

Press Release

**THE BOARD OF DIRECTORS APPROVES THE
CONSOLIDATED HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2022**

**INTEGRATION WITH ACQUIRED BUSINESSES AND ECONOMIES OF
SCALE BOOST REVENUES AND MARGINS**

**IMPRESSIVE PERFORMANCE IN EBITDA, UP 45%, AND NET PROFIT,
UP 73%**

- Consolidated REVENUES of EUR 52.8 million, up 34.5% from EUR 39.3 million in the first half of 2021¹;
- Consolidated EBITDA² of €1.9 million, up 45.3% compared to €1.3 million in H1 2021; EBITDA margin of 3.5% vs. 3.2%
- Consolidated Net Profit of EUR 0.4 million, up 73% compared to EUR 0.2 million in H1 2021;
- Consolidated Net Financial Debt of EUR 19.7 million compared to EUR 14.1 million as at 31 December 2021.

Viareggio, 26 September 2022 – Farmaè S.p.A. – a company listed on the Euronext Growth Milan market of Borsa Italiana, a leading integrated platform in Italy in the healthcare, beauty and wellness sectors – has approved the Consolidated Half-Year Report as at 30 June 2022, prepared pursuant to the Euronext Growth Milan Issuers' Regulations, according to International Accounting Standards ("IAS/IFRS") and subject to voluntary limited audit.

"*The half-year results,*" commented Riccardo Iacometti, Chairman and CEO of Farmaè, "*highlight the Group's ability to continue on its development path, combining growth with profitability, confirming its unique positioning in the e-commerce landscape. The ability to integrate the acquired companies, first and foremost AmicaFarmacia but also the FarmaEurope brand, testifies in numbers and facts the soundness of our growth strategy, also through aggregation; this same strategy, thanks to greater operating leverage, has enabled us to achieve an EBITDA margin of 3.5% in the first half of 2022. As promised, one year exactly after the acquisition of AmicaFarmacia, the deliverable synergies and economies of scale are now visible in the numbers, thus proving the validity of our business model and our ability to execute. In a market undergoing*

¹ It should be noted that the scope of consolidation as at 30 June 2022 includes Farmaè S.p.A. (with the results of the Farmaè, Beautyè, Sanort, AmicaFarmacia and Farmaeurope platforms) Valnan S.r.l and the Madonna Della Neve pharmacy, while the Consolidated Half-Year Report as at 30 June 2021 did not include AmicaFarmacia and the related physical pharmacy acquired on 1 October, and the Farmaeurope platform operational since May 2022.

² EBITDA was defined as the difference between total revenues and total operating costs, net of depreciation and amortisation.

consolidation, our Group's position remains that of undisputed leader; our profitability and capital soundness will allow us to continue to play our role as leaders and keep growing both in terms of revenues and profitability. Evidence from this first phase of the year shows the increased performance of our online platforms and the consolidation of our retail experience for the Farmaè, AmicaFarmacia, FarmaEurope, Beautyè and Sanort brands, as well as the growth and ongoing introduction of new product categories – such as PET – and the expansion of our offerings in the beauty, orthopaedics and homeopathy segments, also thanks to the continued evolution of our Media positioning on the back of co-marketing revenues. We are confident of continuing this positive trend and in line with the targets set for the entire financial year.

The half-year shows a growth in all economic and financial indicators, which improved both on an organic level and thanks to the acquisition of AmicaFarmacia. The integration of the latter was a success in the first year because, against a growth in volume, it allowed us to improve the operational levers of business management. The Group now has a single commercial strategy on procurement that allowed us to exploit the new critical mass and renegotiate the best conditions, as well as improve the logistics cost levers and lower the acquisition cost of each customer on the advertising side. By validating in practice the theory that every online business model, on the eCommerce side, improves its margins as its volume grows, in a nutshell, we have significantly improved the incidence of both cost of sales and distribution and sales expenses.

MAIN ECONOMIC AND FINANCIAL RESULTS AS AT 30 JUNE 2022

The Consolidated Report as at 30 June 2022 has been prepared by Farmaè in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Standard Interpretation Committee (IFRS IC, formerly IFRIC) and the previous Standing Interpretations Committee (SIC) (hereinafter referred to as "**IAS/IFRS Principles**"), endorsed by the European Union following the entry into force of Regulation (EC) No. 1606/2002 issued by the European Parliament and the European Council in July 2002.

