

THE BOARD OF DIRECTORS APPROVES
THE HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2022
REVENUES OF ABOUT 32.1 MLN (+22% YoY)
ADJ EBITDA OF ABOUT 0.5 MLN (+178% YoY)
CASH POSITIVE NFP BY APPROX. 13.8 MLN (0.8 MLN AS OF
31.12.2021)
ALL KPI'S ARE GROWING ON THE PHARMACOSMO.IT PORTAL
228 THOUSAND ORDERS IN THE FIRST HALF OF THE YEAR
(+28% YoY)

AGREEMENT SIGNED FOR THE ACQUISITION OF THE MAJORITY OF
PROFUMERIAWEB, LEADER IN THE PERFUMERY SECTOR AS WELL AS IN
THE LUXURY SEGMENT WITH 139,000 TOTAL ORDERS IN 2021

Naples, 16 September 2022

The Board of Directors of **Farmacosmo S.p.A.** ("Company", "Farmacosmo"), a company operating in the *Health, Pharma & Beauty* sector, listed on the Euronext Growth Milan market of Borsa Italiana, met today and approved the half-yearly financial report as at 30 June 2022.

Fabio de Concilio, CEO of Farmacosmo, **commented**: "*We are very pleased with the solid results achieved in the first half of the year, which are the result of the **strong organic growth** of the **pharmacosmo.it portal**. The results affirm that the Company is among the sector leaders, confirming the solidity of the strategy pursued and the continuous growth trend. We are working simultaneously on the realisation of growth by external lines, in line with what was presented at the listing. The agreement signed on the 9th of August to acquire a majority stake in **ProfumeriaWeb** marks our entry into the **luxury segment of the perfumery, cosmetics and make-up** markets.*

Further initiatives are currently being pursued with the aim to progressively create an integrated platform of care and wellness services, consolidating growth in terms of customers, volumes and margins."

Highlights as of the 30th of June 2022

Farmacosmo continues its growth path driven by the further improvement of all business KPIs on the *pharmacosmo.it* portal. Specifically, the growth trend is entirely organic. It can be attributed concurrently to the improvement in the number of orders (+28% YoY), the number of loyal customers (+43% YoY), the *conversion rate*, which stands at 4% (+27% YoY) and the increase in the average shopping cart to around € 96 (vs € 92 in H1 2021).

Revenues amounted to c. €32.1 million, showing a **growth of 22% compared to** €26.4 million in the previous year. The result, mainly related to the **growth of the B2C channel (+35% YoY)**, is all attributable to the organic growth of the portal *farmacosmo.it*, and is well above the market average recorded in the same period.

Costs for services, up 34% year-on-year, are largely influenced by components related to the listing on Euronext Growth Milan, as well as costs that cannot be capitalised in new strategic initiatives, which will start to produce benefits in the latter part of the current year.

EBITDA for H1 2022 amounted to €238 thousand, compared to €172 thousand in the same period of the previous year, up 39%. **Excluding, among others, the aforementioned listing-related costs, EBITDA for H1 2022 would stand at €478 thousand, up 178% year-on-year.**

Depreciation and amortisation, up 45% year-on-year, are **heavily impacted by capitalised IPO costs**. **EBIT** amounted to minus €135 thousand, down from the same period of the previous year (minus €85 thousand), due to the aforementioned depreciation and amortisation.

Excluding all of the aforementioned costs and depreciation and amortisation, EBIT for the first half of 2022 would have amounted to about €232 thousand, up from minus €85 thousand in the same period last year (+ 371% YoY).

Farmacosmo closed the first half of 2022 with a net loss of €286 thousand, compared to a net loss of €212 thousand as of the 30th of June 2021.

The **Net Financial Position**, already 'cash positive' at the end of 2021 by €0.8 million, stands at €13.8 million 'cash positive' (including IPO *proceeds* and net related costs).

Significant events after the end of the period

On 9 August 2022, Farmacosmo announced that it had signed a binding agreement to acquire a majority stake equal to 69.88% of the share capital of Vin.Ci. S.r.l. (the 'Target company'). The Target company is the owner of the portal **ProfumeriaWeb.com**, one of the *leading e-commerce* sites in Italy in the perfumery, cosmetics and make-up sectors, including the *luxury* segment. In accordance with the articles of association of the Target company, with regard to the right of co-sale, the Agreement is also addressed to all other shareholders (up to 100% of the Target company) so that they may adhere to it.

On the 31st of December 2021, the Target company showed revenues of €8.1 million, EBITDA of minus €0.7 million, NFP of essentially zero and a number of orders of over 139,000. The Farmacosmo team is already studying the strategic *framework* aimed at optimising the benefits deriving from the completion of the transaction, both in terms of revenue and cost optimisation, also applying the business model characterising the I(ea)n strategy to ProfumeriaWeb.

The total consideration for 100% of Target's share capital is €4.1 million, subject to the application of a price adjustment mechanism in favour of the purchaser based on certain parameters, including NFP and inventory amount of Vin.Ci. S.r.l.'s inventory at the execution date ("Closing") is assumed to be no later than the 30th of September 2022. The transaction will be completed entirely with Farmacosmo's own resources.

