction.

Contributions

Contributions from public entities are recognised at fair value when there is reasonable certainty all the conditions established to obtain the same will be respected and that the contributions will be received.

Contributions received against the development of specific goods or assets, for which the value is recognised under fixed assets, are recognised as a direct decrease to the fixed assets themselves and charged to the income statement based on the residual amortisation period for the assets in question. Operating grants are recognised in full in the income statement at the moment the conditions for recognition are met.

Profit per share

Profit per share is calculated by dividing profit for the year attributable to ordinary parent company shareholders by the average weighted number of ordinary shares in circulation during the year.

Diluted profit per share is calculated by dividing profit for the year attributable to ordinary parent company shareholders by the average weighted number of ordinary shares in circulation during the year and those potentially deriving from conversion of financial instruments, including privileged convertible shares, options, warrants or shares to be issued upon verification of contractually defined conditions. As of the date this document was prepared, there were no potential ordinary shares as the parent company has not issued convertible instruments nor are there contractual agreements that could cause the issuing of new shares.

7. 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.
Since the acquisition date, the Welcare Group has contributed € 3,603 thousand in revenue (net of sales to the parent company) with net profit of € 197 thousand in 2021. If the business combination had occurred on 1 January 2021, net Group revenues would have increased by € 4,103 thousand.

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 nonbinding Letter of Intent, subject to due diligence for confirmation, for the acquisition of the 51.2% of the share capital of Labiotre Srl held by Biodue SpA.

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 S.p.A.'s own resources, without making use of the banking system.

In accordance with IFRS 3, on the date control was acquired (30 November 2021) 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) was completed 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 15 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 acquired 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 15-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 Srl's 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 (€ 10,375,588, as detailed above) as set out 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, in 2021 Labiotre contributed € 396 thousand in revenues (net of sales to the parent company) with net profit of € 55 thousand in 2021. If the business combination had occurred on 1 January 2021, net Group revenues in 2021 would have increased by € 4,703 thousand.

Measurement of intangible assets shows that the fair value of the net assets acquired on the acquisition date was € 10,376 thousand, with an increase of € 5,818 thousand with respect to the provisional amount seen in the Group's consolidated financial statements at 31 December 2021. The increase (€ 5,818 thousand) follows the identification and recognition of customer relations for € 5,180 thousand and of know-how for € 2,889 thousand, as well as associated deferred tax liabilities totalling € 2,251 thousand, which correspond with a reduction of the same amount in the goodwill provisionally recognised at 31 December 2021, a reduction of € 5,818 thousand, with consequent establishment of total goodwill deriving from the acquisition of € 6,046 thousand.
The comparison information in 2021 was restated to reflect the adjustment made with respect to the provisional amount.
The increase in amortisation of intangible assets between the acquisition date and 31 December 2021 was € 53 thousand, net of tax effects (€ 15 thousand), while Group shareholders' equity at 31 December 2021 hence fell by € 38 thousand. Both these amounts, including the accounting effects described for the individual balance statement lines have been properly restated in the comparison information.

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

ASSETS

Note No. 1: Intangible assets

The item Intangible fixed assets shows the following changes:

	Goodwill(*)	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangible assets in progress and advance payments	Other intangible assets(*)	Total intangible assets
Opening balance						
Cost as at 31 December 2021	17,521,063	2,252,971	5,273,684	474,036	24,409,003	49,930,757
Depreciation (Amortisation and depreciation reserve)	(2,305,601)	(1,868,377)	(242,956)	-	(2,268,764)	(6,685,698)
Book value as at 31/12/2021	15,215,461	384,593	5,030,728	474,036	22,140,238	43,245,058
Changes during the year	-	-	-	-	-	-
Increases for acquisitions	-	18,496	20,275	600,636	-	639,407
Reclassification (of the book value)	-	123,999	-	(123,999)	-	-
Depreciation in the year	-	(246,170)	(202,000)	-	(1,830,301)	(2,278,471)
Exchange differences	(17,050)	-	(8,844)	-	4,545	(21,349)
Total changes	**(17,050)**	**(103,675)**	**(190,569)**	**476,637**	**(1,825,756)**	**(1,660,413)**
Year-end value	-	-	-	-	-	-
Cost as at 31 December 2022	17,521,063	2,395,466	5,293,959	950,673	24,409,003	50,570,163
Depreciation (Amortisation and depreciation reserve)	(2,322,651)	(2,114,547)	(453,800)	-	(4,094,520)	(8,985,518)
Book value as at 31/12/2022	**15,198,411**	**280,919**	**4,840,159**	**950,673**	**20,314,483**	**41,584,645**

(*) Restated, see paragraph 7 "Business combinations".

Beyond the natural decrease from amortisation of intangible assets, increases are mainly represented by investments in development and the implementation of the new IT accounting and management system, which began operating at the beginning of 2023.

It should be noted that in the financial statements as at 31 December 2021, intangible assets deriving from the acquisition of Welcare and Labiotre, described in more detail in section 7, have been recognised as Intangible fixed assets. "Business Combinations", to which reference is made.
In particular, with regard to the Welcare acquisition, trademarks and patents were identified for an amount of € 1,238 thousand, with a useful life defined in 10 years and a residual value as of 31 December 2022 of € 1,052 thousand, customer relationship for an original amount of € 5,869 thousand, with an estimated useful life of 15 years and a residual value at 31 December 2022 of € 5,282 thousand, know-how for an original amount of € 3,913 thousand, with a useful life of 10 years and a residual value at 31 December 2022 of € 3,326 thousand. The residual goodwill amounts to € 3,931 thousand.

The Labomar business combination instead lead to the recognition of goodwill for € 6,046 thousand and intangible assets, such as customer relations and know-how, for a corresponding amount of € 5,180 thousand and € 2,889 thousand. The residual value at 31 December 2022 of these latter intangible assets is, respectively, € 4,806 thousand and € 2,576 thousand.

Finally, with regard to Importfab, the intangible fixed assets identified separately from goodwill are represented by the value attributed to customer relationships (originally about € 5.4 million, assets with a defined useful life of 15 years, € 4.3 million as of 31 December 2022), licences (originally about € 3.3 million, assets with an indefinite useful life, € 3.3 million as of 31 December 2022) and the trademark (about € 0.6 million, whose useful life was identified as 10 years, with a residual value of approximately € 0.4 million at 31 December 2022).

Goodwill and licences recorded when allocating the price paid for the acquisition, being intangible assets with an indefinite useful life, are tested for impairment at least annually irrespective of the presence of indications of impairment as required by IAS 36.
With reference to Imporfab, it is recalled that the acquisition dates back to late 2019, shortly before the outbreak of the Covid-19 pandemic. Whilst maintaining a positive margin, again in 2022, Importfab Inc. achieved weaker results compared to that budgeted for in economic and financial plans underlying the definition of values for the acquisition. Therefore, for the purposes of these consolidated financial statements, the impairment test was carried out, with reference to the Canadian Cash Generating Unit ("CGU") at 31 December 2022, on the basis of updated projections for the period 2023-2025, approved by the Board of Directors meeting of the subsidiary Importfab Inc. held on 23 March 2023, assuming a terminal value including a long-term sustainable growth rate of 2%. Projections take into consideration the current macroeconomic scenario and assume compound annual growth rate (CAGR) in revenues in the 2023-2025 period of approximately 11%. The recoverable value is therefore determined on the basis of the use value, applying a discount rate (WACC) of 12.17% (11.69% at 31 December 2021). The test did not reveal any impairment losses; the discount rate that would equal the recoverable amount to the carrying amount is 12.54%.

As regards the Welcare CGU, the impairment test was performed on the basis of the most recent available 2023-2026 plan, assuming a terminal value including a long-term sustainable growth rate of 1%. The plan assumes average annual revenue growth for 2023-2026 of 15.5%. The recoverable amount, determined as value in use, is calculated considering a WACC of 10.29% (8.78% at 31 December 2021). The test did not reveal any impairment losses; the discounting rate that would equal the recoverable amount to the carrying amount is over 14%.

Finally, the impairment test of the Labiotre CGU considers the 2023-2026 business plan, assuming a terminal value including a long-term sustainable growth rate of 1%. The plan assumes average annual revenue growth for 2023-2026 of 19.9%. The recoverable amount, determined as value in use, is calculated considering a WACC of 10.29% (8.78% at 31 December 2021). The test did not reveal any impairment losses; the discount rate that would equal the recoverable amount to the carrying amount is 10.65%.

Note No. 2: Rights of use

	Right of use: buildings	Right of use: Plants and machinery	Right of use: equipment	Right of use: motor vehicles	Rights of use: electronic machines	Rights of use: licenses	Right of use: total
Opening balance							
Cost as at 31 December 2021	5,157,700	873,441	164,160	475,469	70,891	0	6,741,661
Depreciation (Amortisation and depreciation reserve)	(1,215,230)	(242,925)	(61,199)	(207,161)	(21,194)	-	(1,747,708)
Book value as at 31/12/2021	**3,942,469**	**630,516**	**102,962**	**268,307**	**49,697**		**4,993,952**
Changes during the year							
Increases for new contracts	346,684	161,604	16,644	82,910	6,294	111,554	725,690
Reclassification for lease redemption (historical cost)	-	(712,184)	-	-	-	-	(712,184)
Reclassification for lease redemption (accumulated depreciation)	-	449,169	-	-	-	-	449,169
Remeasurements	107,025	1,751	(590)	7,136	-	-	115,322
Disposal (cost)	(400,702)	(81,088)	(10,708)	(110,680)	-	-	(603,177)
Disposals (amortisation and depreciation reserve)	351,413	81,088	10,708	110,680	-	-	553,889
Depreciation for the period	(674,589)	(148,518)	(43,528)	(148,773)	(14,779)	(18,595)	(1,048,782)
Exchange differences	6,939	-	-	572	-	-	7,511
Total changes	**(263,228)**	**(248,178)**	**(27,473)**	**(58,155)**	**(8,485)**	**92,959**	**(512,560)**
Year-end value							
Cost as at 31 December 2022	5,210,707	243,524	169,506	454,835	77,185	111,554	6,267,311
Depreciation (Amortisation and depreciation reserve)	(1,531,467)	138,814	(94,019)	(244,681)	(35,973)	(18,595)	(1,785,921)
Book value as at 31/12/2022	**3,679,240**	**382,338**	**75,488**	**210,154**	**41,212**	**92,959**	**4,481,390**

Assets existing at 31 December 2022 qualified as "rights of use" refer, as indicated in the table, 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 year.

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 Group has exercised the option not to capitalise the right of use for € 194,547 (see Note 26 Services received).

Note No. 3: Tangible assets

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets under construction and advance payments	Total tangible fixed assets
Opening balance						
Cost as at 31 December 2021	8,319,903	27,429,489	2,349,276	3,366,971	3,289,394	44,755,033
Depreciation (Amortisation and depreciation reserve)	(3,313,636)	(14,170,659)	(1,910,060)	(2,186,976)	-	(21,581,330)
Book value as at 31/12/2021	**5,006,268**	**13,258,831**	**439,216**	**1,179,995**	**3,289,394**	**23,173,703**
Changes during the year						
Increases for acquisitions	497,775	1,581,208	196,753	429,562	3,309,062	6,014,361
Reclassification of the book value	-	193,726	-	-	(193,726)	-
Decreases due to disposals/adjustments	(9,250)	(278,272)	(8,020)	(828)	(201,001)	(497,372)
Release, bad debt provision	-	101,597	-	-	-	101,597
Reclassification due to redemption of leased assets (of book value)	-	263,015	-	-	-	263,015
Depreciation in the year	(371,230)	(2,792,419)	(213,655)	(434,345)	-	(3,811,649)
Exchange differences	-	10,146	-	1,100	-	11,246
Adjustments of amortisation and depreciation reserve	9,250	78,204	8,020	895	-	96,369
Total changes	126,545	- 842,796	- 16,901	- 3,616	2,914,335	2,177,567
Year-end value						
Cost as at 31 December 2021	8,808,428	29,037,893	2,538,009	3,796,804	6,203,729	50,384,864
Depreciation (Amortisation and depreciation reserve)	(3,675,616)	(16,621,859)	(2,115,695)	(2,620,426)	-	(25,033,595)
Book value as at 31/12/2022	**5,132,812**	**12,416,034**	**422,315**	**1,176,379**	**6,203,729**	**25,351,269**

Changes for increases occur in all categories of assets, as a proof of the constant investments made by the Group.

Investments in tangible fixed assets in 2022 amounted to € 6,014 thousand and refer for € 1,581 thousand to plant and machinery, for € 497 thousand to land associated for € 450 thousand with the parent company's new logistics plant project, with the remaining € 48 thousand for Welcare land, for € 196 thousand to industrial and commercial equipment, for € 429 thousand to other tangible fixed assets, and for € 3,309 thousand to tangible assets under construction and advance payments.

Note that the item "Tangible assets under construction and advance payments" includes around € 1.2 million relative to a new production line for the parent company, € 0.7 million for the new L6 logistics hub construction project for the parent company and other services associated with the same. The remaining part refers for the most part to advances paid to suppliers of plant and machinery.

Decreases due to disposals are decreases in historical cost.

With regards to the current project for the logistics plant, as of the 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 31 December 2022.

NAME	2022		2021	
Associated companies measured with the equity method	**Carrying amount**	**Investment stake**	**Carrying amount**	**Investment stake**
Printing Pack Srl	374,471	20.00%	298,521	20.00%
Project Zero Srl	961,146	6.01%	641,776	6.01%
Equity investments in other companies				
Stake, Univ.Treviso Scarl	2,000		2,000	
Cassa Rurale	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	

** With regard to the above data, it should be noted that the last approved financial statements refer to 31.12.2021 and that the data at 31.12.2022 are updated on the basis of the draft financial statements approved by the administrative bodies of the respective companies.*
*** With regard to the above data, it should be noted that Project Zero closes its financial year on 30 June. The last approved financial statements refer to 30/06/2022. The figures as at 31/12/2022 are shown on the basis of the accounts prepared by the company's administrative body.*

During 2022, the associated company Printing Pack S.r.l. achieved turnover of approximately € 6,881,772 with a positive result of € 625,263. Shareholders' equity amounts to € 2,113,811.