	Six months to 30 June 2022	Six months to 30 June 2021	Change %
Online	48,637,105	36,641,997	32.7%
Offline	3,477,507	1,955,587	77.8%
Consulting	602,660	609,848	-1.2%
Other	101,439	67,453	50.4%
	52,818,712	39,274,884	34.5%

In the first half of 2022, **consolidated revenues** amounted to EUR 52.8 million, an increase of 34.5% compared to the EUR 39.3 million recorded in the first half of 2021, and net of co-marketing revenues³ amounting to €2.1 million compared to €1.6 million in the same period of the previous year. The latter show a largely positive trend (+31% compared to the same period of 2021), which confirms the well-established partnership with the industries in the sector that see Farmaè as the main and most reliable partner within the online health and wellness market.

³ As a result of the new IAS/IFRS-compliant reporting, **co-marketing** revenues will be recognised partly as a reduction of Cost of Sales and partly as a reduction of Selling & Distribution Costs.

Consolidated revenues as at 30 June 2022 are substantially in line with pro-forma revenues as at 30 June 2021, amounting to EUR 53.1 million, reconstructed on a like-for-like basis including the AmicaFarmacia platform and the Madonna della Neve pharmacy (the latter two acquired on 1 October 2021).

The **Online channel** reported a turnover of Euro 48.6 million, up 32.7% against Euro 36.6 million in the first half of 2021, thanks to the expansion of the range of products offered – with a special focus on homeopathic and natural products – as well as through the development of the Pet offer, thus extending the concept of health and wellness also to man's best friends. The channel benefited from the integration of AmicaFarmacia, which contributed to the Group's results for the entire period, while the acquisition of the Farmaeurope brand, which took place in May, contributed marginally to the results for the period.

The **offline channel** displayed sales of over Euro 3.5 million, up 77.8% compared to Euro 2.0 million in the first half of 2021, thanks in part to the consolidation of revenues from the AmicaFarmacia physical pharmacy; this testifies to the validity of the omnichannel strategy.

Revenues from **consulting activities** ascribable to Valnan S.r.l, a company active in the field of online communication and marketing, amounted to EUR 0.6 million, substantially in line with the results obtained in the first half of 2021. Thanks to an innovative business model in the field of online communication and marketing, the company offers its clients a unique mix of services, technology, consulting and training to support Italian and international companies in the Digital Transformation process to bring brands closer to consumers. It operates in the market independently and is the reference agency in Italy for players in the pharmaceutical, beauty, wine and tech sectors.

The **Commercial Margin** stood at Euro 17.1 million, up 36.5% from Euro 12.5 million, confirming the economies of scale linked to the dynamics of revenue growth also thanks to the acquisition of AmicaFarmacia and the introduction of dynamic pricing.

EBITDA for the first half of 2022 amounted to EUR 1.9 million, up 45.3% compared to the first half of 2021. EBITDA as a percentage of consolidated net sales revenue was 3.5%.

Group **EBIT** for the six months ended 30 June 2022 was €839,000, an improvement of 80% compared to the first half of 2021.

Net Profit was Euro 404 thousand, up 72.7% compared to Euro 233 thousand in H1 2021.

The **Net Financial Debt** at 30 June 2022 was Euro 19.7 million, up against Euro 14.1 million at 31 December 2021 mainly as a result of the investments made in the period to strengthen the the group's logistics and to the acquire the Farmaeurope.it domain, with important development plans expected for the near future. There was also an increase in working capital mainly due to the rise in inventories to support business developments according to the following drivers: (i) expansion of the product range; (ii) strategic stock management policy aimed at mitigating potential price increases linked to current inflationary trends, (iii) supporting the increase in turnover expected for the second half of 2022. It should also be noted that although the Group's net financial debt increased, its ratio with the annualized EBITDA remained substantially unchanged.

It also affects the increase in **Net Working Capital** mainly due to the increase in inventories in support of business developments according to the following drivers: (i) expansion of the product range; (ii) strategic management policy of the inventories themselves aimed at mitigating potential price increases related to current inflationary trends, (iii) supporting the increase in sales expected in the second part of 2022. It should also be noted that although the Group's Net Financial Debt increased, its ratio to annualized Ebitda remained essentially unchanged.

