

FARMACOSMO+

Strong ebitda growth from established business while accelerating a startup

Sector: Digital retail trade

1H24: solid retail growth, margin improvement, and ongoing b2b sales reduction

Farmacosmo presented a solid set of 1H24 results with continuous growth in sales and margins from the retail business and a strategic reduction lower-margin B2B sales. Overall revenues reached Euro 32.5 m, -12% YoY reflecting a +3% YoY in retail revenues (Euro 23.1 m) offset by a reduction in physical pharmacies (Euro 1.1 m vs. Euro 2.2 m in 1H23) following the sale of two physical pharmacies in February this year (Euro 1.2 m sales in 1H23) and a 35% decline in B2B sales (Euro 7.9 m vs. 12.1 in 1H23). Looking at the retail channel, sales was mainly driven by a strong performance of BauCosmesi (Euro 1.3 m +472% YoY) following the introduction of new products (supplements and food) and continued investment in marketing, the recently relaunched Profumeriaweb (Euro 1.9 m +6% YoY) and FarnaWow (Euro 0.3 m established on 29th September 2023). Farmacosmo.it and Pharmasi saw slight contractions vs. 1H23 (3% and 12% respectively) as they continue to focus their activities on higher margins sales. ContactU (telepsychology platform launched in mid-2023) reported sales of Euro 287k (19k in 1H23). In terms of profitability margins improved significantly as Gross Profit (VoP-Raw Materials) stood at Euro 8.2 m posting a Gross Profit margin of 25% (20% or Euro 7.6 m in 1H23) reflecting the enhanced sales mix. Opex stood at Euro 7.8 m, up slightly (+3%) vs. 1H23 mainly due to an increase in services costs attributable to the BauCosmesi and ContactU portals, which both re expanding rapidly compared to the previous year. Following the above, consolidated EBITDA reached Euro 0.3 m, up from Euro 30k in 1H23. Farmacosmo SpA recorded an EBITDA of Euro 0.4 m, +20% YoY as the lower operational leverage (lower B2B sales) was more than offset by improved retail margins and disciplined cost management. BauCosmesi reached an EBITDA margin of 11% (0% in 1H23), ProfumeriaWeb is approaching breakeven, and Farmacia De Leo reversed a Euro 14k loss in 1H23 to a Euro 133k profit, supported by the Pharmasi portal. On a consolidate level this result was burdened by the startup costs of ContactU (EBITDA -0.2 m) which although experiencing strong daily growth still has to reach breakeven. Consolidated net result for the group was Euro -1.1m, improving from Euro -1.7 m in 1H23, and net of goodwill amortizations from the consolidation process of Euro 0.5 m). Net Debt stood at Euro 1.7 m vs. Euro 1.2 m at the end of FY23, influenced by working capital absorption and investments related to the launch of ContactU.

Management outlook. Management did not provide guidance for year-end 2024 but highlighted that the second half of 2024 will be characterized by the typical seasonality of the online commerce market, which sees the highest volumes in Q4. Management also stressed that, thanks to the successfully implemented revenue diversification strategy in several verticals of the wellness sectors the Group has been able to fully offset the decline in B2B. Starting in Q1 2025, the Group will shift its strategic focus towards growing its 'Digital Health' business, further reducing reliance on B2B revenues. Given the above the Group is, in our opinion well positioned for further growth and margin improvement. We still expect operational synergies from the integration of logistic, accounting and IT activities of the e-commerce to be fully exploited. We also expect further growth of ContactU following the substantial investments in marketing and technology already sustained should yield returns in the coming years. In a recent press release, The Group reported financial KPIs in line with management's year-end expectations based on the first nine months. Total group revenue reached Euro 47m, a YoY decline of 10.6%. Retail revenue rose to Euro 34.2m (+3.6% YoY), while B2B revenue fell to Euro 10.8m (-34.5% YoY). Digital health revenue outperformed at Euro 0.4m (+400% YoY), and pharmacy revenue reached Euro 1.6m, achieving 6% YoY growth like-for-like. Commercial KPIs indicate competitive Average Order Values (Euro 104 on Farmacosmo.it) and strong conversion (46%) on the ContactU platform, reinforcing the Group's positioning.