It should be noted that application of the equity method resulted in the following adjustments in the 2022 financial year:
- Euro 75,950 with reference to Printing Pack S.r.l. This adjustment is represented by profits emerging from the company net of unrealised margins from intra-group commercial transactions. The decrease of € 28 thousand corresponds to the portion of dividends distributed in 2022;
- The interest held in Project Zero increased by a net amount of € 319,370. This reflects the increase in the equity value of the subsidiary Zero S.r.l., following the capital increase with share premium carried out by the latter and reflected in Project Zero, in part offset by losses recorded by the group during the year of € 122,848.
- With regard to Project Zero S.r.l., in which Labomar holds a 6.01% stake, it should be noted that it is considered an associated company, since Labomar exercises significant influence over it. Like the other partners, it has one member on the Board of Directors, but it has greater influence by virtue of commercial interests combined with the management of Project Zero and its

subsidiary Zero S.r.l. in the development of new technologies for herbaceous applications with principles that can be used in food supplements and medical devices.

There are no restrictions on the ability of the above companies to transfer funds to the Parent Company 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.

	Value as at 31/12/2021	Increases	Decreases	Value as at 31/12/2022
ASSOCIATED COMPANIES				
PRINTING PACK SRL	298,521	103,950	(28,000)	374,471
PROJECT ZERO SRL	641,776	442,218	(122,848)	961,146
OTHER EQUITY INVESTMENTS				
CASSA RURALE	1,263			1,263
UNIV.TREVISO SCARL	2,000			2,000
RIBES-NEXT SCARL	185			185
ASSOFIDI	224			224
BANCA CREDIUMBRIA	2,100			2,100
BANCA SVILUPPO TUSCIA	5,000			5,000
TOTAL	**951,069**	**546,168**	**(150,848)**	**1,346,389**

Note No. 5: Other non-current financial liabilities and financial derivatives

This item is substantially represented by the long-term portion of the mark-to-market of existing derivatives hedging against variable foreign exchange rates linked to parent company loans and those of the subsidiary Labiotre Srl.
Caution money represents amounts paid against the signing of lease contracts for real estate and hire of registered movable property.
Details of non-current financial assets at 31 December 2022 and, for comparative purposes, also the situation at the close of the 2021 financial year are shown below.

	Value as at 31/12/2021	Change	Value as at 31/12/2022
Miscellaneous caution money	210,119	12	210,131
Derivative financial assets	0	1,059,325	1,059,325
Other financial assets	315	-	315
TOTAL	**210,433**	**1,059,337**	**1,269,770**

Note No. 6: Inventories

Details of inventories for comparative purposes at 31 December 2021 and 31 December 2022 are shown below.

Description	Value as at 31/12/2021	Change	Value as at 31/12/2022
Raw materials, subsidiary materials and consumables	9,499,220	2,774,592	12,273,812
Products in progress and semi-products	663,169	1,328,036	1,991,204
Finished products and goods	3,252,606	2,952,853	6,205,459
WIP R&D/Laboratory inventories	130,554	(30,137)	100,418
Advances	124,032	(92,321)	31,711
TOTAL	**13,669,581**	**6,933,023**	**20,602,605**

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 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 the balance sheet date 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 first half of 2023 and will then be billed.

It should be noted that inventories have been adjusted for risks associated with the slow turnover of certain types of raw materials and consumables. The bad debt provision amounts to € 1,852 thousand and the portion charged for 2022 amounts to € 1,237 thousand. The fund has therefore increased compared to the previous year, also following the increasing trend of inventories. Due to the typical characteristics of the business run by the Group, in fact, it is necessary to acquire a portion of the raw materials and almost all of the materials intended for the packaging of the finished products based on technical/graphic specifications of the individual articles, defined by the Group's customers. It may happen, therefore, that there are specific items linked to orders which have subsequently changed and which increase the inventories.
The adjustment provision also includes the adjustment of the value of finished products in stock at the end of the period to their net realisable value, if lower than cost.
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 31/12/2022
RM and CM depreciation fund	400,000	(400,000)	1,361,040	1,361,040
SL and PF depreciation fund	215,934		275,774	491,708
TOTAL	**615,934**	**(400,000)**	**1,636,814**	**1,852,749**

Note No. 7: Trade receivables

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

	Value as at 31/12/2021	Change during the year	Value as at 31/12/2022	Amount due within the financial year
Customer receivables recorded among current assets ITALY	9,725,610	(146,232)	9,579,379	9,579,379
Customer receivables recorded among current assets EU	3,350,944	2,036,565	5,387,508	5,387,508
Customer receivables recorded among current assets NON-EU	1,504,450	811,286	2,315,736	2,315,736
Bad debt provision	(672,018)	76,507	(595,511)	(595,511)
TOTAL	**13,908,986**	**2,778,126**	**16,687,113**	**16,687,113**

Trade receivables in Italy include receivables subject to collection for € 4,471,783. At 31 December 2022, the parent company had transferred receivables without recourse for a total value of € 4,546 thousand (at 31 December 2021 there were no receivables transferred without recourse).

The movement of the adjusted fund is shown below:

Bad debt provision	
Balance at 31/12/2021	672,018
(Utilisations)	(131,642)
(Releases)	(38,769)
Provisions allocated during the year	93,904
Balance at 31/12/2022	**595,511**

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 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%

		Overdue band (in days)				
Currency: €	**Current**	**0-30**	**31-60**	**61-90**	**>91**	**Balance 31.12.2022**
Total gross receivables *	14,915,456	1,313,613	493,051	18	560,485	17,282,623
Bad debt provision	(62,399)	(28,722)	(9,997)	-	(494,392)	(595,510)
Expected loss rate	0.4%	2.2%	2.0%	0.0%	88.2%	3.4%
Total Trade Receivables	**14,853,057**	**1,284,891**	**483,054**	**18**	**66,093**	**16,687,113**
Impact on total balance (%)	89.0%	7.7%	2.9%	0.0%	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 31 December 2022, the Group had 7 customers with balances in excess of € 500,000 each, which together accounted for 33.8% of all trade receivables (at 31 December 2021, there were 7 customers with balances in excess of € 500 thousand each and they accounted for 37.9% of receivables at the same date).

Note No. 8: Other current assets

Details of other current assets at 31 December 2022 and, for comparative purposes, also the situation at the close of the 2021 financial year are shown below.

Description	**Value as at 31/12/2021**	**Change**	**Value as at 31/12/2022**
INAIL credits	2,513	1,999	4,512
Advances to employees	315	(2,271)	(1,956)
Advances to service providers	16,000	73,376	89,376
Deposits to suppliers	139,409	(139,409)	-
Due from tax authorities for tax credit	543,224	330,710	873,933
Due from tax authorities on VAT account	912,946	1,103,213	2,016,159

Other receivables	121,810	47,350	169,160
Accrued income	8,835	(8,835)	-
Prepaid expenses	371,171	145,585	516,756
TOTAL	**2,116,223**	**1,551,718**	**3,667,940**

Note No. 9: Income tax receivables and income tax payables

Income tax receivables as of 31 December 2022 are detailed below. At the end of the previous year the balance of this item was zero.

	Value as at 31/12/2021	Change	Value as at 31/12/2022
Due from tax authorities on IRES account	(114,990)	114,990	-
Due from tax authorities on IRES account Patent Box	370,992	(370,992)	-
Due from tax authorities on IRAP account	(245)	18,158	17,913
Due from tax authorities on IRAP account Patent Box	53,244	(53,244)	-
Other miscellaneous income tax receivables	14,218	(14,218)	-
TOTAL	**323,219**	**(305,306)**	**17,913**

The balance receivable in 2021 referred to the parent company for the most part, for the credit on income taxes from previous years which resulted from the Company opting for the subsidised income taxation regime known as Patent Box was recognised by submitting supplementary returns for the 2018 tax year during the 2021 financial year. This credit amounts to € 370,992 for IRES and € 53,244 for IRAP and will be used for offsetting in the current year.

Recall that in 2015 and during 2016 and 2017 the parent company received the energy efficiency incentive pursuant to Italian Law 296/2006 for € 41,537, € 4,044 and € 4,072, respectively. In view of the tax deductibility of this value, it was decided not to recognise it in the financial statements and only to adjust the accrued IRES for the portion due in the year.

Income tax payables at 31 December 2022 and the change compared to 2021 are detailed below.

Description	Value as at 31/12/2021	Change	Value as at 31/12/2022
Due from tax authorities on IRES account	(73,190)	(814,541)	(887,730)
Due from tax authorities on IRAP account	(24,285)	(208,570)	(232,855)
Miscellaneous income tax payables	(198,729)	188,226	(10,503)
TOTAL	**(296,204)**	**(834,885)**	**(1,131,089)**

The total amount payable is determined by the balance of the parent company's current income tax payables for 2022, deriving from national tax consolidation.

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

At 31 December 2022, the item had a balance of € 240 thousand (22,253 at 31 December 2021) and its increase is due to derivative financial assets mainly linked to the parent company, to cover variable exchange rates associated with loans, recognised under this item with reference to the short-term portion of the corresponding fair value.

	Value as at 31/12/2021	Change	Value as at 31/12/2022
Derivative financial assets	22,253	208,615	230,868
Other financial assets		9,161	9,161
TOTAL	**22,253**	**217,776**	**240,029**

Note No. 11: Cash and cash equivalents

The breakdown of cash and cash equivalents in 2021 and 2022 is shown below:

	Value as at 31/12/2021	Change	Value as at 31/12/2022
Bank and postal deposits	15,036,157	6,936,102	21,972,260
Current account overdrafts	(889,943)	(35,188)	(925,131)
Cash and cash equivalents	16,384	(485)	15,899
TOTAL	**14,162,598**	**6,900,429**	**21,063,027**

Note that bank and postal deposits contain a balance for the parent company of € 8,618,394 reserved for investments to build the logistics hub known as L6, which cannot be freely utilised for other purposes.
For further information on changes in cash and cash equivalents, please refer to the cash flow statement.

SHAREHOLDERS' EQUITY

Note No. 12: Share Capital and Reserves

The parent company's share capital as at 31 December 2022 amounted to Euro 1,848,404 divided into 18,484,043 ordinary shares with no nominal value. The number of shares did not change during the year.

The table below shows the breakdown and change in reserves from 31 December 2021 to 31 December 2022.

Item	31.12.2021	Change	31.12.2022
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)	166,679	(191,827)
Reserve for hedging operations for expected financial flows	17,334	963,399	980,733
Reserve from valuation of investments using the equity method	992,327	-	992,327
Other reserves	-	5,919,193	5,919,193
Profit/(Loss) carried over	8,520,700	554,557	9,075,257
Translation reserve	197,547	(100,322)	97,226
Profit/(Loss) for the period	8,322,230	(2,178,094)	6,144,136
Shareholders' Equity of the Group	**45,676,954**	**5,325,411**	**51,002,365**
Shareholders' Equity net minority interest	**(26,891)**	**(33,686)**	**(60,577)**
Total Net Shareholders' Equity	**45,650,065**	**5,291,725**	**50,941,790**

The FTA (first time adoption) reserve was recorded against the accounting changes required during the transition to the new international accounting standards adopted by the Parent Company.
The actuarial reserve recognises the changes arising from the discounting of the employee severance indemnities debt of the Parent Company and the subsidiaries Welcare and Labiotre, in accordance with IAS 19, net of the related tax effect.
Reserve for hedging operations for expected financial flows recognises changes in the value of financial instruments (derivatives) used by the Parent Company and the subsidiary Labiotre in application of IFRS 9, net of the related tax effect.
The reserve arising from the valuation of investments using the equity method is unavailable and refers precisely to the higher values recorded in the assets of the Parent Company's investments in associated entities.
The item profit/(loss) carried over increased by the retained earnings of the previous year and decreased due to its distribution.

The table below provides details of the Minority Interest in Equity as at 31 December 2021 and 31 December 2022.

	31.12.2021	Change	31.12.2022
Capital of Third Parties	73,500	-	73,500
Reserves of Third Parties	(4,866)	2,475	(2,391)
Capital and reserves of Third Parties	**68,634**	**(95,526)**	**71,109**
Profit/(Loss) for the period	**(95,526)**	**(36,160)**	**(131,686)**
Shareholders' Equity total minority interest	**(26,892)**	**(33,685)**	**(60,577)**

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.

The values used in the calculation of the basic earnings per share attributable to the shareholders of the parent company are shown below.

	Value as at 31/12/2021	Value as at 31/12/2022
Net profit for the year	8,322,230	6,144,136
Average number of ordinary shares outstanding during the year	18,484,043	18,484,043
Basic and diluted earnings per ordinary share	0.45	0.33

LIABILITIES

Note No. 13: 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 31 December 2022	10,917,077	26,235,728	**37,152,804**

The table below summarises the changes in these liabilities:

Due to banks and other lenders	Amount
Payables as at 31 December 2021	**30,368,827**
Taking out new loans	14,047,400
Invoice advances taken out	8,793,357
Accrued interest	409,889
Repayment cash flows	(16,549,479)
Other changes	(119,576)
Increase MTM foreign exchange derivatives (non-current portion)	202,386
Payables as at 31 December 2022	**37,152,805**

Relative to loans taken out in 2022, the parent company obtained two loans to support the investment to be made to build the L6 logistics hub, on 30 June 2022 and 29 July 2022, from Banca Intesa SanPaolo S.p.A.. Each of the loans is for € 6,000,000 and they mature, respectively, on 15 June 2029 and 30 June 2034, the first is supported by EIB funds and the second by a SACE GREEN guarantee. The 12-year line also includes an addendum to the contract, which calls for the application of benefits to the interest rate based on corporate welfare and sustainability objectives being achieved. To that end, in 2022 the parent company notes the presence of:

- an internal procurement procedure that includes environmental considerations, involving purchasing, transport and energy supplies;
- employee welfare programmes accounting for a total of 0.6% of the Company's 2022 turnover, equal to € 425 thousand.