MAIN KPIs

Orders on platforms grew by 34% to 1 million 113 thousand compared to 830.4 thousand recorded in H1 2021 by Farmaè alone, and by 6% compared to 1 million 52 thousand on a like-for-like basis in H1 2021. 5 million 563 thousand products were sold, up 37% from the 4 million 53 thousand sold by Farmaè alone, and up 8% from the 5 million 154 thousand in H1 2021 on a like-for-like basis.

SIGNIFICANT EVENTS DURING THE HALF-YEAR

At the beginning of **February 2022**, Valnan S.r.l. was appointed Google Premier Partner. Google selected Valnan S.r.l., an online communication and marketing agency, for its professional skills, placing it in the top 3% of Italian agencies that develop strategies, plan and implement digital campaigns in Italy and abroad. The American company, recognizing Valnan as Premier Partner 2022, qualifies it as an excellence in the sector.

On **2 March 2022**, Farmaè Group expanded its offer and entered the pet world with a wide range of products for the feeding, care and wellbeing of pets, so as to better meet the purchasing needs of the thousands of customers active on the farmae.it and amicafarmacia.com portals.

On **11 March 2022**, Farmaè approved the Short-Term Monetary Incentive Plan - MBO Plan 2022. Beneficiaries will be granted a bonus in cash subject to the achievement of specific individual objectives as well as a certain consolidated turnover target of the Farmaè Group for the year 2022, in accordance with the terms and conditions set out in the relevant Regulations.

On **31 March 2022**, the Farmaè Group was certified as a carbon neutral company, the first company in the industry to achieve this goal. The analysis and quantification of direct and indirect emissions have been described in the GHG Report (Green House Gas - Emissions Inventory), prepared in accordance with the guidelines defined by the GHG Protocol Corporate Accounting and Reporting Standard, which represents globally the most widely used reference standard for calculating and reporting greenhouse gas emissions, by companies and institutions, and has been adopted by more than 90% of Fortune 500 Companies

On **29 April 2022** Farmaè announced that the Shareholders' Meeting approved the authorisation for the purchase and subsequent disposal of treasury shares pursuant to Articles 2357 et seq. of the Italian Civil Code, as well as Article 25-bis of the Euronext Growth Milan Regulations, in light of the reasons and according to the terms and conditions illustrated.

On **2 May 2022** Farmaè announced that, as part of a process of reorganisation and strengthening of the corporate finance function, Marco Baroni was appointed Chief Financial Officer of the Group.

On **5 May 2022** Farmaè announces that, as part of a mere family reorganisation, Riccardo Iacometti donated (i) to his son Andrea Iacometti the bare ownership of a nominal shareholding of Euro 20,000, equal to 20% of the share capital of RIAC Holding S.r.l. ("RIAC") maintaining the related usufruct right and (ii) to his spouse Cinzia Rossi the full ownership of a nominal shareholding of Euro 10,000, equal to 10% of the share capital of RIAC.

On **16 May 2022** Farmaè announced that it had acquired from Farmaeurope S.r.l. the "Farmaeurope" trademark and the related internet domain www.farmaeurope.eu.

On **8 June 2022**, Farmaè promoted the collection of 1,000 kilograms of plastic from the sea: the company partnered with the start-up Ogyre, the first global platform for fishing for litter, a model that allows anyone - individuals and companies - to contribute to the health of the oceans by collecting marine litter with the help of fishermen.

SIGNIFICANT EVENTS AFTER THE END OF THE HALF-YEAR

On **23 September 2022** Farmaè won two Netcomm Awards, respectively in the "Digital marketing" and "Customer Care & CRM" categories. The Netcomm AWARD, now in its 11th edition, rewards the best Italian e-commerce companies that stand out for the innovation of their business model, technological innovation, creativity, usability and transparency of the procedures adopted, effectiveness and clarity of the information of the project developed.

FORESEEABLE EVOLUTION OF OPERATIONS

The results for the first half of 2022 display an improvement in all economic-financial indicators, showing the positioning achieved by the Group as a leader in its sector thanks to its capacity for organic growth and the acquisitions made during the two-year period. These results were achieved in spite of a very uncertain geopolitical context and against a macroeconomic scenario that is gradually deteriorating; they testify to how the nature of the activity, the reference sector and the Group's business model have so far proved resilient to exogenous effects. We believe that this resilience will be further improved as inflationary pressures intensify and recession prospects negatively impact the spending power of consumers, who will find the right price-service mix in the e-commerce channel. In light of the above, growth forecasts for the year 2022 are nevertheless positive. Indeed, the Group intends to continue on its growth and development strategy, pursuing well-defined strategic guidelines through both organic growth and acquisitions. The expanded offer to include over 100,000 SKUs with new product categories such as animal food and the expansion of the homeopathy and beauty sector with new brands, as well as the development of the new Farmaeurope platform, make us confident in an acceleration of growth in the second half of the year. The consolidation of our leadership position in the segment and the achievement of significant volumes will allow us to continue to grow profitably thanks to the economies of scale that can be achieved and the increasingly close relationships with the industries in the sector which – in addition to being our suppliers – also appreciate the continued evolution of our Media, thanks to co-marketing revenues.