Estimates and Valuation Based on 1H24 results and on the most recent press release, we have adjusted our revenue estimates for the 2024-2026 period. In particular, we revised our estimates for the retail segment, primarily for the year-end, reflecting a downward adjustment in expected growth over the next few years, particularly considering ProfumeriaWeb and Pharmasi. This downside adjustment in retail revenues is partially offset by increased estimates for Baucosmesi, which could lead to higher growth in 2025 and 2026. We anticipate a greater reduction in B2B sales than previously estimated for the year-end. Regarding marginality, we expect ContactU to reach breakeven by 2025, as it is still crucial to invest in market penetration this year. Given the above, we confirm our investment case for the stock. Based on our new estimates and updated market data, our valuation model yields a new target price of Euro 1.45 per share representing +135% versus the current stock price. At our valuation, the stock would be trading at FYE 24-25 EV/Sales of 0.88x and 0.77x respectively, compared to the current stock price of 0.33x and 0.30x.

Target Price (€) **1.45 (1.52 pr.)**

Price (€) **0.62**

Market Cap (€ m) **21.6**

EV (€ m) **23.2**

As of October 25th, 2024

Share Data

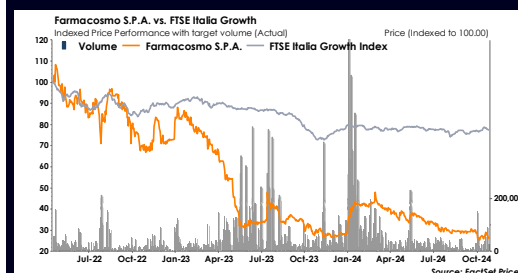
Market	Euronext Growth Milan
Ticker	COSMO
ISIN	IT0005487670
N. of Shares	38.857.840
Free Float	26.48%
Main Shareholder	DECO F Srl
CEO	Fabio de Concilio

Financials

	23A	24E	25E	26E
Rev. (Vop)	72.6	70.2	77.5	86.0
YoY	9%	-3%	10%	11%
EBITDA	(0.3)	0.8	2.7	4.0
EBITDA%	n.m.	1.1%	3.5%	4.7%
EBIT	(3.2)	(2.2)	(0.3)	0.8
EBIT%	n.m.	n.m.	n.m.	1.0%
Net Inc.	(3.9)	(2.7)	(0.8)	0.4
Net Debt	1.2	2.8	2.6	1.1
Net Equity	15.4	13.1	12.2	12.7

Performance

	1M	3M	6M
Absolute	-13.6	-15.8	-32.0
Relative (FTSE Italia Growth)	-13.9	-16.4	-31.4
52-week High/Low (Eu)	1.15	/	0.60



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KEY FINANCIALS

Profit&Loss Statement	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Sales	44.1	58.0	65.7	71.2	69.2	76.4	84.9
Revenues (VoP)	44.5	58.5	66.6	72.6	70.2	77.5	86.0
EBITDA	1.1	1.6	0.0	(0.3)	0.8	2.7	4.0
EBIT	0.9	1.1	(1.6)	(3.2)	(2.2)	(0.3)	0.8
Financial Income (charges)	(0.3)	(0.4)	(0.6)	(1.0)	(0.5)	(0.5)	(0.4)
Extraordinary items	(0.3)	(0.4)	0.0	0.0	0.0	0.0	0.0
Pre-tax profit (loss)	0.5	0.7	(2.2)	(4.2)	(2.7)	(0.8)	0.4
Tax	(0.2)	(0.2)	0.2	0.2	0.0	0.0	0.0
Net profit (loss)	0.4	0.4	(2.0)	(3.9)	(2.7)	(0.8)	0.4
o/w Minorities	0.0	0.0	0.1	(0.7)	(0.5)	(0.1)	0.1