Both loans have a variable interest rate. Both loans have a variable interest rate. Both loans have a variable interest rate and are covered by derivatives.

Additionally, short-term loans (invoice advances) were taken out, repaid on 31 December 2022 for € 6,850 thousand.

During the year, the subsidiary Labiotre took out a loan from Banca MPS for a nominal value of € 1 million to service investments in net working capital, maturing in April 2026.

During the year, the subsidiary Welcare Industries took out a loan from Banca Centro for a nominal value of € 1,120 thousand to construct a new building, maturing on 30 June 2029.

The bank debt existing at 31 December 2022 is almost entirely at variable rate, with € 10,917,077 referring to debt falling due within 12 months. For this reason, it is believed that the fair value of this debt is not significantly different from its carrying amount.

It should be noted that as of 31 December 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 € 600,000 at 31 December 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 € 100,000 at 31 December 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 € 5,000,000 at 31 December 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 € 1,765,658 as of 31 December 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 31 December 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;
- Loan from Banca Intesa Sanpaolo signed on 29 July 2022 for an amount of € 6,000,000, with a duration of 144 months and maturity on 30 June 2034, and a residual amount of € 6,000,000 at 31 December 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 31 December 2022, the covenants for the aforementioned loans have been met.

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 SpA. ('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. also be 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 € 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. 14: Non-current and current financial liabilities for rights of use

	Value as at 31/12/2021	**Value as at 31/12/2022**
Non-current liabilities for rights of use		
Right of use: buildings	3,179,541	1,624,117
Right of use: Plants and machinery	194,006	152,501
Rights of use: equipment and machinery	64,735	42,939
Right of use: motor vehicles	135,831	120,279
Rights of use: electronic office machines	34,641	24,894
Rights of use: licenses		28,418
Rights of use: total non-current liabilities	**3,608,755**	**1,993,149**
Current liabilities for rights of use		
Right of use: buildings	754,648	1,909,035
Right of use: Plants and machinery	89,172	124,074
Rights of use: equipment and machinery	40,751	34,337
Right of use: motor vehicles	120,397	87,699
Rights of use: electronic office machines	12,308	13,315
Rights of use: licenses		27,517
Rights of use: total current liabilities	**1,017,276**	**2,195,978**
Total liabilities for rights of use	**4,626,031**	**4,189,127**

Liabilities for rights of use represent payables arising from leases, rental and hire contracts.
The amount of right-of-use debts is detailed by maturity as follows:

Due dates of right-of-use debts	31.12.2022	31.12.2021
Within 1 year	2,195,978	1,017,276
From 1 to 5 years	1,531,948	2,949,865
More than 5 years	461,201	658,889
Total	**4,189,127**	**4,626,030**

The table below summarises the changes in liabilities arising from cash flows and changes other than cash:

Right-of-use debts	Amount
Payables as at 31 December 2021	**4,626,030**
Taking out new contracts	725,712
Accrued interest	77,308
Repayment cash flows	(1,310,485)
Remeasurement for ISTAT change and terminations	71,955
Other changes	-
Exchange differences	(1,393)
Payables as at 31 December 2022	**4,189,127**

Note No. 15: Current and non-current payables for business combinations

The amount of € 7,260 thousand at 31 December 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 movement occurring during the year is shown below:

Current payables for business unit acquisition	Amount
Payables as at 31 December 2021	**7,152,956**
Interest from discounting	107,294
Payables as at 31 December 2022	**7,260,250**

The amount shown in the line "Business combinations during the year" refers to the fair value at the date of acquisition of Welcare of the purchase option, just commented and further described in section "7. Business combinations".
The fair value adjustment of the liability is included in the income statement under financial income and expense and consists of expense for € 107 thousand in relation to the adjustment of the debt for the purchase option of the residual share of Welcare.

Note No. 16: Provisions for risks and charges

The change in provisions for risks and charges for the current year is shown below.

	Provisions for legal risks	Provision for directors' severance pay	Total provisions for risks and charges
Opening balance of the year as at 31 December 2021	711,062	100,000	811,062
Provisions allocated during the year	367,470	50,000	417,470
Releases during the year	(138,500)		(138,500)
Utilisation during the year	(164,763)		(164,763)
Closing balance of the year as at 31 December 2022	**775,269**	**150,000**	**925,269**

With regard to provisions for legal risks, it should be noted that the parent company's administrative body deemed it appropriate to set aside the sum of € 217,470 during the 2022 financial year to cover probable future risks, of which 210 thousand reducing revenues from contracts with clients. The remaining allocation of € 150,000 is attributable to the subsidiary Welcare Industries Srl against future risks in relation to the payback regulation for medical devices, recognised as a reduction to revenues from contracts with clients.

Note No. 17: Net liabilities for defined employee benefits

The table below shows the details of the employee severance indemnity at 31 December 2022 compared to the figure at 31 December 2021.
The data refer exclusively to the Parent Company and the Italian subsidiaries with employees.

Employee severance indemnities	Amount
Opening balance of the year as at 31 December 2021	**2,992,746**
Services received	357,940

Net interest	73,660
Benefits paid	(438,054)
Actuarial gains (losses)	(219,314)
Closing balance of the year as at 31 December 2022	**2,766,978**

The valuation of liabilities for defined benefit plans was carried out with the support of expert actuaries.
The main assumptions made for the purpose of discounting the employee severance indemnities for the years shown in the table above are summarised below:

Demographic assumptions

- For the demographic assumptions, ISTAT 21 mortality tables reduced to 85.00% by gender were used. This one-off reduction was introduced in order to take into account the decrease in mortality in recent years.
- With regard to the disability assumptions, the Social Security tables reduced to 70.00% were used. This one-off reduction was introduced in order to consider the lowest disability rate in the relevant sector.
- Finally, with reference to early departures due to resignation/termination and quantification of advances on employee severance indemnities (TFR), the data provided by the Company led to the determination of the following average rates (reference period 2017-2022):

Early departures due to resignation/termination

- Senior Managers: 16.57% per annum constant;
- Middle Managers: 16.57% per annum constant;
- White-collar workers: 12.73% per annum constant;
- Blue-collar workers: 4.67% per annum constant;

Advances

- Senior Managers: 0.00% per annum constant;
- Middle Managers: 0.00% per annum constant;
- White-collar workers: 1.32% per annum constant;
- Blue-collar workers: 2.31% per annum constant;

Economic and financial assumptions

- "base" discount rate at 31/12/2022:3.04%;
- average future inflation rate: 2.00% per annum constant;
- salary revaluation
  - Senior Managers: 0.41% per annum constant;
  - Middle Managers: 0.41% per annum constant;
  - White-collar workers: 2.25% per annum constant;
  - Blue-collar workers: 0.99% per annum constant.

Note No. 18: Deferred tax assets and liabilities

Details of prepaid taxes and consequent effects are shown. It should be noted that, since the conditions are met, the total value of prepaid taxes has been shown net of the deferred tax provision.

Item	%	31/12/2021		Change		31/12/2022	
		Amount of timing differences	Tax effect	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Inventory writedown	24	673,726	161,694	1,388,882	333,332	2,062,607	495,026
Write-down of depreciable assets	24	173,769	41,705	(173,769)	(41,705)	-	-
Write-down of receivables	24	540,182	129,644	(112,950)	(27,108)	427,232	102,536
Derivative financial instruments	24	(17,406)	(4,177)	(1,267,627)	(304,230)	(1,285,033)	(308,408)
Provisions for miscellaneous risks	24	317,500	76,200	(85,658)	(20,558)	231,842	55,642
Directors' fee	24	0	0	(0)	(0)	-	-
Amortised cost	24	0	0	(0)	(0)	-	-
Right of use (rental fees)	27.9	82,058	22,894	(199,768)	(55,735)	(117,710)	(32,841)
Rights of use (rental fees) Imporfab Inc.	26.5	21,539	5,708	2,831	750	24,371	6,458
Rights of use (financial leases)	27.9	(673,347)	(187,864)	549,754	153,381	(123,594)	(34,483)
Actuarial valuation of employee severance indemnities	24	326,977	78,474	(337,536)	(81,009)	(10,559)	(2,534)
Valuation of investments using the equity method	24	(81,705)	(19,609)	2,353	565	(79,352)	(19,045)
Foreign exchange losses	24	1	0	(1)	(0)	-	-
Lab Next tax losses	24	10,868	2,608	(10,868)	(2,608)	-	-
Amortisation and impairment Importfab	26.5	1,811,300	479,995	(1,107,918)	(293,598)	703,382	186,396
Other items	24	454,001	108,960	(17,865)	(4,288)	436,136	104,673
Revaluation of Labiotre shareholding	1.2	(5,547,338)	(66,568)	-	-	(5,547,338)	(66,568)
Welcare PPA intangibles	27.9	(9,741,012)	(2,717,742)	764,273	213,232	(8,976,739)	(2,504,510)
Labiotre PPA intangibles (*)	27.9	(8,015,881)	(2,236,431)	634,204	176,943	(7,381,677)	(2,059,488)
Total prepaid/(deferred) taxes			**(4,124,509)**		**47,363**		**(4,077,146)**

(*) Restated, see paragraph 7 "Business combinations".

The most significant temporary changes include deferred taxes on inventory writedowns, deferred taxes on lease/rental agreements in place at the date of first time adoption of IFRS and measured in accordance with IFRS 16, deferred tax assets for existing derivative assets and prepaid taxes on higher provisions for presumed impairment losses on receivables in excess of the amount allowed for tax purposes.

Other items mainly relate to the effect of the amortisation deducted for tax purposes of the capital gains allocated by the Canadian subsidiary arising on the acquisition of the business in 2019.

The item Welcare and Labiotre PPA intangibles includes deferred taxes on the recognition of intangibles following the allocation of the Welcare and Labiotre acquisition price. For further details, see section "7. Business combinations". The item also includes € 430 thousand corresponding to deferred taxes absorbed during the year following the corresponding depreciation for the year.

Note No. 19: Other 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 credit institutions.

Note No. 20: 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 during the year	Value as at 31/12/2022	Amount due within the financial year
Payables to suppliers ITALY	13,229,435	4,528,716	17,758,151	17,758,151
Payables to suppliers EU	1,470,953	547,862	2,018,814	2,018,814
Payables to suppliers NON-EU	1,095,782	483,739	1,579,521	1,579,521
TOTAL	**15,796,170**	**5,560,317**	**21,356,486**	**21,356,486**

Note No. 21: Contractual liabilities

This item includes liabilities arising from contracts with customers, i.e., the amount the Group has already received from customers as an advance on supplies. These advances will be recognised as revenue when control of the goods is transferred to customers during 2022.

	Contractual liabilities
Amount as at 31 December 2021	**917,590**
New contractual advances	1,392,173
(Revenue recognition)	(909,946)
Amount as at 31 December 2022	**1,399,817**

Note No. 22: Other current liabilities

Details of current liabilities at 31 December 2022 and, for comparative purposes, also the situation at the close of the 2021 financial year are shown below.

	Value as at 31/12/2021	Change	Value as at 31/12/2022
Payable to employees	642,288	74,394	716,683
Payables for performance bonuses	-	560,320	560,320
Accrued expenses personnel	1,573,504	238,928	1,812,432
Payables to social security and welfare institutes	491,966	94,815	586,781

Payables to supplementary funds	65,547	(2,370)	63,177
Due to tax authorities/IRPEF withholdings	382,477	187,396	569,872
Directors' fees	56,836	76,508	133,344
Other accrued expenses and deferred income	79,984	186,181	266,165
Deferred income quarterly tax credit	200,701	89,400	290,101
Deferred income contributions Veneto Reg.	22,260	(7,857)	14,404
Miscellaneous	281,974	(263,766)	18,208
TOTAL	**3,797,537**	**1,233,949**	**5,031,486**

9. Breakdown of the main items in the consolidated statement of comprehensive income

The main items of the 2022 income statement, compared with those recognised in 2021, are commented on below.

It should be noted that the income statement for the previous year, shown for comparative purposes, is not fully comparable with the 2022 income statement as the 2021 consolidated financial statements include Welcare's income statement data from 1 July 2021 and Labiotre's income statement data from 1 December 2021, the accounting dates of the acquisition of control.

Note No. 24: Revenues from contracts with clients

The breakdown of revenues by category for the years ended 31 December 2021 and 31 December 2022 is shown below.

Category of Asset	2021	2022
Sales of goods	63,366,294	89,771,698
Sales for processing	2,690	0
Sale of samples	33,422	55,174
Various services and recourses	2,009,643	1,997,561
TOTAL	**65,412,049**	**91,824,432**

The breakdown of revenues by geographic area is shown below.

Geographical area	2021	2022
Italy	39,979,176	46,147,948
European Union	13,759,060	26,488,535
Non-European Union	11,673,813	19,187,950
TOTAL	**65,412,049**	**91,824,432**

It should be noted that, during the year, no significant revenue was recognised due to performance obligations fulfilled in previous years, such as price changes.
An analysis of the customers served in 2022 shows a relatively low concentration as the first customer achieved a share of 5.0% of total consolidated sales, while the top 10 customers accounted for 35.4% of consolidated sales in the year and the top 25 for 59.5%.
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 are seasonal products (products for the cold season, products for the summer 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.