FILING OF DOCUMENTATION

The documentation relating to the Financial Statements as at 30 June 2022, required by current legislation, will be made available to the public at the Company's registered office (via Marco Polo 190, Viareggio) as well as through publication on the Company's website www.farmaegroup.it, Investor Relations/Financial Statements and Reports" section within the terms of the law.

This press release is available in the "Investor Relations" section of Farmaè's website www.farmaegroup.it.



Established in Viareggio in 2014 and listed since July 2019 on Euronext Growth Milan market of Borsa Italiana, Farmaè is a media platform and a benchmark, a leader in Italy in the Healthcare, Beauty and Wellness sectors. Farmaè Group today controls Farmaè, AmicaFarmacia, Beautyè, Sanort and the media company Valnan Communications. The Group places the customer at the centre of its circular activities, responding immediately, quickly and pragmatically to every need, ensuring a unique customer experience, regardless of the purchase channel used. Farmaè Group is also the primary reference for industries investing in the millions of visitors to online platforms, thus recognizing the Group's main brands as true Media.

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Attached are the reclassified consolidated income statement, balance sheet and cash flow statement of the Farmaè Group as at 30 June 2022

FARMAÈ GROUP INCOME STATEMENT

		Six months to 30 June 2022	Six months to 30 June 2021
Revenues	(28)	52,818,712	39,274,884
Cost of sales	(29)	(35,752,818)	(26,774,739)
COMMERCIAL MARGIN		17,065,894	12,500,145
Distribution and selling expenses	(30)	(12,543,092)	(9,834,932)
Administrative expenses	(31)	(3,683,485)	(2,181,556)
Impairment of receivables included in current assets	(32)	-	(16,486)
OPERATING PROFIT		839,317	467,171
Financial income	(33)	207	16,315
Financial expenses	(33)	(337,033)	(141,269)
PROFIT BEFORE TAX		502,491	342,217
Taxes	(34)	(98,687)	(108,433)
PROFIT FOR THE PERIOD		403,804	233,784

STATEMENT OF COMPREHENSIVE INCOME

	Six months to 30 June 2022	Six months to 30 June 2021
Profit for the period	403,804	233,784
Items not reclassifiable to profit or loss		
Actuarial gains and losses of defined benefit plans for employees	212,271	(1,611)
Tax effect	(50,945)	387
Total items not reclassifiable to profit or loss	161,326	(1,224)
Items reclassifiable to profit or loss		
Change in fair value of cash flow hedge derivatives	111,708	4,500
Tax effect	(26,810)	(1,080)
Total items reclassifiable to profit or loss	84,898	3,420
Total other components of total income (loss)	246,224	2,196
Total income for the period	650,028	235,980