Balance Sheet							
Net working capital (NWC)	(2.3)	(1.1)	(3.0)	1.0	0.8	0.9	1.0
Net fixed assets	1.0	1.5	17.3	16.3	15.3	14.3	13.0
M/L Funds	(0.2)	(0.2)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Net Capital Employed	(1.4)	0.1	13.8	16.6	15.5	14.5	13.3
Net Debt	(2.0)	(0.8)	(5.2)	1.2	2.8	2.6	1.1
Equity	0.6	1.0	19.0	15.4	12.7	11.9	12.2
o/w Minorities	0.0	0.0	1.6	2.5	2.0	1.8	1.9

Cash Flow							
Net Income	0.4	0.4	(2.0)	(3.9)	(2.7)	(0.8)	0.4
Non-cash items	0.3	0.6	1.9	5.9	3.0	3.1	3.3
Change in Working Capital	1.0	(1.2)	1.9	(4.0)	0.2	(0.1)	(0.1)
Cash Flow from Operations	1.7	(0.2)	1.8	(2.0)	0.4	2.2	3.6
Capex	(0.5)	(0.9)	(17.5)	(4.8)	(2.0)	(2.0)	(2.0)
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	1.2	(1.1)	(15.7)	(6.7)	(1.6)	0.2	1.6
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Other (equity)	(0.2)	(0.0)	20.0	0.3	0.0	0.0	0.0
Change in Net Debt	1.0	(1.1)	4.4	(6.5)	(1.6)	0.2	1.6

Per Share Data	
Current Price	0.62
Total shares out (mn)	38.77

Ratios							
EBITDA margin	2.6%	2.7%	0.1%	n.m.	1.1%	3.5%	4.7%
EBIT margin	1.9%	1.8%	n.m.	n.m.	n.m.	n.m.	0.9%
Net Debt/Equity	-353.2%	-86.9%	-27.4%	8.0%	22.1%	22.2%	8.9%
Net Debt/(Net Debt + Equity)	139.5%	-660.6%	-37.8%	7.4%	18.1%	18.2%	8.1%
Net Debt/EBITDA	-1.71	-0.54	-121.33	n.m.	3.71	0.96	0.27
Interest cover EBIT	2.52	2.63	n.m.	n.m.	n.m.	n.m.	1.97
ROE	67.2%	42.8%	-10.5%	-25.6%	-21.3%	-6.9%	3.2%
ROCE	-72.4%	1013.6%	-12.4%	-20.7%	-14.2%	-2.2%	5.9%
Free Cash Flow Yield	4.2%	n.m.	18.2%	n.m.	n.m.	0.7%	6.4%

Growth Rates							
Revenues (VoP)	83%	32%	14%	9%	-3%	10%	11%
EBITDA	195%	36%	-97%	-765%	364%	263%	48%
EBIT	303%	23%	-247%	-105%	31%	86%	351%
Net Profit	n.m.	11%	n.m.	n.m.	n.m.	-70%	-148%

Revenue breakdown FY22A-1H24A

Euro m	Δ% 1H 24/23	1H24A	%	1H23A	%	Δ% FY 23/22	FY23A	%	FY22A	%
Retail	3%	23.1	71%	22.4	61%	19%	45.5	64%	38.2	58%
<i>Farmacosmo.it</i>	-3%	17.8	55%	18.3	50%	-5%	35.0	49%	36.7	56%
<i>ProfumeriaWeb.com</i>	6%	1.9	6%	1.7	5%	347%	4.1	6%	0.9	1%
<i>Pharmasi.it</i>	-12%	1.9	6%	2.2	6%	659%	4.5	6%	0.6	1%
<i>Baucosmesi.it</i>	472%	1.3	4%	0.2	1%	n.a.	1.8	3%	0.0	0%
<i>FarmaWoW.it</i>	n.a.	0.3	1%	0.0	0%	n.a.	0.1	0%	0.0	0%
B2B	-34%	7.9	24%	12.1	33%	-20%	21.5	30%	27.0	41%
Physical Pharmacies	-51%	1.1	3%	2.2	6%	940%	4.0	6%	0.4	1%
Total w/o Startup	-12%	32.2	99%	36.7	100%	8%	71.0	100%	65.7	100%
ContactU	>1000%	0.3	1%	0.0	0%	n.a.	0.2	0%	0.0	0%
Total Sales	-12%	32.5	100%	36.7	100%	8%	71.2	100%	65.7	100%