Note No. 25: Purchase costs of raw, ancillary and con. materials and goods for resale

The costs of raw materials, consumables and goods for resale for the years ended 31 December 2021 and 31 December 2022 are detailed below.

Purchase cost	2021	Change	2022
Raw materials	19,382,965	11,241,405	30,624,370
Finished products	766,828	(100,866)	665,962
Consumables	849,877	435,930	1,285,807
Packaging	9,896,317	4,157,368	14,053,685
Other purchases	185,221	(79,334)	105,887
Additional charges	95,083	704,634	799,717
Rewards and gifts from suppliers	(229,050)	(115,682)	(344,732)
Total	**30,947,242**	**16,243,454**	**47,190,696**

In the face of low availability of raw materials and unfavourable changes in the prices of raw materials in its normal supply chains, the Group has implemented a supply policy with larger purchases and more lead time.

Note No. 26: Service costs

Service costs for the years ended 31 December 2021 and 31 December 2022 are detailed below.

Service costs	2021	Change	2022
Advice	3,423,258	228,735	3,651,993
Rental fees	136,022	58,525	194,547
Directors' fees	933,934	270,085	1,204,019
Product analysis and certification costs	1,294,526	495,175	1,789,701
Electricity, methane gas, water	899,215	1,986,713	2,885,929
Telephone costs	154,221	42,365	196,585
Maintenance and fees	1,333,494	(38,515)	1,294,979
Processing at third parties	298,635	199,818	498,453
Transport and storage	1,220,592	836,230	2,056,822
Cleaning costs	312,000	61,421	373,421
Miscellaneous insurances	198,080	20,187	218,266
Banking services	40,167	32,216	72,382
Premiums, royalties and finders' fees	78,594	60,695	139,288
Employment agency fees	138,397	90,508	228,905
Expenses for trade fairs, exhibitions and conferences	401,291	179,729	581,020
Waste disposal charges	220,798	(25,170)	195,628
Entertainment expenses and gifts	93,383	5,867	99,249
Advertising expenses	388,378	(104,087)	284,290
Pay of collaborators and internships	111,492	(111,492)	
Other miscellaneous expenses	224,110	348,138	572,248
Total	**11,900,586**	**4,637,140**	**16,537,726**

It should be noted that directors' fees also include reimbursements and various expenses.
The data shown in the table are significant with regards to the clear increase in costs for electricity, gas and transport and storage, mainly due to the significant increase in inflation.

Note No. 27: Personnel costs

The table below breaks down personnel costs in the financial years ending on 31 December 2021 and 31 December 2022.

Personnel costs	2021	Change	2022
Wages and salaries	10,853,395	3,532,188	14,385,583
Social security costs	2,528,390	781,354	3,309,744
Employee severance indemnities	603,596	(12,970)	590,626
Other personnel costs	281,136	185,033	466,169
Total	**14,266,516**	**4,485,605**	**18,752,122**

The increase in personnel costs with respect to the previous year is mainly due to the contribution of the companies which entered the scope of consolidation during the year, as well as strengthening of the internal structure in line with the company's constant growth and its development plans.

Personnel costs also include the cost related to the use of personnel with staff supply contracts at the Parent Company: in particular, this refers to personnel used in the production area to meet the various needs emerging from one period to the next (different types of processes, processing peaks, management of work shifts, absences due to holidays, leaves, illnesses, etc.). In 2022, the cost was Euro 1,652 thousand compared to Euro 1,024 thousand spent in 2021.

Other personnel costs are broken down as follows:

Other personnel costs	**2021**	**Change**	**2022**
Expense reimbursement	43,122	(43,122)	
Training	72,571	68,882	141,453
Clothing/garments	63,265	23,591	86,856
Canteen		211,768	211,768
Other miscellaneous items	102,177	(76,084)	26,093
Total	**281,135**	**185,034**	**466,169**

The average and exact number of employees by category for the year ended 31 December 2021 and 31 December 2022 is shown in the table below:

	2021		**2022**	
	Average	**Exact**	**Average**	**Exact**
Senior Managers/Middle Managers	29	30	34	35
White-collar workers	98	99	99	112
Blue Collar Workers	195	204	198	208
Other employees	9	9	7	5
Total employees	**331**	**342**	**338**	**360**

Note No. 28: Depreciation and writedowns of assets

The following table presents details of depreciation and amortisation for the years ended 31 December 2021 and 31 December 2022.

	2021	**Change**	**2022**
Amortisation of intangible assets	1,192,519	1,085,952	2,278,471
Depreciation of tangible assets	2,883,270	928,378	3,811,648
Amortisation of rights of use	891,032	157,750	1,048,782
Write-down of fixed assets	2,412,034	(2,513,631)	(101,597)
Write-down of receivables	86,854	(31,719)	55,135
Total	**7,465,709**	**(373,270)**	**7,092,439**

Amortisation of intangible assets includes € 1,540 thousand related to intangible assets with a defined useful life identified within the purchase price allocation tied to the acquisition of the Welcare group. Refer to paragraph 7 for more detailed information. Business combinations".

Note No. 29: Provisions

Provisions for risks of € 7,470 were made during the year. Please refer to Note 16 Provisions for risks and charges for further details.

Note No. 30: Other income, Other expenses

	2021	Change	2022
Contingent assets	59,314	80,285	139,599
Contingent liabilities	(114,792)	(71,592)	(186,384)
Other income	1,028,699	(15,680)	1,013,019
Other charges	(172,597)	(304,357)	(476,954)
Total	**800,624**	**(311,344)**	**489,280**

The item other income includes income recognised by the parent company from operating grants. Of these, we note the contribution associated with the tax credit for the acquisition of energy products pursuant to Italian Decree Laws 144/2022 and 176/2022 (gas and electricity) equal to around € 296 thousand, research, development, technological innovation, design and aesthetic developments pursuant to article 1, paragraphs 198 - 209 of Italian Law 160 of 27 December 2019 of around € 71 thousand and the contribution made in respect of investments in new capital goods pursuant to Italian Decree Law 91/2014.

The item "Other expenses" mainly includes costs for membership fees and various taxes and duties.

Note No. 31: Financial income

The breakdown of the item financial income for the year ended 31 December 2021 and 31 December 2022 is shown below:

	2021	Change	2022
Bank interest earned	8,648	62,261	70,909
Fair value adjustment of debt for earn out	537,716	(537,716)	-
Other financial income	198,243	(141,851)	56,392
Total	**744,607**	**(617,306)**	**127,300**

It should be noted that the item "Other financial income" is attributable to the Parent Company and is represented mainly by interest income on the post-listing dedicated account and by interest subsidies (Simest and Sabatini law).

The item "Fair value adjustment for earn-out debt" in 2021 represented the effects of the adjustment of the residual debt related to the acquisition of the Canadian company on the basis of the amount agreed between the parties in the settlement agreement dated 23 July 2021.

Note No. 32: Financial charges

	2021	Change	2022
Bank interest expense	1,881	38,511	40,393
Bank interest payable on loans	316,495	24,074	340,569
Commissions on credit lines	11,126	15,802	26,928
Financial charges from use of derivative instruments	37,152	70,635	107,787
Sundry interest expense	56,994	186,767	243,760
Interest expense on rights of use (leases)	72,454	(13,687)	58,768
Interest expense on rights of use (financial lease)	1,271	17,269	18,540
Financial charges from actuarial adjustment to employee termination indemnities	23,978	49,682	73,660
Total	**521,351**	**389,053**	**910,404**

The increase in financial expenses is mainly related to the interest expenses accruing on the loan agreements entered into in 2022 and in previous years.

Note No. 33: Net gains (losses) on exchange

Foreign exchange gains/losses are highlighted:

	2021	Change	2022
Foreign exchange gains	775,198	(656,845)	118,353
Foreign exchange losses	(78,309)	(136,499)	(214,808)
Financial income/expense from hedging derivatives	(238,530)	194,823	(43,707)
Total	**458,359**	**(598,522)**	**(140,163)**

Foreign exchange gains at the end of the year mainly relate to valuation gains and realised by the Parent Company in respect of loans granted to the Canadian subsidiary Importfab Inc.

Foreign exchange losses mainly refer to the parent company and the measurement of the loan granted to the Canadian subsidiary Importfab Inc., the realisation of hedging derivatives and exchange differences in current account balances in other currencies.

parent company.
Financial charges from hedging derivatives represent the change in the mark to market at 31 December 2022 of the derivative financial instruments held by the Parent Company to hedge the exchange rate risk on the outstanding loan to the Canadian subsidiary Importfab Inc.

Note No. 34: Value adjustments on financial assets

	2021	Change	2022
Revaluation of Labiotre subsidiary	5,547,338	(5,547,338)	-
Revaluation of the associate Labiotre prior to majority acquisition	179,956	(179,956)	-
Revaluation of the associate Printing Pack	67,250	36,699	103,950
Revaluation of the associate Project Zero	124,648	(247,496)	(122,848)
Total	**5,919,193**	**(5,938,091)**	**(18,898)**

The table above shows changes in the value of investments in associates accounted for using the equity method.
With reference to Labiotre, which at 31 December 2021 was reported as an equity investment in a subsidiary and over which control was acquired in 2021, in accordance with IFRS 3, at the date of acquisition of control the value of the previously held associate investment was remeasured at fair value, which was previously reported at the value resulting from the equity method. This accounting treatment resulted in a gain of € 5,547 thousand in 2021 recognised in the income statement.

Note No. 35: Taxes

The table below provides a breakdown of income taxes at 31 December 2021 and 31 December 2022.

	2021	Change	2022
Current taxes	1,604,168	1,544,030	3,148,198
Deferred tax assets and liabilities	(787,678)	196,418	(591,260)
Taxes from previous years	(104,458)	43,367	(61,091)
Total taxes for the year	**712,032**	**1,783,815**	**2,495,847**
% current taxes on pre-tax profit	18%		37%
% tax for the year on pre-tax profit	9%		29%

The higher impact of taxes for the year with respect to the pre-tax result compared to the previous year is mainly due to the extraordinarily low impact in 2021 due to the income from the remeasurement at fair value of the Labiotre equity investment, which benefited from the tax relief participation exemption.

The following tables show the reconciliation between the balance sheet charge and the theoretical IRES/IRAP charge.
The expected tax rate used for the calculation of the tax burden is 24% for IRES and 3.9% for IRAP.

Description	2021	2022
Pre-tax result	8,938,736	8,508,296
Theoretical IRES tax burden	2,145,297	2,041,991
Increasing permanent differences	735,148	929,963
Decreasing permanent difference	(6,693,310)	(986,818)
Pre-tax profit adjusted for permanent differences (A)	**2,980,574**	**8,451,441**
IRES tax for the year	715,338	2,028,346
Increasing temporary differences	3,264,257	4,540,255
Decreasing temporary differences	(553,472)	(1,696,402)
Total temporary differences (B)	**2,710,785**	**2,843,853**
Total taxable income (A + B)	**5,691,359**	**11,295,293**
Taxable amount Foreign group	(1,285,434)	(1,633,931)
Previous tax losses	-	-
Reduction of aid to economic growth and other significant changes for IRES purposes	(347,995)	(521,849)
Total taxable income	4,057,930	9,139,514
Total current taxes before deductions	**973,903**	**2,193,483**
Deduction for incentives on investments to improve energy efficiency	(4,965)	(4,965)
Taxation of foreign Group companies	339,047	**388,005**
IRAP of Italian companies	296,183	566,675
Total current taxes on taxable income	**1,604,168**	**3,143,198**

10. 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:

	for the year 2021					
	Financial receivables	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**
ASSOCIATED COMPANIES						
Printingpack Srl				460,134	1,129,271	
Zero Srl						
OTHER RELATED PARTIES						
Farmacia Bertin Walter Sas			11,326	1,513	8,785	33,691
Imm.re Alessandra Srl	180,000	1,547,830	18		36,809	18
Universo TV Scarl					500	
Consorzio Ribes-Next Scarl	315				1,000	
BModel Sas				50,310	234,362	
Labofit Srl				3,000	36,000	

	31/12/2022					
	Financial receivables	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**
ASSOCIATED COMPANIES						
Printingpack Srl	-	-	-	758,434	1,843,464	-
OTHER RELATED PARTIES						
Farmacia Bertin Walter Sas	-	-	16,414	2,628	11,190	-
Imm.re Alessandra Srl	180,000	1,393,798	2,252	18,057	41,864	450,000
Universo TV Scarl	-	-	-	-	2,000	-
Consorzio Ribes-Next Scarl	315	-	-	-	1,000	-
BModel Sas	-	-	-	10,663	127,740	-
Labofit Srl	-	-	-	3,000	36,000	-
Think FWD Srl	-	-	-	25,620	84,000	-

Related party transactions mainly involve sales and consulting relations, with the exception of guarantee 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 in relation to the real estate sublease contract granted by this company to the Parent Company.
Additionally, in 2022 two lease contracts were signed by the subsidiaries Lab Next and Lab C with the associate Zero S.r.l., which led to the recognition of € 31 thousand of financial liabilities.
It should be noted that in 2022 the Company distributed € 1,848,404 in dividends, with € 1,244,703 distributed to LBM Holding S.r.l..
There are no guarantees given to or received by related parties.

Relative to employees holding strategic positions, there are four (of which two in service at 31 December 2022), who during the year received total remuneration involving a cost to the company of € 403 thousand.

11. Remuneration of directors, statutory auditors and auditing firms of the Parent Company

The remuneration of directors and auditors for their work during the year is as follows:

	2022
Directors' fees*	1,204,049
Remuneration of statutory auditors	74,736
Directors and statutory auditors' fees	**1,278,425**

*including contributions and social security charges.