FARMAÈ GROUP BALANCE SHEET

		30/06/2022	31/12/2021
Property, Plant, Machinery and Other Equipment	(5)	4,209,166	3,310,552
Intangible Assets	(6)	16,738,358	15,735,861
Goodwill	(7)	37,770,889	37,770,889
Usage rights	(8)	7,833,404	6,967,267
Other non-current financial assets and derivatives	(9)	40,262	40,703
Other non-current assets	(10)	1,754,319	1,044,172
Deferred tax assets	(11)	1,046,714	907,371
TOTAL NON-CURRENT ASSETS		69,393,112	65,776,814
Inventories	(12)	20,113,206	18,218,998
Trade receivables	(13)	5,753,574	5,867,923
Other current financial assets and derivatives	(14)	3,716,682	3,391,706
Current tax receivables	(15)	1,571,978	765,193
Other current non-financial assets	(16)	1,698,699	1,635,097
Cash and cash equivalents	(17)	5,886,083	10,429,624
TOTAL CURRENT ASSETS		38,740,223	40,308,542
TOTAL ASSETS		108,133,334	106,085,357
Share capital	(18)	3,423,135	3,423,135
Other reserves	(18)	37,060,822	36,910,730
Profit/(loss) for the year	(18)	403,804	(89,709)
TOTAL SHAREHOLDERS' EQUITY		40,887,760	40,244,156
Non-current payables to banks	(20)	13,730,821	13,873,525
Non-current financial liabilities for leasing	(21)	6,118,766	5,384,941
Other non-current financial liabilities and derivative financial instruments	(22)	80,276	87,966
Provision for employee benefits	(23)	1,337,283	1,497,510
Deferred tax liabilities	(24)	3,783,170	3,726,816
TOTAL NON-CURRENT LIABILITIES		25,050,316	24,570,758
Current payables to banks	(20)	8,458,948	7,725,808
Current financial lease liabilities	(21)	896,286	829,793
Other current financial liabilities and derivative financial instruments		355	3,551
Current tax liabilities	(25)	1,072,235	889,087
Other current liabilities	(26)	2,065,572	1,740,060
Current trade payables	(27)	29,701,862	30,082,144
TOTAL CURRENT LIABILITIES		42,195,258	41,270,443
TOTAL LIABILITIES		67,245,574	65,841,201
TOTAL EQUITY AND LIABILITIES		108,133,334	106,085,357

FARMAÈ GROUP CASH FLOW STATEMENT

	Sei mesi al 30 giugno 2022	Sei mesi al 30 giugno 2021
A) OPERATING ACTIVITIES		
Profit (loss) for the year	403,804	233,784
Income Taxes	98,687	108,433
Net financial expenses	336,826	124,954
(Gains)/Losses on disposal of assets		
Accruals to provisions (including for employee benefits)	130,311	88,004
Depreciation of fixed assets	1,018,425	811,210
Cash Flow from Operations before Changes in Net Working Capital	1,988,053	1,366,385
Decrease/(Increase) in inventories	(1,894,208)	752,021
Decrease/(Increase) in trade receivables	114,349	(2,279,355)
Decrease/(Increase) in tax receivables	806,785	570,283
Decrease/(Increase) in other current non-financial assets	441	380,858
Increase/(Decrease) in trade payables	(380,282)	1,474,718
Increase/(Decrease) in tax payables	183,148	245,294
Other increases/(decreases) in other assets and liabilities	(714,250)	(195,453)
Cash Flow generated by operations after changes in net work. cap.	(1,509,535)	2,314,751
Interest received/(paid)	(241,660)	(122,912)
(Income taxes paid)		
(Utilisation of funds - including for employee benefits)	(88,719)	(3,952)
Net cash flow provided by operating activities (A)	(1,839,914)	2,187,887
B) INVESTING ACTIVITIES		
(Investments in tangible and intangible fixed assets)	(2,500,225)	(820,164)
Divestments of tangible and intangible fixed assets		
Cash flow from business combinations		
(Purchase of participations)		
(Investments)/Disposals in financial assets	(305,512)	(512,453)
Cash Flow from Investing Activities (B)	(2,805,737)	(1,332,617)
C) FINANCING ACTIVITIES		
Increases in bank debts	3,681,511	1,221,405
(Repayment of amounts due to banks)	(3,091,075)	(1,792,389)
(Repayment of amounts due to other lenders)	(3,195)	(1,372)
(Repayment of principal portion of financial lease liabilities)	(485,130)	(405,877)
Cash Flow from financing activities (C)	102,110	(978,233)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(4,543,541)	(122,962)
Cash and cash equivalents at beginning of year	10,429,624	9,222,629
Cash and cash equivalents at the end of the year	5,886,083	9,099,667

NET FINANCIAL DEBT

		30/06/2022	31/12/2021
A	Cash	5,886,083	10,429,624
B	Cash and cash equivalent		
C	Other financial assets	3,716,682	3,391,706
D	Liquidity funds (A+B+C)	9,602,765	13,821,330
E	Current bank debt	1,387,336	1,276,567
F	Current part of non-current bank debt	7,967,898	7,282,585
G	Current financial debt (E+F)	9,355,234	8,559,152
H	Current net financial debt (G-D)	(247,531)	(5,262,178)
I	Non-current bank debt	19,849,587	19,266,366
J	Debt securities	72,376	80,066
K	Non-current trade debt and other non-current liabilities		
L	Non-current financial debt (I+J+K)	19,921,963	19,346,432
M	Net financial debt (H+L)	19,674,432	14,084,254