Source: Group Financial Statements

Euro K	EBITDA		
	Δ% 1H 24/23	1H24A	1H23A
Farmacosmo (w B2B)	20%	382	319
ProfumeriaWeb	37%	(54)	(86)
Farmacia De Leo*	>1000%	133	(14)
BauCosmesi	>7000%	146	2
FarmaWoW	n.a.	(54)	-
Innovation Pharma	n.a.	-	(97)
Total w/o Startup	345%	553	124
ContactU	-132%	(219)	(95)
Totale	>1000%	334	30

Key Financials

Euro k	1H24	1H23	FY23A	FY22A	FY21
Sales	32.5	36.7	71.2	65.7	58.0
YoY	-11.6%	14.3%	8.5%	13.2%	31.7%
Value of Production	33.1	37.4	72.6	66.6	58.5
Gross Profit	8.2	7.6	16.1	10.3	8.5
% on Vop	24.7%	20.4%	22.2%	15.4%	14.6%
EBITDA	0.3	0.0	(0.3)	0.0	1.6
% on Vop	1.0%	0.1%	-0.4%	0.1%	2.7%
EBIT	(0.9)	(1.5)	(3.2)	(1.6)	1.1
% on VoP	n.m.	n.m.	-4.4%	-2.3%	1.8%
Net Income	(1.2)	(2.1)	(3.9)	(2.0)	0.4
Group's Net Income	(1.1)	(1.7)	(3.2)	(2.1)	0.4
Fixed Assets	13.5	16.3	16.3	17.3	1.5
Trade receivables	4.5	5.0	5.0	5.5	4.8
Inventory	8.4	7.3	7.3	4.7	2.1
Trade payables	(11.8)	(11.9)	(11.9)	(13.6)	(8.0)
Other	0.5	0.6	0.6	0.4	0.0
NWC	1.5	1.0	1.0	(3.0)	(1.1)
Funds	(0.7)	(0.7)	(0.7)	(0.6)	(0.2)
Total Capital Employed	14.3	16.6	16.6	13.8	0.1
Net Debt	1.7	1.2	1.2	(5.2)	(0.8)
Equity	12.4	12.9	15.4	19.0	1.0
Group's Equity	12.4	12.9	12.9	17.4	1.0

Estimate Revision

	FY24E Old	FY24E New	FY25E Old	FY25E New	FY26E Old	FY26E New	Δ%24	Δ%25	Δ%26	ΔAVG
Profit&LossStatement										
Revenues (VoP)	75.9	70.2	81.5	77.5	90.7	86.0	-8%	-5%	-5%	-6%
EBITDA	1.2	0.8	2.7	2.7	4.2	4.0	-38%	3%	-3%	-12%
EBIT	(1.7)	(2.2)	(0.4)	(0.3)	0.9	0.8	26%	-21%	-12%	-2%
Financial Income (charges)	(0.5)	(0.5)	(0.5)	(0.5)	(0.4)	(0.4)	0%	0%	0%	0%
Pre-tax profit (loss)	(2.2)	(2.7)	(0.9)	(0.8)	0.5	0.4	20%	-9%	-22%	-4%
Net profit (loss)	(2.2)	(2.7)	(0.9)	(0.8)	0.5	0.4	20%	-9%	-22%	-4%
Balance Sheet										
Net working capital (NWC)	0.9	0.8	1.0	0.9	1.1	1.0	-8%	-5%	-6%	-6%
Net fixed assets	15.3	15.3	14.3	14.3	13.0	13.0	0%	0%	0%	0%
M/L Funds	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	0%	0%	0%	0%
Net Capital Employed	15.6	15.5	14.5	14.5	13.4	13.3	0%	0%	0%	0%
Net Debt	2.4	2.8	2.3	2.6	0.7	1.1	16%	14%	64%	31%
Minorities	2.1	2.0	1.9	1.8	2.0	1.9	-4%	-4%	-4%	-4%
Equity	13.1	12.7	12.2	11.9	12.7	12.2	-3%	-3%	-4%	-3%

Source: PMI Capital Research estimates

VALUATION

Based on our new estimates and updated market data, our valuation model yields a new target price of Euro 1.45 p.s., or a fair value of the Group of Euro 56.4m, providing for a potential upside of 135% vs. current stock price. At our valuation the stock would be trading at FYE 24-25 EV/Sales of 0.79x and 0.88x respectively vs. current stock price at of 0.33x and 0.30x.