The auditing firm's remuneration amounts to € 223,787 and is broken down as follows:

	2022
Statutory audit of annual accounts and audit of half-yearly consolidated financial statements	212,987
Other non-audit services	10,800
Total independent auditor's fees	**223,787**

12. 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'.

13. 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 of the Board of Directors of the Parent Company for the analysis of exposure, management and control of interest rate risk.
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.

The fair value of derivative financial instruments is detailed below:

Transaction	Value as at 31/12/2022	Level 1	Level 2	Level 3
Derivative on loan - IRS with hedging	55,329			55,329
Derivative on loan - IRS	215,312			215,312
Derivative on loan - IRS	244,057			244,057
Foreign exchange derivatives - Put and call options	(282,237)			(282,237)
Derivative on loan - IRS	247,990			247,990
Derivative on loan - IRS	424,869			424,869
Derivative on loan - IRS with floor	66,065			66,065
Derivative on loan - IRS with floor	36,570			36,570
Derivative on equity investments - Put option	(7,260,250)			(7,260,250)

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 31 December 2022 there were: (i) one IR protected derivative signed 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); (ii) one IR derivative signed in 2020 for a notional value of € 8,000,000 with a 5-year term, to hedge interest rate risk, providing a fixed rate of -0.3 against a variable rate of (Euribor 3 months); (iii) one IR derivative signed 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); (iv) 10 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; (v) one IR derivative signed in 2022 for a notional value of € 6,000,000 with a 7-year term, to hedge interest rate risk, with a fixed rate of 2.05 against a variable rate of (Euribor 6 months); (vi) one IR derivative signed in 2022 for a notional value of € 6,000,000 with a 12-year term, to hedge interest rate risk, with a fixed rate of 1.80 against a variable rate of (Euribor 6 months).
At the subsidiary Labiotre there are: (i) one IR derivative with a floor signed in 2017 for a notional value of € 1,250,000 with a 5-year term, to hedge interest rate risk, with a fixed rate of -0.1 against a variable rate of (Euribor 3 months) with a minimum of 1%; (ii) one IR derivative with a floor of

0 signed in 2022 by Labiotre for a notional value of € 1,000,000 with a 5-year term, to hedge against interest rate risk, with a fixed rate of 1.84 against a variable rate of (Euribor 6 months).
Finally, as of 31 December 2022, a put option is outstanding for the minority shareholders of Welcare. Refer to Note No. 21 for more information.

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.
Based on analysis of client credit positions at 31 December 2022, also in the light of information obtained during the initial months of 2023, the administrative body held the provision to be reasonably suitable (at € 595 thousand and with reference to the consolidated financial statements) with respect to perceived credit risk.

Geopolitical risk

The group has minimal operations (approximately 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 year 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 1.30% at 31 December 2021 to 2.85% of sales at 31 December 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, 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.
Note that problematic changes in the prices of raw materials were unable to be fully offset in the sales prices for orders already confirmed.
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.

Exchange rate sensitivity analysis

In its operations, the Company does not carry out any sales and purchases of goods and services in currencies other than the financial exposure to Entreprises Importfab Inc., totalling CAD 11,600,000 (for details see Note No. 5) whose residual debt at the end of the 2022 financial year was reduced to CAD 7,187,500 (or € 4,938 thousand).

The following table shows the sensitivity to a reasonably possible change in the exchange rate of the currency to which the Company is exposed, all other variables constant.

The effect on the Company's pre-tax result is due to changes in the fair value of monetary assets and liabilities. The pre-tax impact on equity is comparable to the impact on pre-tax profit.

	Increase / Decreases in points	**Effect on profit before taxes (Euro thousand)**
Exchange rate €/CAD	+6.2% (CAD appreciation)	1
Exchange rate €/CAD	-6.2% (CAD depreciation)	(14)

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.

For a more detailed definition of the current financial commitments, reference should be made to the table below, which indicates the undiscounted flows provided for by bank loan agreements and financial liabilities for rights of use.

It should be noted that the table herein shows **the undiscounted maturities** as contractually agreed, even for loans with covenants, since the latter are met as of 31 December 2022.

Financial liabilities	**Within one year**	**One to five years**	**Beyond five years**
Bank loans	10,567,129	17,320,280	6,179,397
Effect of IR derivative hedges	(314,394)	(384,794)	(50,074)
Right-of-use liabilities	2,374,673	1,654,862	497,634
TOTAL maturities relating to financial liabilities	**12,627,408**	**18,590,348**	**447,560**

Interest rate sensitivity analysis

The following table shows the sensitivity of the Group's pre-tax profit to possible changes in interest rates, all other variables constant. Considering the year-end indebtedness to banks and other lenders (€ 36,950 thousand), the impact on pre-tax profit is as follows:

	Increase / Decreases in points	Effect on profit before taxes (Euro thousand)
Euribor	+2.5%	(113)
Euribor	-2.5%	113

14. Operating segments

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

15. Market and Competition Law - Law No. 124 of 4 August 2017, Article 1, paragraph 125

In compliance with the disclosure obligation set out in paragraph 125 of Article 1 of Law 124/2017, the grants and subsidies received from the public administration considered using the cash basis are summarised below:

Group company	Name of the lender	Sum collected	Date of collection	Reason
Labomar S.p.A.	Ministry of the Economy and Finance	50,046	17/10/2022	COMP.F24 TAX CREDIT ELECTRICITY PURCHASED Q2 2022
Labomar S.p.A.	Ministry of the Economy and Finance	98,750	16/12/2022	COMP.F24 TAX CREDIT ELECTRICITY PURCHASED Q3 2022
Labomar S.p.A.	Veneto Region AVEPA Agenzia Veneta	19,750	05/09/2022	CREDITING operating grant Support for collaborative R&D to develop new sustainable technologies, new products and services
Labomar S.p.A.	Ministry of the Economy and Finance	13,830	16/12/2022	COMP.F24 TAX CREDIT NATURAL GAS PURCHASED Q2 2022
Labomar S.p.A.	Ministry of Economic Development	39,687	16/12/2022	COMP.F24 TAX CREDIT 2020 investments in new instrumental assets law 160/2019 (assets began operating in 2020)
Labomar S.p.A.	Ministry of Economic Development	4,156	16/12/2022	COMP.F24 TAX CREDIT 2020 investments in new instrumental assets law 160/2019 (assets began operating in 2021)
Labomar S.p.A.	Ministry of Economic Development	3,682	16/12/2022	COMP.F24 TAX CREDIT investments in new instrumental assets law 178/2020 (assets began operating in 2020)
Labomar S.p.A.	Ministry of Economic Development	51,691	18/07/2022	COMP.F24 TAX CREDIT FOR R&D EXPENSES 2020
Labomar S.p.A.	Ministry of Economic Development	34,875	18/07/2022	COMP.F24 TAX CREDIT FOR R&D EXPENSES 2021

Labomar S.p.A.	Ministry of Business and Made in Italy	29,172	04/07/2022	CREDITING of interest subsidy (Sabatini)
Labomar S.p.A.	SIMEST - Cassa Depositi e Prestiti	43,034	29/04-25/11/2022	CREDITING of interest subsidy
Labomar S.p.A.	Ministry of the Economy and Finance	6,718	16/02/2022	COMP. F24 SANITATION TAX CREDIT
Labomar S.p.A.	Department of Sport, Prime Minister	7,500	16/02/2022	COMP. F24 TAX CREDIT SPORTS SPONSORSHIPS
Labomar S.p.A.	INPS	11,993	from 17/01/2022 to 16/12/2022	EXONERATION payment of social security contributions for new hires and transformation to permanent employee 2021-2022
Welcare Industries S.p.A.	Ministry of Economic Development	8,350	17/01/2022	F24 COMP. TAX CRED. CONTR. FOR 2019 R&D EXPENSES
Welcare Industries S.p.A.	Ministry of Economic Development	17,976	17/01/2022	F24 COMP. TAX CRED. CONTR. FOR 2020 R&D EXPENSES
Welcare Industries S.p.A.	Ministry of Economic Development	1,366	17/01/2022	COMP.F24 TAX CREDIT 2020 investments in new instrumental assets law 160/2019 (assets began operating in 2020)
Welcare Industries S.p.A.	Ministry of Economic Development	4,364	16/06/2022	COMP.F24 TAX CREDIT ADVERTISING INVESTMENTS 2021
Welcare Industries S.p.A.	Ministry of Economic Development	12,644	18/07/2022	F24 COMP. TAX CRED. CONTR. FOR 2021 R&D EXPENSES
Welcare Industries S.p.A.	Ministry of the Economy and Finance	1,926	16/12/2022	COMP.F24 TAX CREDIT ELECTRICITY PURCHASED Q2 2022
Welcare Industries S.p.A.	Ministry of Economic Development	2,868	16/12/2022	COMP.F24 TAX CREDIT investments in new instrumental assets law 178/2020 (assets began operating in 2020)
Welcare Research S.r.l.	Ministry of Economic Development	2,841	17/01/2022	F24 COMP. TAX CRED. CONTR. FOR 2020 R&D EXPENSES
Welcare Research S.r.l.	Ministry of Economic Development	3,422	17/01/2022	F24 COMP. TAX CRED. CONTR. FOR 2020 R&D EXPENSES
Welcare Research S.r.l.	Ministry of Economic Development	8,963	18/07/2022	F24 COMP. TAX CRED. CONTR. FOR 2021 R&D EXPENSES
Labiotre S.r.l.	Ministry of the Economy and Finance	9,575	Q2 2022	COMP.F24. TAX CREDIT ELECTRICITY (NON-ENERGY INTENSIVE COMPANIES)
Labiotre S.r.l.	Ministry of the Economy and Finance	9,915	Q2 2022	COMP.F24. TAX CREDIT NATURAL GAS (NON-GAS INTENSIVE COMPANIES)
Labiotre S.r.l.	Ministry of the Economy and Finance	18,041	Q3 2022	COMP.F24. TAX CREDIT ELECTRICITY (NON-ENERGY INTENSIVE COMPANIES)
Labiotre S.r.l.	Ministry of the Economy and Finance	19,501	Q3 2022	COMP.F24. TAX CREDIT NATURAL GAS (NON-GAS INTENSIVE COMPANIES)
	TOTAL	**536,635**		

16. Events after the close of the financial year

During the first few months of 2023, after 31 December 2022, Group business grew in line with forecasts.
Relative to the parent company note the following significant events:

- acquisition of a property (January 2023) for € 1.2 million for use in manufacturing, storage and offices in Sala d'Istrana. The purchase of this property was necessary to expand the space dedicated to production currently available to the parent company and concentrated in the L3 plant, while simultaneously improving management of logistics flows, and reducing the contribution of external suppliers which are currently required. The property can also be used to create new office space;
- in February 2023, Luciano Marton became the General Manager. He will be responsible for execution business, with the goal of adapting the executive team and their respective skills to the growth achieved by the Group and its continued development and expansion in the market. Marton, who was appointed on 13 December 2022 by the Labomar Board of

Directors, has multiple years of experience in medium/large international companies operating in various sectors;

- at its meeting on 10 March 2023, the parent company Board of Directors established its intention to liquidate the company Lab C Srl, as the specific business assumptions on which it was founded no longer exist. In fact, the company was established to concentrate the projects of Labomar Next Srl relative to pharmaceutical cannabis and, specifically, to take advantage of the opportunity to base business in the Republic of San Marino, the government of which started promoting, a specific regulation in 2021, finalised at the end of 2022, to issue the relative authorisations, however limiting these rights to entities with their headquarters in the territory of San Marino.

17. 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.

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Istrana, 29 March 2023

The Chairman of the Board of Directors
Walter Bertin

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 31/12/2022

Dear Shareholders,

the Board of Directors submits to your attention the annual financial statements and consolidated financial statements as at 31/12/2022 for Labomar S.p.A., in accordance with the schedule and methods established under the current regulations.

The consolidated financial statements submitted for your examination show Group profits totalling € 6,144,136, net of € 2,495,846 in taxes for the year.

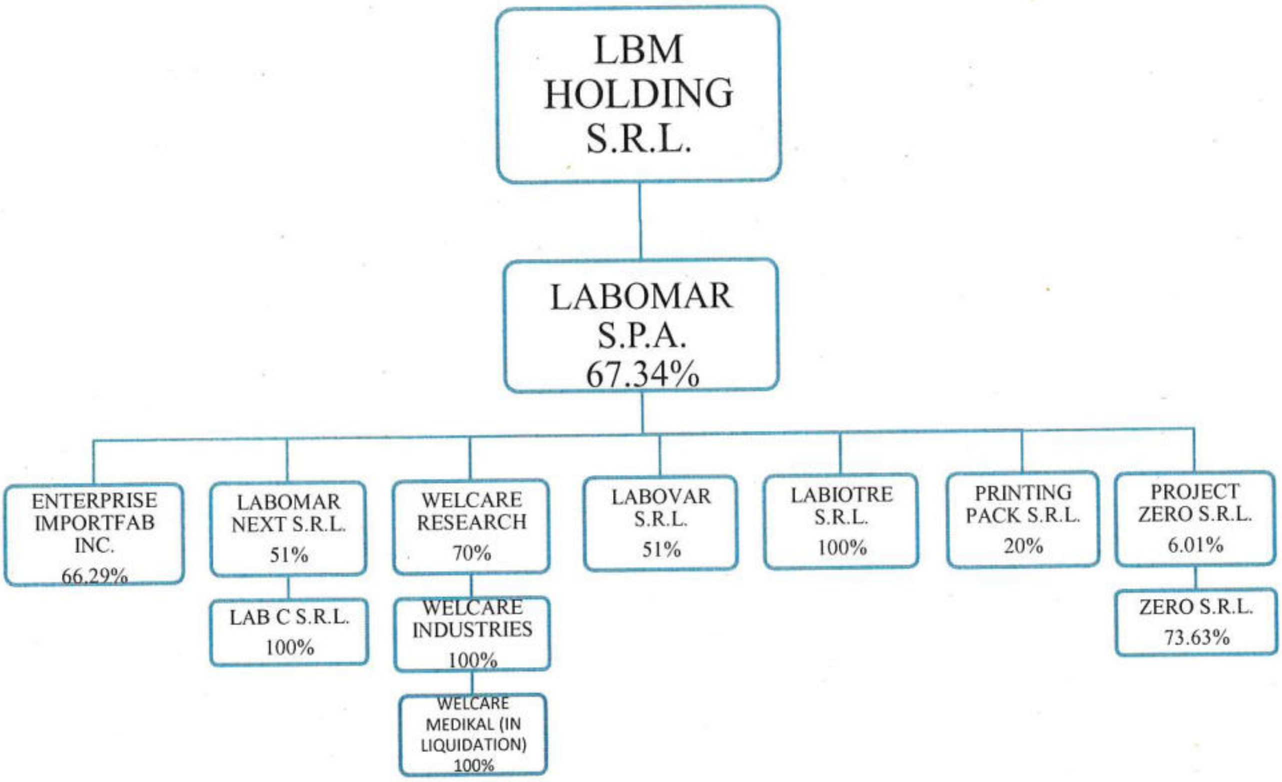
The individual financial statements submitted for your examination and approval show profits totalling € 4,382,105, net of € 1,622,585 in taxes for the year.

