

## FARMACOSMO ENTERS THE WORLD OF PHYSICAL PHARMACIES AT THE SERVICE OF E-COMMERCE CHANNELS

**THE STRATEGY OF DEEP ROOTING THE LOGISTIC PHARMACIES HAS BEGUN THE MAJORITY OF FARMACIA DE LEO SRL HAS BEEN ACQUIRED IN 2021 PHARMACIES HAVE GAINED CIRCA 2.1M EUROS, EBITDA MARGIN OF CIRCA 20%<sup>1</sup>**

**THE PHARMASI E-COMMERCE PORTAL HAS BEEN ACQUIRED, WITH TOTAL COMPANY REVENUES FOR AROUND 5.2M EUROS, EBITDA AROUND 0.3M EUROS AND CIRCA 54,000 TOTAL ORDERS IN THE COMPANY PERIMETER**

**THE TRANSACTION INVOLVES THE IMMEDIATE PURCHASE OF 67% OF THE CAPITAL STOCK, PART OF THE PRICE WILL BE PAID IN FARMACOSMO SHARES VALUED AT 2.28 EUROS EACH (TARGET PRICE EQUITY RESEARCH)**

*Milan, November 11th 2022*

**Farmacosmo S.p.A.** (the "Company", "Farmacosmo"), a company active in the Health, Pharma & Beauty sector, quoted on the Euronext Growth Milan market of Borsa Italiana, announces that on today's day **was completed the acquisition** ("the Acquisition", "the Transaction") of 67% of the **capital stock of Farmacia De Leo S.r.l.** (the "Target"), the company owning the De Leo Pharmacy (the "Pharmacy") in Messina, along with the **Phàrmasi** e-commerce portal ("Pharmasi", the "Portal") founded in 2010, one among the historic Italian operators in the online market for the Health, Pharma & Beauty sector, with more than **16 thousand references** in its catalog.

**Fabio de Concilio, President and CEO of Farmacosmo:** *"Farmacosmo continues its growth path through external lines and, coherently with what was represented in the IPO phase, enters the world of **physical pharmacies**, with the aim of creating defences enabling an **evolution in Q-commerce** as well as a multi-channel offer. Furthermore, the availability of **logistics** from now on also present in Sicily will allow the Farmacosmo group to speed up the delivery of all company orders from the get go, **reducing shipping times by one day and guaranteeing immediate cost synergies**. In addition to the aforementioned logistics, **we will strengthen ourselves with a physical point of reference that expresses a high margin, around 20% of the Ebitda**. These last weeks we have studied an **optimization plan with challenging objectives** for the website **www.pharmasi.it**, which boasts an **extraordinary potential** also thanks to the work of Rosario De Leo, who from today will join the Farmacosmo team. We intend to immediately develop the offer and services to the public, with a new **focus on the childhood and motherhood vertical**. After the acquisition of **ProfumeriaWeb**, we are proud to have **achieved** - only eight months after the quotation - another **important growth operation through external lines, in the wake of the strategic guidelines shared with the market.**"*

**Rosario de Leo, CEO of Farmacia De Leo:** *"I am excited to embark on this journey with Farmacosmo, **sharing its vision and objectives completely**. The Phàrmasi portal will have the know-how and skills of specialized verticals in the logistic, technologic, and marketing fields at its disposal, as to grow rapidly and achieve the challenging objectives of the group, to which I am proud to contribute".*

In 2021, the Target recorded approximately 5.2 million Euros of revenue, of which 3.1 million Euros ascribable to Phàrmasi and over 2.1 million Euros to the physical point of reference. The relative Ebitda amounted to around 0.3 million Euros, with a Net Financial Position at the end of the year (cash positive) of about Euro 0.2 million Euros<sup>1</sup>.

Adding up the aggregate user base of the Farmacosmo, ProfumeriaWeb and Phàrmasi portals, in 2021 there could have been an increase of over 40% compared to what was expressed by Farmacosmo alone in the same year.

*1. Management data not subjected to auditing*

## STRATEGIC RATIONALES

The Transaction, coherently with the Company's Business Plan, declares the **entry into the world of physical pharmacies** also with the aim of **enabling the development of Q-Commerce**. More specifically:

- o Entry into the **insular Italian market**, with the ambitious goal of becoming the e-commerce reference in new territories today characterized by a penalizing level of service, thanks to a **dedicated logistics hub** capable of enabling significant scale economies and deliveries in 24 hours;
- o Implementation of **the industrial agreement** with Farvima Medicinali S.p.A., already a Company shareholder, for the integration of Farvima's first logistics center, thanks to same day delivery which will cover the cities and provinces of Messina and Catania;
- o Development of the retail business, with special attention to the **childhood** and **maternity** vertical;
- o Efficiency of the current structure through numerous revenue and cost synergies, defining a **single strategic center** for the IT developments and marketing policies between the two portals. Additionally, the integration of the Target within **the supply and distribution chain** provides for significant benefits connected to a more efficient management of the current assents.