Valuation Summary

Method	Weight	Price (Euro)	Equity Value (Euro m)
Multiple Comparison (FY 24-26 EV/Sales)	50%	1.60	62.0
DCF	50%	1.31	50.8
Target Price	100%	1.45	56.4

Market Multiples

We selected a set of listed companies active in Farmacosmo's reference and listing markets and divided in three groups reflecting the different profiles:

- i) Listed European e-pharmacies: RedCare Pharmacy (pr. Shop Apotheke), DocMorris (pr. Zur Rose) and Talea Group (pr. Farmaè (50% weight)).
- ii) EGM listed Digital Retail and Wholesale companies (30% weight) including (Eligo ELG-IT; Talea Group TALEA-IT; Gilio.com GCOM-IT; TrenDevice TD-IT; Acquazzurra ACQ-IT; Compagnia dei Carabi TIME-IT; HQF HQF-IT; Longino & Cardenal LON-IT).
- iii) Listed international Digital Health Services companies (20% weight).

Companies	Country	Mkt Cap	Price	Sales 2023E	Sales YoY 23/22	EBITDA % 2023A	NI % 2023A	SALES CAGR FY23E-26E	FY26E EBITDA %	FY26E NI%
Talea Group	ITA	36	5.2	136	13%	-2%	-6%	18%	6%	2%
Doc Morris	SUI	573	38.6	997	-38%	-4%	8%	19%	2%	-1%
Redcare Pharmacy	GER	3,092	152.0	1,799	49%	3%	-1%	25%	4%	1%
Accolade	USA	237	2.9	388	18%	-2%	-24%	12%	9%	-9%
Teladoc Helath	USA	1,355	7.9	2,408	6%	13%	-8%	0%	15%	-6%
GoodRx Holdings	USA	565	5.7	693	-3%	29%	-1%	9%	35%	11%
Him & Hers Health	USA	4,174	20.1	804	62%	6%	-3%	36%	13%	5%
Average		1,433.2	33.2	1,032.3	15%	6%	-5%	17%	12%	0%
FARMACOSMO	ITA	32.0	32.0	71	8%	-0.4%	-5%	8%	5%	1%

FactSet data as of October 25th, 2024, and PMI Capital estimates for Farmacosmo

Farmacosmo is currently trading at EV/sales multiples well below all three peer groups.

Companies	EV/SALES			
	23A	24E	25E	26E
Talea Group	0.8x	0.5x	0.4x	0.3x
Doc Morris	1.1x	0.6x	0.5x	0.4x
Redcare Pharmacy	1.5x	1.3x	1.1x	0.9x
Average e-pharmacies	1.1x	0.8x	0.6x	0.5x
FARMACOSMO	0.3x	0.3x	0.3x	0.3x
Premium/Discount to Peers	-71%	-58%	-54%	-50%
Accolade	1.9x	0.5x	0.5x	0.4x
Teladoc Helath	1.5x	0.7x	0.7x	0.7x
GoodRx Holdings	3.7x	3.3x	3.0x	2.7x
Him & Hers Health	1.9x	3.3x	2.5x	2.1x
Average	2.3x	2.0x	1.7x	1.5x
FARMACOSMO	0.3x	0.3x	0.3x	0.3x
Premium/Discount to Peers	-86%	-83%	-82%	-82%
Average EGM listed Peers	0.7x	0.6x	0.5x	0.5x
Farmacosmo	0.3x	0.3x	0.3x	0.3x
Premium/Discount to Peers	-55%	-47%	-43%	-44%

FactSet data as of October 25th, 2024, and PMI Capital estimates for Farmacosmo

DCF Model

Our DCF model is based on a three-stage model with explicit estimates for 2025-26E, 5 years to 2030 with growth normalizing at 1%, a 5% EBITDA margin, capex at c. 2% of sales, and terminal value discounted at 8.57% WACC and 1% growth. Our model yields a fair equity value of Euro 50.8 m (Euro 1.31 p.s.).