This report on operations accompanies both the Consolidated Financial Statements and the separate Financial Statements as at 31 December 2022. In fact, the Company decided to make use of the option allowed under article 40 of Italian Legislative Decree 127/1991, as amended by Italian Legislative Decree 32 of 2 February 2007, which allows companies preparing consolidated financial statements to present the consolidated report on operations and the separate report on operations as a single document.

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 consolidated financial statements as at 31 December 2022 were prepared in compliance with the IFRS issued by the International Accounting Standards Board (IASB), adopted by the European Union. Consequently, the Group is subject to that established under Italian Legislative Decree 38/2005, which governs the adoption of international accounting standards by Italian companies.

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 UrunleriSanayi ve Ticaret A.S., with registered office in Istanbul (a Turkish company in liquidation fully controlled by Welcare Industries SpA), and Labiotre S.r.l., Labovar S.r.l..

The following diagram presents the structure of the group to which Labomar S.p.A. belongs at the time of publication of these consolidated financial statements.



The Consolidated Financial Statements provide exhaustive details and allow for careful analysis of the results for the year.

This document provides details on the nature of the Group's activities, its relations with subsidiaries, associated companies and subsidiaries of the latter, as well as its relations with related parties, in addition to information provided in the Notes.

An analysis of the Group's situation, trend and operating results is provided in the following sections, specifically focussed on the market scenario and the products and services offered, on investments and the main indicators of economic performance and developments in its equity and financial situation. The same information is also provided for the parent company.

Amounts are expressed in euros.

SCOPE OF CONSOLIDATION

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

NAME	2022		2021	
	Stake attributable to the Group	Directly controlled stake	Stake attributable to the Group	Directly controlled stake
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. (formerly 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				
Printing Pack S.r.l.		20.00%		20.00%
Project Zero S.r.l.		6.01%		6.01%

Note that the minority interest Welcare research S.r.l. is recorded for accounting purposes as a financial liability, therefore the stake attributable to the Group is 100%.

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 of the Group 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 of the Group included in the scope of consolidation;
- the reference date for the consolidated financial statements is 31 December 2022, the reporting date for all companies in the Group;
- 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 annual financial statements 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. 2022 financial statements, with recognition in the relative Translation Reserve.

Below are the exchange rates used in the translation process:

Currency	Exchange rate at 31/12/2022	Average exchange rate financial year 2022	Exchange rate at 31/12/2021	Average exchange rate financial year 2021
Canadian dollar - CAD	1.4440	1.3695	1.4393	1.4826
Turkish lira – TRY	19.9649	17.4088	15.2335	10.5124

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 and 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 Bank loans and right-of-use liabilities, payables to shareholders for dividends and payables for business-unit acquisition and payables for business combinations.

FORECAST STATEMENTS

This document contains forecast 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 forecast 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 forecast 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 forecast information and opinions presented herein.

DESCRIPTION OF PARENT COMPANY AND BUSINESS

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 therapeutic 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

Financial year 2022 saw a reduction in the effects of the spread of Covid-19 recorded in the 12 months previous. Whilst continuing on a path of growth, the global economy was impacted by the effects of the fourth wave of the pandemic and a recovery in inflation rates that was more intense and lasting than expected.
According to the findings of the Bank of Italy in its report updated to January 2023, the global cyclical situation worsened in the fourth quarter. Activity in the advanced countries slowed, still affected by the repercussions of the war in Ukraine and high inflation. Also in China the economy slowed due to measures imposed in October and November to contain the Covid-19 pandemic. International institutions forecast weak growth globally for 2023, above all due to the effect of still high energy prices, weak disposable income for households and less favourable financial conditions.
Based on the most recent economic indicators, GDP in the Eurozone was almost stationary in the last quarter of 2022. Consumer inflation remained high (9.2 percent in December on an annual basis), although down with respect to November; the underlying component continued to grow, in part due to the gradual transmission of past energy increases. Estimates of GDP growth issued in December were revised downward for the current year; those for inflation were revised upward for 2023-2024, reflecting the more intense and persistent transmission of pressures to consumer prices and the raising of estimates of salary growth.
The ECB continued its policy of raising rates, communicating that this policy will be constant, with the aim of promptly returning inflation to the medium-term objective level.

In the case of a stoppage of energy supplies coming from Russia, GDP would fall and inflation would rise even further. In a scenario hypothesising a permanent halt of raw energy materials coming from Russia to Europe, GDP would fall in 2023 and 2024 and grow moderately the subsequent year. Inflation would continue to rise this year, and then fall decisively in the following two years. This scenario does not take into account the new measures introduced to mitigate the effects of these possible unfavourable developments, nor does it consider the possibility that the significant weakening of economic activity will be reflected on inflation, more than that suggested by historic regularity, determining a lower value at the end of the forecast horizon.

Raising of official rates continues in both the United States and the United Kingdom, although at slower rhythms. At its meetings in November and December the Federal Reserve approved further increases in the reference interest rate, respectively of 75 and 50 basis points. The Bank of England also again raised the official rate at its last two meetings, in the same amounts, and began programme to reduce its budget in November. Since mid-October the conditions on international financial markets have improved on the whole, despite a temporary worsening in the second half of December, when they suffered from more restrictive than expected guidance coming from the main central banks. Returns on long-term public securities in Europe and the United States in mid-January returned to levels lower than those seen in October.

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 results of the Business Outlook Survey for the fourth quarter of 2022 show that sales forecasts and investment plans continued to weaken, mainly due to high inflation which is eroding purchasing power, combined with the increase in interest rates.

In this situation, companies are expecting price increases at slower rates. With weaker demand and recent improvements in the supply chain, pressures on business production capacity have improved with respect to the high levels previously seen.

Companies expect slower growth in their input and output prices, mainly due to the decrease in raw materials prices and weakening of demand. Many companies are reducing the amount and frequency of price changes with respect to the past year.

The Business Outlook Survey (BOS) indicator fell to around zero in the quarter in question. This is slightly lower than the average for the last 10 years, suggesting that business confidence is a bit weaker than normal. Although most companies expect that Canada will enter a recession in the next 12 months, most companies also believe it will be slight and are not presently making substantial changes to their operations in view of this possible recession. Nonetheless, some companies are reducing their budgets or suspending expansions. Some companies believe that a recession would improve supply chain challenges, the lack of labour and pressures on costs.

As a whole, however, companies believe their sales will continue to grow. Some exporters indicated that the weaker exchange rate between Canada and the United States has had a favourable effect on their sales prospects.
Companies believe that inflation will remain high over the short term. Short-term expectations with regards to inflation are substantially unchanged - they remain above the Bank's inflation target.
Companies continue to expect that inflation will return to the Bank's target interval of 1% to 3% in five years.
The Canadian Survey of Consumer Expectations (CSCE) shows that consumer expectations about inflation in the next five years are close to the minimum levels of the survey. When combined these results suggest that both businesses and consumers believe short-term inflationary pressure will gradually be resolved. A large number of companies believe that their input and output prices will continue to increase at a slower rate over the next 12 months, and expectations about prices and salaries remain high but are becoming more moderate.
(Ref.: Business Outlook Survey (BOS) fourth quarter 2022)

Relative to the reference market, high-level professional employment in the food supplement segment, below is information made available by Union Food based on the results of the survey "Updates on the impact of the COVID-19 pandemic on the market" carried out by the Centro Studi Integratori & Salute, the national association that represents the food supplement segment and is part of Unione Italiana Food. The supplement segment reached € 4 billion in sales in 2021 (+8.2% from 2014 to the present) and in the first 7 months of 2022 saw an additional increase of +8.4% with respect to the same period the previous year. The most recent market data from Newline, updated to December 2022 and referring to the pharmacy channel, suggests that with reference to turnover for the top 10 types of supplements sold in Italy, in first place are probiotics, at € 398 million (+11.3% with respect to the past year), followed by mineral salts at € 234 million (+7.9%), vitamins at € 201 million (+10%), tonics at € 198 million (+18%) and supplements to control high cholesterol at € 172 million (-7.1%). For 27% of food supplement companies at least one member of the Board is under 40 (compared to a national average of 16%). Confirming the central role played by employment and hiring: 7 companies out of 10 (71%) expanded their staff in 2021. Additionally, the supplement sector is highly focussed on developing young talent, who offer new ideas and vision and are able to guide the innovative approach of the segment. (ANSA)

SIGNIFICANT EVENTS IN 2022

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 Srl), 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).

On 29 July 2022, an unsecured loan was obtained with a SACE GREEN guarantee for € 6 million, maturing in 12 years. This loan is added to the other unsecured loan supported by EIB funding signed on 30 June 2022 for an additional € 6 million, with a 7-year duration. Both loans were obtained from Banca Intesa Sanpaolo S.p.A..
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.
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). It will also 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 operating costs while also reducing CO_2 emissions.

ANALYSIS OF THE SITUATION AND OPERATING TRENDS

During 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 2022, the total was € 91.8 million, showing an increase of 40.4% with respect to the same period the previous year (€ 65.4 million). These figures include the performance of Labomar S.p.A., 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 an increase in sales of 31.5% (€ 16.9 million), with significant growth in the second half both compared to the first half and the second half of the previous year, while the Canadian subsidiary saw an increase of 12.2% (€ 0.9 million, equal to a 3.6% increase holding exchange rates constant).

The growth in Group revenues with respect to the previous year, considering the effect of acquisitions as if they had occurred at the beginning of financial year 2021, indicates growth of around 24% (2021 base turnover of € 74.2 million). This increase in turnover is mainly attributable to the parent company for around € 16.9 million and to the Welcare Group for around € 1 million.

Note that the positive results achieved in 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. The unfavourable changes in raw materials prices was offset in sales prices to a greater extent in the second part of 2022 and will be seen further for future 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 goals for the immediate future include taking advantage of the synergies expected from the integration with the Canadian subsidiary Importfab, slowed by the pandemic, and the start of synergies with the newly acquired entities (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.
Finally, management of chain of supply and production continued through profitable relationships with investees upstream in the value chain: Labiotre Srl for the production of plant extracts and Printingpack Srl for the production of packaging for Labomar products.
Regarding the performance of the Welcare group, note that 2022 turnover saw continuation of the positive trend of recent years.

Business volume grew by 16.8% with respect to 2021, with an increase in the impact of Italian dales with respect to 2021, thanks to specific projects in the wound care and biocide lines in certain specific regions and with new distribution partners. Geographically speaking, Italy accounts for 14% of distribution with 86% abroad, mainly in non-European countries.
The sales margin remained very high, enabling an EBITDA of 37.5%. Entering the Labomar Group has allowed it to take advantage of the Group's skills, technology and customer portfolio.
Welcare Research Srl, which commercialises the UCS Debridement line confirmed a very strong growth trend, with excellent sales results in Northern Europe (+47.7%), United Kingdom, Germany and the Netherlands (+19%) and in the Persian Gulf (+16.4%).
This line, expanded with additional variants, is gaining market share thanks to the exclusive characteristics that meet the needs of clinical personnel, patients and caregivers.
Also note that for 2023 the Welcare Group has planned significant investments in staff, to strengthen its regulatory, marketing and clinical areas, and in machinery. Additionally, construction will begin on a new building that will house an additional cleanroom for the production of biocides, a warehouse for raw materials and new offices.

Relative to the performance of the subsidiary Labiotre Srl, note that net profit, down with respect to the previous year, was affected by the generalised increase in raw materials and energy prices seen during 2022, which could only be minimally offset through increased sales prices, with negative consequences for the industrial margin and, subsequently, for the net profit for the year. In the second half of the year action was taken to strengthen the existing managerial organisation and identify a clear medium/long-term strategy which will see implementation in 2023, with the declared objective of progressive, consistent and sustainable growth based on quality, customer service and innovation.

As of the date this document was prepared, no Group companies are suffering any special difficulties with regards to production activities or logistics management for materials, whether outgoing or incoming.

GROUP ECONOMIC, FINANCIAL AND EQUITY PERFORMANCE

Below are the reclassified schedules of the Income Statement and Equity and Financial Situation for the year in question, compared with the results of the previous year.

