



## Press Release

# BOARD OF DIRECTORS APPROVES FINANCIAL STATEMENTS AT 31 DECEMBER 2019

## PHANTOM STOCK OPTION PLAN APPROVED

### **FARMAÈ CONTINUES TO GROW: REVENUES +51% AND EBITDA +56%**

- REVENUES reach Euro 37.5 million, up 51% compared to 2018 thanks to the positive results of all commercial lines
- EBITDA<sup>1</sup> stands at 1 million, up 56% compared to the same period of the previous year
- Net Profit substantially in line with the previous year, negative for Euro 64 thousand
- Net Financial Position positive at Euro 2.2 million, compared to a negative Euro 1.2 million at 31 December 2018
- 75% increase in the number of online visitors, almost 23 million up from 13 million in 2018
- Orders grow by +56% to 815 thousand
- Since the start of the Covid-19 emergency at mid-March close to 100% growth in new customers and transaction volumes

**Viareggio, 27 March 2020** – Farmaè S.p.A. – company listed on the AIM Italia market of Borsa Italiana and leader in Italy in the e-retailing of health and wellness products – announces that today the Board of Directors, under the chairmanship of Riccardo Iacometti, approved the 2019 Financial Statement, drawn up in compliance with the Italian Accounting Standards and the provisions of the AIM Italia Issuers' Regulation.

**Riccardo Iacometti**, Founder and CEO of **Farmaè S.p.A.**, commented: *“It is with great satisfaction that today we present constantly growing figures to the market, which concretely demonstrate the validity of the Farmaè business model. We remain the leader in a market currently worth 10 billion Euros in Italy (retail price), as shown by the increase in online sales and the number of visitors, which came close to 23 million. Just like the increase in revenues, up +51%, a significant result although slightly lower than expected due to the transfer to the new warehouse in Migliarino Pisano that slowed sales in September and October but that, in light of the e-commerce boom in recent weeks, also due to the health emergency, this was a fundamental and far-sighted step. With a view to constant growth, we are further consolidating partnerships with companies in the industry, as proof of the fact that we are seen as a real Media Platform and landmark in the Health and Wellness market in Italy.”*

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<sup>1</sup> EBITDA indicates the result before financial charges, taxes, depreciation of fixed assets and non-recurring income and charges.

## MAIN FINANCIAL RESULTS AT 31 DECEMBER 2019

(Figures in Euro)	31/12/2019	31/12/2018	Change %
Online sales	34,214,235	22,787,540	50%
Offline sales	1,994,860	1,710,033	17%
Co-marketing	1,199,250	255,298	370%
Other revenues	123,909	26,074	375%
<b>Sales revenues</b>	<b>37,532,254</b>	<b>24,778,945</b>	<b>51%</b>

In 2019, Farmaè recorded excellent growth in **sales revenues**, equal to Euro 37.5 million, up 51% from Euro 24.8 million in 2018.

The breakdown by business line confirms strong growth in all segments, online and co-marketing in particular, confirming the validity of the Company's development strategy. The online channel recorded revenues of Euro 34.2 million, +50% compared to the same period in the previous year thanks to the extension of the product range offered and expansion in terms of customers.

The offline segment recorded sales for approximately Euro 2 million (+17%) thanks to the improvement of the Like for Like performance of Stores, which consolidated sales in the half year, and to the turnover generated from the opening of the new store in Cecina in the first half of 2019.

The growth of co-marketing revenues is attributable to the ever-closer partnership with companies in the industry, which see Farmaè as the main point of reference in the online health and wellness market.

In 2019, the web portal recorded over 22.8 million visitors, compared to 13 million in 2018, and a purchase conversion rate higher than the national average mainly thanks to innovative digital strategies. During the year Farmaè received 815 thousand orders (+56%) from almost 329 thousand active customers (+43%), with 4.2 million products sold (2.7 million in 2018).

**EBITDA** came in at approximately Euro 1 million, a +56% improvement on the same period of the previous year.

**Net Profit** was down Euro 64 thousand from Euro 264 thousand in 2018, due to the greater impact of the depreciation of investments made in 2019, equal to approximately Euro 4.6 million.

It should be noted that taxes have not yet benefitted from the tax credit related to listing on the AIM market, of approximately Euro 0.5 million, the effects of which will be seen in the year 2020.

€/K	31/12/2019	31/12/2018
FIXED ASSETS	7,506	3,900
NET WORKING CAPITAL	2,697	-319
NET FINANCIAL POSITION	2,171	-1,209
NET ASSETS	12,187	2,246

The balance sheet shows the consolidation of financial autonomy, resulting from the significant increase in resources contributed by way of equity capital with respect to debt capital.