## TRANSACTION STRUCTURE

The Transaction involved the purchase by Farmacosmo of a stake equal to 67% of the capital stock of Farmacia De Leo S.r.l., exclusively by mean of purchasing the stakes held by Rosario De Leo (the "Trade").

The compensation for the Trade was paid in part in cash, for a portion equal to 1.03 million Euros (the "Cash Compensation"), and for 0.2 million Euros in Farmacosmo shares (the "Kin Compensation"), each valued at 2.28 Euro (target price equity research). The aggregate amount (Cash Compensation and Kind Compensation) paid on today's day was of 1.43 million Euros (of which 0.2 million Euros deposited in an escrow account to guarantee any potential reimbursement), while 1.18 million Euros will be remitted once the parties would have jointly determined the value of the net financial position on the execution date. Farmacosmo shares will be subjected to a 12-month lock-up obligation following the actual transfer to the sellers.

Regarding the Cash Compensation part, The Transaction was completed using exclusively the Company's own funds.

The Trade establishes reciprocal purchase and sale options aimed at acquiring the residual capital stock of the Target.

Is hereby given that on today's day was held the Shareholders' Meeting of Farmacie de Leo S.r.l. which appointed a **Board of Directors** chaired by Rosario De Leo (founder and previous Sole Administrator), flanked by **Luca Petrella** (formerly Farmacosmo's Head of Operations) and **Marco Di Fiore** (formerly Farmacosmo's Head of Logistics).

Is hereby recalled that the Selling Partners were assisted by BE Partners for counseling and by Studio Eptalex for the legal profiles and that Farmacosmo was assisted by Studio Orrick, Herrington & Sutcliffe for the legal profiles and by BDO Italia S.p.A. for activities connected to due diligence finance, tax & labor. Notary Demetrio Maltese of the notary firm Giamalex Notai Associati assisted the parties, to the extent of his competence.

\*\*\*

This press release is available at [www.farmacosmoinvestors.com](http://www.farmacosmoinvestors.com), 'Investors/Press Releases' section and on the authorised 'eMarket Storage' mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)).

\*\*\*

# FARMACOSMO+

## PRESS RELEASE

### THE SOCIETY

Farmacosmo is a company active in the Health, Pharma & Beauty sectors. The company's business model is based on the circular model of the I(ea)n strategy, and is divided into three main business areas: Logistics, Intelligence and Node. Logistics: enables the management and fulfilment of up to 12,000 orders per day, with delivery times of up to 20 hours from carrier picking and just-in-time procurement ('zero warehouse' policy). Intelligence: includes strategy definition, competitive positioning and customer journey activities, which enabled the company to intercept c. 188,000 customers in 2021. Recurring customers contributed 74% of the annual retail stream turnover. The average cart value of active customers in the retail stream amounted to €92 (€109 related to recurring customers). Node: R&D activities, process innovation and IT infrastructure of the company. Over the past five years, Farmacosmo's sales value has grown by 54% (CAGR 2016-2021) and will be around €58 million in 2021. The Farmacosmo ecosystem aims to pursue standards of excellence in every part of its value chain, being inspired by compliance with ESG principles at all stages of the logistics process (from the packaging used for online orders to carbon compensation initiatives) and in the valorisation of its employees, the company's strategic asset. Farmacosmo's commitment to ESG is also underlined by the publication of its Sustainability Report 2021.

### IDENTIFICATION CODES

Ordinary Shares: ISIN IT0005487670 (Ticker COSMO)

Warrant Farmacosmo 2022-2025: ISIN IT0005487415 (Ticker WCOSMO)

### FOR FURTHER INFORMATION:

#### INVESTOR RELATIONS MANAGER

##### Farmacosmo

Via Crispi, 51 - 80121 Naples

Tel. +39 02 50042143

Paolo Cimmino [ir@farmacosmo.it](mailto:ir@farmacosmo.it)

#### EURONEXT GROWTH ADVISOR

##### Illimity Bank

Via Soperga, 9 - 20124 Milan

Tel. +39 02 82849699

[farmacosmo@illimity.com](mailto:farmacosmo@illimity.com)

#### INVESTOR & MEDIA RELATIONS ADVISOR

##### IR Top Consulting

Via Bigli, 19 - 20121 Milan

Tel. +39 02 45473883

Pietro Autelitano [ir@irtop.com](mailto:ir@irtop.com)

Domenico Gentile [ufficiostampa@irtop.com](mailto:ufficiostampa@irtop.com)