RECLASSIFIED INCOME STATEMENT	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	31/12/2022	%	31/12/2021(*)	%
Revenues from contracts with clients	**91,824,432**	***100.0***	**65,412,049**	***100.0***
Cost of sales	**40,473,492**	***44.1***	**29,929,433**	**45.8**
Primary contribution margin	**51,350,939**	***55.9***	**35,482,616**	***54.2***
Service costs	16,537,726	*18.0*	11,900,586	*18.2*
Personnel costs	18,752,122	*20.4*	14,266,516	*21.8*
Other operating costs	663,338	*0.7*	287,389	*0.4*
Other income	(1,152,618)	*(1.3)*	(1,088,013)	*(1.7)*
EBITDA	**16,550,371**	***18.0***	**10,116,137**	***15.5***
Amortisation and impairment	7,092,439	*7.7*	7,465,709	*11.4*
Other provisions	7,470	*0.0*	312,500	*0.5*
EBIT	**9,450,461**	***10.3***	**2,337,929**	***3.6***
Financial income	127,300	*0.1*	744,607	*1.1*
Financial charges	(910,404)	*(1.0)*	(521,351)	*(0.8)*
Net gains (losses) on exchange	(140,163)	*(0.2)*	458,359	*0.7*
Value adjustments on financial assets	(18,898)	*(0.0)*	5,919,193	*9.0*
Earnings before taxes	**8,508,296**	***9.3***	**8,938,736**	***13.7***
(Taxes)	(2,495,846)	*(2.7)*	(712,032)	*(0.0)*
Net profit for the year	**6,012,450**	***6.5***	**8,226,703**	***12.6***
Group net profit	**6,144,136**	***6.7***	**8,322,230**	***12.7***
Minority interest net profit	**(131,686)**	***(0.1)***	**(95,526)**	***(0.1)***

** Restated, see paragraph 7 in the Notes to the Consolidated Financial Statements as at 31 December 2022, "Business combinations"*

During 2022 the Group recorded total revenues of € 91.8 million, against € 65.4 million in 2021, an increase of over 40% with respect to the previous year.
The parent company saw turnover of around € 70.7 million, accounting for around 77% of Group turnover, while the portion for the remaining companies is € 8.6 million for Importfab, € 8.4 million for the Welcare Group and € 4.2 million for Labiotre.

With reference to the parent company, sales recovered for products in the probiotics and cough and cold categories, penalised in 2021 by the pandemic. Similarly positive trends were seen for the investee companies, above all, for the Welcare Group, which saw a 16.8% increase in revenues thanks to expansion in its relevant markets and the improved sales structure.

The primary contribution margin rose in percentage terms with respect to turnover by 1.7 percentage points, mainly due to contributions from the newly acquired companies throughout the year and, for the parent company, the recovery in demand for liquid cough and cold products, which offer higher returns.
In 2022 the Canadian subsidiary saw an increase in turnover of € 0.9 million, equal to 12% with respect to the previous year, with a slight decrease in margins with respect to 2021, a year that had benefited from high contributions coming from the Canadian government to compensate for the negative effects of forced closures of non-strategic production (such as the cosmetic portion of ImportFab Inc.) due to the pandemic.

Relative to "other income", an item that substantially refers to revenues from compensations and contributions received, note that in 2022 public funds were received for assistance with energy price increases, not present in the previous year. On the other hand, 2021 included the SME listing contribution of € 500,000 received by the parent company following its listing on Borsa Italiana's Euronext Growth Milan market (formerly AIM Italia) in October 2020.
The item other charges increased mainly because of the change in the scope of consolidation with respect to the previous year.

For the reasons above, EBITDA is € 16.6 million, around 18.0% of total revenues and up by 1.5 percentage points with respect to the previous year.
In terms of EBITDA percentage, note an improvement at the Group level due to the improved primary contribution margin, which also benefited from the results of companies acquired in previous year, as well as greater absorption of fixed costs in the face of increased sales.
Net of amortisation, depreciation and provisioning of € 7.1 million, EBIT is approximately € 9.5 million.
Income taxes total € 2.5 million.
The Group's net profit was lower than the previous year, when it benefited from financial income of € 5.5 from the remeasuring of the equity investment in Labiotre at fair value when control was acquired in November 2021.
It should be noted that results achieved in 2022 were not significantly affected by non-recurring components.
Below are the main gross and net operating margins, before and after taxes, in particular net of non-recurring components in the previous year, in order to better represent the Group's income capacity over time in a comparable manner.
The 2021 results for comparison are presented net of expenses linked to listing on Borsa Italiana's AIM market and receipt of the benefit of the Patent Box for previous years.

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

RECLASSIFIED INCOME STATEMENT	LABOMAR GROUP CONSOLIDATED FINANCIAL STATEMENTS			
	31/12/2022	%	31/12/2021	%
Adjusted EBITDA	16,550,387	18.0	10,128,116	15.5
Adjusted net profit for the year	6,012,450	6.5	4,004,856	6.1

Below is the reconciliation of the adjusted indicators:

	31/12/2022	%	31/12/2021	%
EBITDA	16,550,387	18.0	10,116,137	15.5
Costs and listing bonuses	-	0.0	(500,000)	(0.8)
Costs connected to acquisitions	-	0.0	484,646	0.7
Importfab earnout transaction	-	0.0	27,333	0.0
Adjusted EBITDA	**16,550,387**	**18.0**	**10,128,116**	**15.5**

	31/12/2022	%	31/12/2021	%
Net profit for the year	6,012,450	6.5	8,226,703	12.6
Listing bonus	-	0.0	(500,000)	(0.8)
Costs connected to acquisitions	-	0.0	484,646	0.7
Recalculation of Labiotre fair value	-	0.0	(5,547,338)	(8.5)
Importfab goodwill impairment	-	0.0	2,238,265	3.4
Importfab earnout transaction	-	0.0	(510,383)	(0.8)
(Tax effect of costs detailed above)	-	0.0	(387,037)	(0.6)
Adjusted net profit for the year	**6,012,450**	**6.5**	**4,004,856**	**6.1**

RECLASSIFIED FINANCIAL POSITION	LABOMAR S.P.A. - CONSOLIDATED FINANCIAL STATEMENTS			
	31/12/2022	Increase % over CIN	31/12/2021	Increase % over CIN
Intangible assets	41,584,645	52.9	43,245,058	58.5
Rights of use	4,481,390	5.7	4,993,953	6.8
Tangible assets	25,351,269	32.3	23,173,700	31.4
Equity investments and financial assets	2,616,160	3.3	1,161,503	1.6
Other non-current assets and liabilities*	(7,769,392)	(9.9)	(7,928,316)	(10.7)
Net Non-Current Assets	**66,264,073**	**84.3**	**64,645,898**	**87.5**
Inventories	20,602,605	26.2	13,669,582	18.5
Trade receivables	16,687,113	21.2	13,908,986	18.8
Trade payables	(21,356,486)	(27.2)	(15,796,168)	(21.4)
Other current assets and liabilities**	(3,636,511)	(4.6)	(2,549,638)	(3.5)
Net Working Capital	**12,296,721**	**15.7**	**9,232,762**	**12.5**
Net Invested Capital	**78,560,793**	**100.0**	**73,878,660**	**100.0**
Shareholders' equity	**(50,941,789)**	**(64.8)**	**(45,650,065)**	**(61.8)**
Cash and cash equivalents	21,063,027	26.8	14,162,598	19.2
Due to banks	(36,950,418)	(47.0)	(30,368,827)	(41.1)

Liabilities for derivative financial instruments	(282,237)	(0.4)	(243,380)	(0.3)
Bank loans	**(16,169,628)**	**(20.6)**	**(16,449,609)**	**(22.3)**
Right-of-use liabilities	(4,189,126)	(5.3)	(4,626,030)	(6.3)
Payables for business combinations and payables for business unit acquisition	(7,260,250)	(9.2)	(7,152,956)	(9.7)
Comprehensive Net Financial Position	**(27,619,005)**	**(35.2)**	**(28,228,595)**	**(38.2)**
Funding sources	**(78,560,793)**	**(100.0)**	**(73,878,660)**	**(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 and other current financial liabilities and financial derivatives.*

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 identifies the financial requirements generated by the business cycle.
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. The indicator shows the trend of investments made and extraordinary transactions carried out.

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

NET PROFIT FOR THE YEAR	31/12/2022 6,012,450	31/12/2021(*) 8,226,703
Adjustments for non-monetary elements:	**11,869,085**	**2,673,002**
Amortisation, depreciation and impairment of tangible and intangible assets and real estate	7,092,438	7,465,709
Provisions	1,595,737	1,067,865
Income taxes	2,495,847	712,032
Net interest income and expense	783,275	(223,256)
Other adjustments for non-monetary elements	(98,211)	(6,349,349)
Changes in operating assets and liabilities:	**(5,523,540)**	**(233,624)**
Changes in inventory	(8,181,980)	(1,837,348)
Changes in trade receivables	(3,129,605)	(2,136,208)
Changes in trade payables	6,050,041	1,903,492
(Use of provisions)	(484,892)	(279,971)
Other changes in operating assets and liabilities	222,897	2,116,410
Other amounts collected and paid:	**(2,304,505)**	**(1,941,349)**
Interest received (paid)	(542,438)	(180,001)

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(Income taxes paid)	(1,762,068)	(1,761,348)
Other amounts collected (paid)	0	0
NET CASH FLOWS GENERATED (ABSORBED) BY OPERATIONS	**10,053,489**	**8,724,732**
Investments:		
Investments in tangible assets	(5,829,885)	(2,751,344)
Divestments of tangible assets	188,839	154,103
Investments in intangible assets	(640,278)	(563,493)
Other cash flows from intangible assets	0	0
Business acquisition	811	(16,102,893)
Investment in financial assets	(482,675)	(26,400)
Divestments of financial assets	42,314	134,918
NET CASH FLOWS GENERATED (ABSORBED) BY INVESTMENTS	**(6,720,875)**	**(19,155,109)**
Financial management:		
Capital increase for pay	0	49,000
Shareholder transactions	0	0
Increase (decrease) in bank loans	12,904,072	(6,430,376)
Increase (decrease) in short term amounts due to banks	(6,090,432)	(51,439)
(Increase) decrease in other financial liabilities	(1,370,348)	(999,421)
Dividends received (paid)	(1,848,404)	(2,033,245)
NET CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS	**3,594,887**	**(9,465,481)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,927,502**	**(19,895,859)**
Exchange rate effects on cash and cash equivalents	(27,073)	397,825
Cash and cash equivalents at start of period	**14,162,597**	**33,660,631**
Increase (decrease) in cash and cash equivalents	6,900,429	(19,498,034)
Cash and cash equivalents at end of period	**21,063,026**	**14,162,597**

** Restated, see paragraph 7 in the Notes to the Consolidated Financial Statements as at 31 December 2022, "Business combinations"*

In terms of cash flows, during the period in question the Group generated over € 10 million through operations.

On the other hand, investment activities required a net cash flow of over € 6.7 million, mainly for investments in tangible assets.

The increase in net cash flow generated by lending activity mainly reflects new loans received net of repayment instalments paid on existing loans and the distribution of € 1.8 million in dividends by the parent company.

As an effect of the above, cash and cash equivalents increased by around € 6.9 million.

PARENT COMPANY ECONOMIC, FINANCIAL AND EQUITY PERFORMANCE

Below are the reclassified schedules of the Income Statement and Equity and Financial Situation for the year in question for the parent company, compared with the results of the previous year.

RECLASSIFIED INCOME STATEMENT	LABOMAR S.P.A. - SEPARATE FINANCIAL STATEMENTS			
	31/12/2022	%	31/12/2021	%
Revenues from contracts with clients	**70,696,510**	***100.0***	**53,778,929**	***100.0***
Cost of sales	**35,347,824**	***50.0***	**27,039,108**	***50.3***
Primary contribution margin	**35,348,686**	***50.0***	**26,739,820**	***49.7***
Service costs	11,653,869	*16.5*	9,435,389	*17.5*
Personnel costs	14,068,695	*19.9*	11,435,953	*21.3*
Other operating costs	369,031	*0.5*	225,745	*0.4*
Other income	(893,377)	*(1.3)*	(1,009,150)	*(1.9)*
EBITDA	**10,150,469**	***14.4***	**6,651,884**	***12.4***
Amortisation and impairment	3,470,883	*4.9*	3,598,112	*6.7*
Other provisions	7,470	*0.0*	312,500	*0.6*
EBIT	**6,672,115**	***9.4***	**2,741,272**	***5.1***
Financial income	176,264	*0.2*	302,834	*0.6*
Financial charges	(699,800)	*(1.0)*	(426,546)	*(0.8)*
Net gains (losses) on exchange	(124,991)	*(0.2)*	400,840	*0.7*
Value adjustments on financial assets	(18,898)	*(0.0)*	5,919,193	*11.0*
Earnings before taxes	**6,004,690**	***8.5***	**8,937,593**	***16.6***
(Taxes)	(1,622,585)	*(2.3)*	(796,236)	*(1.5)*
Net profit for the year	**4,382,105**	***6.2***	**8,141,357**	***15.1***

RECLASSIFIED FINANCIAL POSITION	LABOMAR S.P.A. SEPARATE FINANCIAL STATEMENTS			
	31/12/2022	Increase % over CIN	31/12/2021	Increase % over CIN
Intangible assets	1,168,094	1.7	811,244	1.3
Rights of use	2,133,388	3.1	2,118,401	3.4
Tangible assets	18,764,424	27.3	16,449,780	26.2
Equity investments and financial assets	40,298,456	58.6	40,259,785	64.2
Other non-current assets and liabilities*	(2,550,413)	(3.7)	(2,792,258)	-4.5
Net Non-Current Assets	**59,813,950**	**87.0**	**56,846,953**	**90.7**
Inventories	16,170,094	23.5	9,816,192	15.7
Trade receivables	13,540,900	19.7	10,846,915	17.3
Trade payables	(19,457,345)	(28.3)	(14,744,802)	-23.5
Other current assets and liabilities	(1,305,607)	(1.9)	(77,494)	-0.1
Net Working Capital	**8,948,042**	**13.0**	**5,840,812**	**9.3**
Net Invested Capital	**68,761,992**	**100.0**	**62,687,766**	**100**