The Net Financial Position also improved, standing at Euro 2,172 thousand against a negative Euro 1,209 thousand at the end of 2018.

In 2019, new investments were made for over Euro 4.6 million, of which Euro 1.5 million related to listing on the AIM market. These new investments generated around Euro 0.7 million of incremental depreciation in 2019 and will continue to impact the accounts for the next 4 years.

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### Significant events of the period

On 26 March 2019, the Company signed a Rent to Buy contract with Sofib Srl regarding an area located in Migliarino Pisano (Province of Pisa) for the creation of the Company's new logistics hub.

In the first half of 2019, Farmaè opened a new store near the Cecina hospital.

On 29 July 2019, Farmaè shares were admitted to listing on the AIM Italia market following the placement of 1,334,000 newly issued ordinary shares deriving from a capital increase reserved to the market, for a value of approximately Euro 10 million, aimed at institutional and professional investors. This placement generated an overall demand almost 2 times higher than the global offer. The placement price of the ordinary shares was set at a unit value of Euro 7.5, with capitalization of the Company at the beginning of trading equal to approximately Euro 43.0 million and a free float equal to 23.26% of the Company's share capital.

For more information about the admission of the Company's shares on the AIM Italia market, please refer to the Admission Document available in the "Investor Relations" section of the corporate site [www.farmaegroup.it](http://www.farmaegroup.it).

At the beginning of October 2019, Farmaè transferred all logistics activities to the new warehouse of around 5 thousand sq. m located in Migliarino Pisano (Province of Pisa). This opening was required to better meet the service needs requested by customers and to support the constant growth in turnover expected by Farmaè S.p.A. in the coming years.

In December 2019, Farmaè S.p.A. launched the new platform [www.beautye.it](http://www.beautye.it) and opened its new 270 sq. m Beauty Store in the main street of Viareggio, a concept store accommodating a range of different formats: makeup, skincare, fragrance and hair products. The new concept – also designed as a branding tool to increase market visibility – features a series of technologies that simplify and speed up the customer's shopping experience, such as interactive totems making it possible to select



products and pay for them directly by credit card without having to go to the checkout.

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### Events after the reporting period

In order to finance the purchase of the new warehouse of around 5 thousand sq. m located in Migliarino Pisano (Province of Pisa), at the start of February the Company signed a leasing contract with Alba Leasing for a total value of Euro 3,916,000.00, subject to the Company purchasing the property. The conditions of the leasing contract envisage a leasing rate of 1.80%, a maxi-installment equal to 10% of the amount indicated above and a redemption value – the exercise of which must be notified upon expiry of the tenth year of the contract – also equal to 10%.

### Business outlook

Since January 2020, the national and international scenario has been impacted by the spread of Covid 19 (the so-called Coronavirus) and subsequent restrictive measures aimed at containment implemented by the public authorities in affected countries. E-commerce, the main business of the Group, is proving to be an important tool for helping citizens deal with the emergency, as reflected by the data recorded on our platform in the early months of the year.

In particular, from February to mid-March there were **40 thousand** new customers on the portal <https://www.farmae.it>, an almost **100%** increase over the 20 thousand customers recorded in the same period of 2019. During the same period, there was a 100% increase in transaction volumes on the platform compared to 2019, with close to **2.5 million** (2,450,000) individual users and **4.6 million** sessions on the site, against nearly 1 million (972.304) individual users and 2 million sessions in the same period of 2019. The Company quickly activated internal organization measures to promptly meet the important and growing demand for products on the platform and, at the same time, to guarantee the protection of employees, collaborators and suppliers by activating smart working systems to reduce the presence of staff at offices, by implementing effective control and sanitization procedures for warehouse and logistics employees and by taking out an ad-hoc health insurance policy for all professionals of the Group.

Growth forecasts for the current year are therefore largely positive. Farmaè intends to pursue the development of its pharma channel, with sustained growth trends to consolidate its leadership position on the market, and at the same time it intends to replicate the success of the new Beauty channel to reach a leadership position in the next 3 years.

### PHANTOM STOCK OPTION PLAN

The Board of Directors approved a phantom stock option plan and related Regulations for the directors, managers and collaborators of the Company, as well as for strategic consultants.



This incentive plan is aimed at incentivizing and retaining management with a view to the development of the Company's business. It is spread over a medium-long term period, divided into five annual cycles (2021, 2022, 2023, 2024 and 2025). Each "beneficiary" will be granted a certain number of phantom stock options, free and non-transferable inter vivos, which, when exercised under the terms and conditions envisaged by the Plan, will determine the beneficiary's right to the payment of a certain amount subject to the achievement of the targets established by the Board of Directors and communicated to the individual beneficiaries by 31 January of each cycle. Payment of the aforementioned amounts will take place following the approval of the draft financial statements of the reference year.