Foreseeable development of operations

The second half of 2022 will be characterised by the typical seasonality of the *online* trade market, with the main volumes being recorded in November and December.

The last quarter of 2022 will also be marked by the finalisation of the agreement signed on 9 August to the acquisition of a majority stake in ProfumeriaWeb.com (see the Press Release issued on the same date).

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PRESS RELEASE

The transaction is currently scheduled to be completed, subject to the fulfilment of certain conditions precedent, on the 30th of September 2022.

The above is part of Farmacosmo's broader strategy to continue its growth and development process, which includes:

- consolidation of its presence in the B2C business area by increasing the number of active customers and the average cart value;
- investment in omnichannel through a network of physical points in major Italian cities, also with the aim of enabling the development of Q-Commerce;
- Progressive introduction of new value-added services in Digital Health & Beauty;
- growth by external lines also to the benefit of new verticals, consistent with the strategies represented during the IPO.

BALANCE SHEET

Balance Sheet	30.06.2022	31.12.2021	Var.%
(Figures in Euro/000)			2022-2021
Receivables from shareholders for payments still due	-	-	n/a
Intangible fixed assets	3.072	1.101	179%
Tangible fixed assets	295	296	0%
Financial fixed assets	50	60	-17%
Fixed Capital	3.417	1.457	134%
Inventories	2.613	2.080	26%
Trade receivables	4.628	4.810	-4%
Trade payables	-7.691	-8.009	-4%
Commercial Working Capital	-450	-1.119	-60%
Other current assets	196	227	-14%
Other current liabilities	-373	-368	1%
Tax receivables and payables	717	268	167%
Net accruals and deferrals	44	-115	138%
Net Working Capital	134	-1.107	112%
Provisions for risks and charges	-	-	n/a
TFR	-274	-223	23%
Net Invested Capital (Loans)	3.277	127	>1.000%
Due to banks	15	340	-96%
Other Financial Payables	-	280	n/a
Financial receivables	-7.048	-48	>1.000%
Cash and cash equivalents	-6.750	-1.411	378%
Net Financial Position	-13.782	-839	>1.000%
Share Capital	3.009	68	>1.000%
Reserves	14.336	485	>1.000%
Result for the year	-286	413	-169%
Shareholders' equity (Equity)	17.059	966	>1.000%
Total Sources	3.277	127	>1.000%

PROFIT AND LOSS ACCOUNT

Profit and Loss Account	30.06.2022	30.06.2021	Var %
(Figures in Euro/000)			1H 2021- 1H 2020
Revenues from sales and services	32.118	26.426	22%
Increases in fixed assets for internal work	-	-	-
Other revenues and income	47	35	34%
Value of production	32.164	26.461	22%
Costs of raw materials, subsidies, consumables, goods	-28.421	-23.241	22%
Costs for services	-3.008	-2.247	34%
Lease and rental costs	-73	-53	37%
Personnel costs	-873	-836	4%
Change in raw material inventories	533	204	161%
Various management expenses	-85	-116	-27%
EBITDA	238	172	39%
Depreciation and Amortisation	-373	-257	45%
EBIT	-135	-85	58%
Financial result	-235	-189	24%
EBT	-370	-274	35%
Taxes	84	62	35%
Result for the year	-286	-212	35%

NET FINANCIAL DEBT

Net Financial Indebtedness	30.06.2022	31.12.2021	Var %
(Figures in Euro/000)	2022-2021		
A. Cash and cash equivalents	6.750	1.411	378%
B. Cash equivalents	-	-	-
C. Other current financial assets	7.048	48	>1.000%
D. Liquidity (A) + (B) + (C)	13.798	1.459	846%
E. Current financial debt	15	321	-95%
F. Current part of non current	-	199	-
G. Current financial debt (E) + (F)	15	519	-97%
H. Net current financial debt (G - D)	(13.782)	(940)	>1.000%
I. Non-current financial debt	-	101	-
J. Debt instruments	-	-	-
K. Trade and other non-current payables	-	-	-
L. Non-current financial debt	-	101	-
M. Total financial debt (H) + (L)	(13.782)	(839)	>1.000%

FINANCIAL STATEMENT (indirect method)

(In Euro 000's)

30.06.2022 31.12.2021

1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	(135)	1.066
Total adjustments for non-monetary items that did not have a balancing entry in the net working capital	427	504
2) Cash flow before changes in net working capital	293	1.570
Total changes in net working capital	(8.091)	(1.175)
3) Cash flow after changes in net working capital	(7.798)	395
Other corrections	(438)	(676)
Cash flow from operating activities (A)	(8.236)	(281)
Cash flow from investing activities (B)	(2.478)	(885)
Cash flow from financing activities (C)	16.053	520
Increase (decrease) in cash and cash equivalents (A ± B ± C)	5.338	(647)
Total cash and cash equivalents at beginning of year	1.411	2.058
Total cash and cash equivalents at year-end	6.750	1.411
Other current financial assets	7.048	48
LIQUIDITY AT YEAR-END	13.798	1.459

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PRESS RELEASE

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

THE SOCIETY

Farmacosmo is a company active in the *Health, Pharma & Beauty* sector. 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

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