Shareholders' equity	**(47,655,300)**	**(69.3)**	**(44,115,291)**	**(70.4)**
Cash and cash equivalents	11,872,451	17.3	6,817,888	10.9
Due to banks	(28,529,087)	(41.5)	(23,020,235)	(36.7)
Intercompany financial liabilities	(2,000,000)	(2.9)	0	0.0
Liabilities for derivative financial instruments	(282,237)	(0.4)	(240,659)	(0.4)
Bank loans	**(18,938,873)**	**(27.5)**	**(16,443,007)**	**(26.2)**
Right-of-use liabilities	(2,167,820)	(3.2)	(2,129,468)	(3.4)
Comprehensive Net Financial Position	**(21,106,692)**	**(30.7)**	**(18,572,475)**	**(29.6)**
Funding sources	**(68,761,992)**	**(100.0)**	**(62,687,766)**	**(100.0)**

* *Deferred tax assets, liabilities for employee benefits, provisions for risks and charges, deferred tax liabilities.*

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

	31/12/2022	**31/12/2021**
NET PROFIT FOR THE YEAR	**4,382,105**	**8,141,357**
Adjustments for non-monetary elements:	**6,963,376**	**(762,345)**
Amortisation, depreciation and impairment of tangible and intangible assets and real estate	3,470,883	3,598,112
Provisions	1,595,737	1,067,865
Income taxes	1,622,585	796,236
Net interest income and expense	523,536	123,712
Other adjustments for non-monetary elements	(249,365)	(6,348,270)
Changes in operating assets and liabilities:	**(5,890,923)**	**(264,660)**
Changes in inventory	(7,590,716)	(1,978,296)
Changes in trade receivables	(2,689,902)	(2,066,636)
Changes in trade payables	4,995,026	2,461,040
(Use of provisions)	(550,892)	(298,685)
Other changes in operating assets and liabilities	(54,439)	1,617,918
Other amounts collected and paid:	**(1,015,296)**	**(592,386)**
Interest received (paid)	(410,584)	(66,938)
(Income taxes paid)	(604,712)	(525,448)
Other amounts collected (paid)		-
NET CASH FLOWS GENERATED (ABSORBED) BY OPERATIONS	**4,439,262**	**6,521,967**
Investments:		
Investments in tangible assets	(5,067,363)	(2,684,854)
Other cash flows from tangible assets	188,839	4,103
Investments in intangible assets	(605,230)	(548,414)
Other cash flows from intangible assets	-	-
Investment in financial assets	(540,079)	(19,251,082)
Other cash flows from financial assets	1,633,114	1,812,709
NET CASH FLOWS GENERATED (ABSORBED) BY INVESTMENTS	**(4,390,720**	**(20,667,538)**
Financial management:		
Capital increase for pay		
Shareholder transactions		0
Increase (decrease) in bank loans	11,898,000	(5,843,483)
Increase (decrease) in short term amounts due to banks	(6,225,700)	(457,613)

Increase (decrease) in other financial liabilities	1,185,661	(614,757)
(Dividends paid)	(1,848,404)	(2,033,245)
NET CASH FLOWS GENERATED (ABSORBED) BY FINANCIAL ASSETS	**5,009,555**	**(8,949,098)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5,058,097**	**(23,094,669)**
Exchange rate effects on cash and cash equivalents	(3,535)	72,065
Cash and cash equivalents at start of period	**6,817,888**	**29,840,492**
Increase (decrease) in cash and cash equivalents	5,054,562	(23,022,604)
Cash and cash equivalents at end of period	**11,872,451**	**6,817,888**

OTHER REQUIRED INFORMATION

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. At 31 December 2022 the Group complied with all the financial covenants established in its lending contracts.
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 2022, 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 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 Company has minimal operations (approximately 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 year 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, before government contributions received, went from accounting for 1.21% at 31 December 2021 to 2.89% of sales at 31 December 2022.
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 in part through sales prices offered to customers.
However, it was not possible to entirely offset the inflation effects suffered by increasing sales prices for orders already confirmed.

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 2021 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 2021, 24 October 2021 and 29 September 2022. At its meeting in March 2023, the Board renewed the appointment of the Supervisory Body through the end of financial year 2025.

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.
In 2022, amounts allocated to the bad debt provision (€ 94 thousand) were 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 31 December 2022, also in the light of information obtained during the initial months of 2023, the administrative body held the provision to be reasonably suitable (at € 596 thousand and with reference to the consolidated financial statements) with respect to perceived credit risk.

1) 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 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 both 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 2022, the company moved forward with innovative pre-competitive activities, focussing its efforts on the following projects in particular:

- Activity 1: Futurals Green - Research and development activity for the use of micro greens in food supplements;
- Activity 2: Research and Development for new food supplements, medical devices and food for special medical purposes;
- Activity 3: Technological innovation to develop new food supplements.

For the above projects, the company incurred recognisable costs of € 437,026.34, 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.

2) 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 2022. 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 Srl, 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 2022 and 100% controlled by Labomar Next. Lab C develops, produces and sells innovative hi-tech products and services linked to vertical farming techniques.
- Labovar S.r.l.: established in 2022 in partnership with Adiacent Srl, a subsidiary of Var Group SpA (company of the Sesa group, a company listed in the STAR segment of the Borsa Italiana S.p.A. MTA market. Labovar will hold the concession for business to consumer online sales for branded products developed and realised by Labomar, especially in the Far East.
- 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 holds the controlling interest in Zero Srl, 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.

	for the year 2021					
	Financial receivables	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**
PARENT COMPANY						
LBM Holding Srl						
SUBSIDIARIES						
Importfab Inc.	6,516,756			3,057	4,596	101,843
Welcare research Srl						
Welcare industries SpA						
Labiotre Srl			12,840	933,562	2,435,882	45,000
Labomar Next Srl	282,000		229			2,706
Lab C Srl			2,710			2710
Labovar Srl			49			
ASSOCIATED COMPANIES						
Printingpack Srl				460,134	1,129,271	
Zero Srl						
OTHER RELATED PARTIES						
Farmacia Bertin Walter Sas			11,326	1,513	8,785	33,691
Imm.re Alessandra Srl	180,000	1,547,830	18		36,809	18
Universo TV Scarl					500	
Consorzio Ribes-Next Scarl	315				1,000	
BModel Sas				50,310	234,362	
Labofit Srl				3,000	36,000	

	for the year 2022					
	Financial receivables	**Financial Debts**	**Receivables**	**Payables**	**Costs**	**Revenues**
PARENT COMPANY						
LBM Holding Srl						
SUBSIDIARIES						
Importfab Inc.	4,977,493					110,124
Welcare research Srl		1,400,000	111,003		2,518	
Welcare industries SpA		600,000	115,869		4,508	15,324
Labiotre Srl				1,346,923	3,080,386	6,814
Labomar Next Srl	210,600		753	38,968		3,436
Lab C Srl				13,957		
Labovar Srl				8,922		
ASSOCIATED COMPANIES						
Printingpack Srl				758,434	1,843,464	
Zero Srl						
OTHER RELATED PARTIES						

Farmacia Bertin Walter Sas			16,414	2,628	11,190	37,505
Imm.re Alessandra Srl	180,000	1,393,798	2,252	18,057	41,864	2,252
Universo TV Scarl				-	2,000	
Consorzio Ribes-Next Scarl	315				1,000	
BModel Sas				10,663	127,740	
Labofit Srl				3,000	36,000	
Think FWD Srl				25,620	84,000	

Related-party transactions primarily regard commercial and consulting relationships, with the exception of financial receivables from Immobiliare Alessandra Srl, which refer to the deposit paid against the sub-leasing contract and financial payables due to the Welcare Group relative to a short-term loan. For other relations with Immobiliare Alessandra Srl, it is noted that the payables refer to financial liabilities (current and non-current) for rights of use, regarding real-estate, and costs refer to the related interest.
Receivables and payables include positions receivable (from two companies in the Welcare Group) and positions payable (to Lab C, Labiotre, Labomar Next and Labovar) due to national tax consolidation.
Payables due to Labiotre mainly refer to the open balance for commercial transactions with the parent company.

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

3) INFORMATION ABOUT OWN SHARES AND/OR SHARES OF ABSOLUTE PARENTS HELD BY THE PARENT COMPANY

The parent company does not hold any own shares or shares of absolute parents.

4) INFORMATION ABOUT OWN SHARES AND/OR SHARES OF ABSOLUTE PARENTS ACQUIRED OR SOLD BY THE PARENT COMPANY DURING THE YEAR AND REASONS FOR ACQUISITION OR SALE

During the year the parent company did not acquire any own shares and/or shares of absolute parents.

5) SIGNIFICANT EVENTS AFTER YEAR END

During the first few months of 2023, after 31 December 2022, Group business grew in line with forecasts.
Relative to the parent company note the following significant events:

- acquisition of a property (January 2023) for € 1.2 million for use in manufacturing, storage and offices in Sala d'Istrana. The purchase of this property was necessary to expand the space dedicated to production currently available to the parent company and concentrated in the L3 plant, while simultaneously improving management of logistics flows, and reducing the contribution of external suppliers which are currently required. The property will also be used to create new office space;

- in February 2023, Luciano Marton became the General Manager. He will be responsible for execution business, with the goal of adapting the executive team and their respective skills to the growth achieved by the Group and its continued development and expansion in the market. Marton, who was appointed on 13 December 2022 by the Labomar Board of Directors, has multiple years of experience in medium/large international companies operating in various sectors;
- at its meeting on 10 March 2023, the parent company Board of Directors established its intention to liquidate the company Lab C Srl, as the specific business assumptions on which it was founded no longer exist. In fact, the company was established to concentrate the projects of Labomar Next Srl relative to pharmaceutical cannabis and, specifically, to take advantage of the opportunity to base business in the Republic of San Marino, the government of which started promoting, a specific regulation in 2021, finalised at the end of 2022, to issue the relative authorisations, however limiting these rights to entities with their headquarters in the territory of San Marino.

6) OUTLOOK

Despite the uncertain economic situation, the reference sector, as well as the food and pharmaceutical sectors, maintained a significant growth trend. Management notes a significant increase in orders received at the date of approval of this document, with respect to the same date the previous year.
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. With respect to these expectations, significant investments are being made in machinery, to increase production capacity, and in new plants, including the parent company's new structure in Sala d'Istrana and the new building currently being constructed for the subsidiary Welcare.

7) SECONDARY OFFICES

The Group operates at the following locations:
- four locations of the parent company, all within the municipality of Istrana (Treviso): Istrana - Via N.Sauro 35 (registered office of the parent company and the subsidiaries Labomar next, Lab C and Labovar), Istrana – Via Brigata Marche 1, Istrana – Via F.Filzi 33, Istrana – Via F.Filzi 55 A.
- four locations of the subsidiary Welcare in Milan - via san Giovanni sul muro 18 (registered office), in Orvieto (Terni) - via dei Falegnami 7 and via dei Fornaciari 16, and in Rome – viale L. Gaurico 9/11 (sales).
- 1 location of the subsidiary Labiotre in Barberino Tavarnelle (Florence) - Via Renato Guttuso 6 (registered office)
- 1 location in Canada of the subsidiary Importfab at 50 Hymus Blvd, Pointe-Claire, Quebec.

INFORMATION REQUIRED BY SPECIAL LAWS

PRIVACY

In compliance with that established under Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016 and under Italian Legislative Decree 196/2003, as amended by Italian Legislative Decree 101 of 10 August 2018, known as the Privacy Code, management adopts appropriate technical and organisational criteria needed to protect common, special and legal personal information processed with IT and manual tools, as well as planning and carrying out training for those responsible for processing.

DISCLOSURE PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001

In compliance with the requirement to properly manage the Group, management considers the administrative and economic risks which apply to it, as contained in Italian Legislative Decree 231 of 8 June 2001 - Official Gazette of the Italian Republic, general series, 19 June 2001, ed. no. 140, which establishes the general principles and criteria for assigning corporate liability to legal entities.

At its meeting on 15.11.2013, the parent company's Board of Directors adopted an organisational, management and control model pursuant to Italian Legislative Decree 231/01 and appointed a Supervisory Body. During 2019 and 2021 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 2021, 24 October 2021 and 29 September 2022. At its meeting in March 2023, the Board renewed the appointment of the Supervisory Body through the end of financial year 2025.

During the year, the Supervisory Body carried out an audit plan intended to verify proper adoption of the model by the organisational structure and reported the results of the audits to Management.

PERSONNEL INFORMATION

There were 11 injuries in 2022, of which 2 while commuting (10 at the parent company and 1 at the Canadian subsidiary), leading to a total of 611 days of absence.

The labour contract used by the parent company is the Food - Industry contract. The contract used by the subsidiary Labiotre is the Chemicals and Similar Small and Medium Enterprises contract and those applied by Welcare are the Agriculture and Clothing and Tailoring Industrial Companies contracts.

ENVIRONMENTAL INFORMATION

Management notes that the Group complies with the law for the sector relative to environmental protection, Italian Legislative Decree 152/2006 "Environmental regulations", as amended and updated, as well as with the correlated implementation tools.

CONCLUSIONS

Dear Shareholders, the administrative body holds that the activities carried out and results achieved both economically and commercially are such as to demonstrate the offices entrusted to us have been carried out seriously, precisely and appropriately.

Istrana, 29 March 2023

The Chairman of the Board of Directors
Walter Bertin