The Plan will be submitted for approval at the next Shareholders' Meeting of the Company.

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## **NOTICE OF ORDINARY SHAREHOLDERS' MEETING**

The Board of Directors resolved to call the Ordinary Shareholders' Meeting of the Company, on first call, on 27 April 2020 at 3:00 pm to resolve on the following agenda:

- (i) approval of the Financial Statements at 31 December 2019, related and consequent resolutions;
- (ii) approval of the Phantom Stock Option Plan, related and consequent resolutions.

The notice of call and how to participate shall be published according to the applicable regulations and within the terms provided by law.

## **FILING**

The documentation relating to the Financial Statements at 31 December 2019, as required by current regulations, will be made available to the public at the registered office (Via Aurelia Nord 141, Viareggio) and published on the corporate site [www.farmaegroup.it](http://www.farmaegroup.it), in the section "Investor Relations/Financial Statements and Reports" as well as on the authorized storage mechanism eMarket STORAGE ([www.emarketstorage.it](http://www.emarketstorage.it)) as provided by law.

Finally, please note that the income statement and balance sheet attached hereto have been reclassified and, as such, are not subject to audit.

This press release is available in the *Investor Relations* section of the corporate site [www.farmaegroup.it](http://www.farmaegroup.it).

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Founded in Viareggio in 2014, Farmaè is the first Health and Wellness Onlife e-Retailer in Italy. Onlife retail is a new economic paradigm characterised by the integration of online, offline, logistics and data in a single value chain. Today, the company operates mainly in e-commerce, marketing over 37,000 references in 10 different



product categories, and is also present across Italy with 8 Farmaè Stores and 1 Beautyè Store.

By sharing the new “Onlife” philosophy, Farmaè intends to place the customer at the centre of its circular business, meeting every need immediately, quickly and pragmatically to ensure a unique customer experience, regardless of the purchase channel used.

For more information:

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**Attachments: Income Statement and Balance Sheet of Farmaè S.p.A at 31 December 2019**

INCOME STATEMENT

<b>INCOME STATEMENT</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>Difference</b>
NET SALES REVENUES	24,778,945	37,532,254	12,753,309
CHANGE IN INVENTORIES	3,074,473	3,867,620	793,147
<b>VALUE OF PRODUCTION</b>	<b>27,853,418</b>	<b>41,399,874</b>	13,546,456
<b>OPERATING COSTS</b>	<b>26,082,156</b>	<b>38,591,712</b>	12,509,556
LABOUR COSTS	1,151,834	1,843,999	692,165
<b>EBITDA</b>	<b>619,428</b>	<b>964,163</b>	344,735
DEPRECIATION AND PROVISIONS	144,979	970,828	825,849
<b>OPERATING INCOME</b>	<b>474,449</b>	<b>(6,665)</b>	(481,114)
<b>EARNINGS BEFORE TAX</b>	<b>371,628</b>	<b>(43,791)</b>	(415,419)
INCOME TAXES	(107,546)	(19,912)	(127,458)
<b>NET PROFIT</b>	<b>264,082</b>	<b>(63,703)</b>	(327,785)

BALANCE SHEET

<b>FINANCIAL BALANCE SHEET</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>Difference</b>
CASH AND CASH EQUIVALENTS	476,409	6,467,017	5,990,608
TRADE AND OTHER RECEIVABLES	1,229,357	3,993,039	2,763,682
INVENTORIES	6,906,638	10,688,996	3,782,358
<b>CURRENT ASSETS (C)</b>	<b>8,612,404</b>	<b>21,149,052</b>	<b>12,536,648</b>
TANGIBLE FIXED ASSETS	454,131	1,150,708	696,577
INTANGIBLE FIXED ASSETS	2,635,327	5,586,761	2,951,434
FINANCIAL FIXED ASSETS	460,762	687,089	226,327
<b>FIXED ASSETS</b>	<b>3,550,220</b>	<b>7,424,558</b>	<b>3,874,338</b>
ASSETS – INVESTED CAPITAL (K)	<b>12,162,624</b>	<b>28,573,610</b>	<b>16,410,986</b>
CURRENT LIABILITIES (P)	8,890,910	14,097,520	5,206,610
CONSOLIDATED LIABILITIES	1,026,006	2,289,087	1,263,081
<b>EQUITY (N)</b>	<b>2,245,708</b>	<b>12,127,003</b>	<b>9,881,295</b>
<b>LIABILITIES AND EQUITY - SOURCES</b>	<b>12,162,624</b>	<b>28,573,610</b>	<b>16,410,986</b>