DCF Model (Euro k)	FY24E	FY25E	FY26E
EBIT	(2.201)	(314)	789
Tax (27%)	594	85	(213)
NOPAT	(1.607)	(229)	576
D&A	2.976	3.076	3.277
Change in NWC	157	(96)	(113)
Capex	(2.000)	(2.000)	(1.500)
FCF	(474)	751	2.240
Discounted free cash flows FY24-26E	2.087		
Discounted free cash flows FY27-30E	12.175		
NPV of Terminal Value	38.488		
EV	52.750		
Net Debt 1H24	1.694		
Minorities 1H24	227		
Fair Value of Equity	50.829		
No of shares (k)	38.772		
Fair Value per share (Eu)	1.31		

INDUSTRY COMPARISON

Farmacosmo Spa (COSMO-IT): IR Top estimates and Factset Data

EGM Sector: Bellini Nautica (BELL-IT), Confinvest (CFV-IT), Deodato Gallery (ART-IT), E-Globe (EGB-IT), Egomnia (EGN-IT), Eligo (ELG-IT), Giglio.com (GCOM-IT), Pasquarelli Auto (PSQ-IT), SoGes Group (SOGES-IT), Talea Group (TALEA-IT) e TrenDevice (TD-IT).

Industry Peers: average data for a selected group of listed peers (see tables above for more details)

EGM: average financial and market data for all the companies listed on EGM. reported price performance data are related to the FTSE Italia Index.

	COSMO-IT Farmacosmo	Retail EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials 2023				
Revenues	71.2	63.7	740.3	58.9
EBITDA	(0.3)	1.9	20.9	7.7
EBITDA %	(0.4%)	3.0%	2.8%	13.1%
EBIT	(3.2)	0.7	(26.3)	4.5
EBIT %	(4.5%)	1.2%	(3.6%)	7.7%
Earnings	(3.9)	0.6	(42.9)	(0.5)
Earnings %	(5.5%)	0.9%	(5.8%)	(0.8%)
Net Debt	1.2	8.5	54.9	8.4
FY21-23 Sales CAGR	10.8%	11.5%	28.3%	12.4%
FY23-26 Sales CAGR	6.0%	22.9%	19.6%	9.9%
FY21-23 Ebitda CAGR	n.m.	97.0%	n.m.	12.3%
FY23-26 Ebitda CAGR	n.m.	67.1%	88.4%	16.7%
Market Data				
Market Cap	21.6	14.9	670.8	41.4
EV	23.2	21.1	1,034.9	48.1
Free Float	26.5%	21.9%	n.a.	32.4%
ADTT YTD (Eu k)	48.3	32.9	16,057.8	50.3
Market Multiples				
EV/Sales 2022	0.4x	0.7x	1.9x	2.2x
EV/Sales 2023	0.3x	0.7x	1.6x	1.9x
EV/Sales 2024	0.3x	0.5x	1.4x	1.2x
EV/Sales 2025	0.3x	0.4x	1.1x	1.0x
EV/Sales 2026	0.3x	0.4x	0.9x	0.9x
EV/EBITDA 2023	(81.3)x	12.8x	(14.8)x	10.4x
EV/EBITDA 2024	30.8x	9.0x	18.5x	7.8x
EV/EBITDA 2025	8.5x	5.4x	9.5x	5.5x
EV/EBITDA 2026	5.7x	5.0x	7.6x	4.2x
P/E 2023	(5.5)x	251.6x	24.7x	59.6x
P/E 2024	(8.0)x	19.9x	33.1x	20.1x
P/E 2025	(26.5)x	13.6x	47.6x	17.1x
P/E 2026	55.4x	9.9x	17.4x	11.4x
Earnings Yield	(18.3%)	4.0%	(6.4%)	(1.1%)
Stock Performance				
1D	(1.6%)	(1.7%)	(1.3%)	(0.5%)
1W	(10.7%)	(1.9%)	(4.4%)	(1.8%)
1M	(13.6%)	(7.9%)	(3.0%)	0.3%
3M	(15.8%)	(8.9%)	(11.9%)	0.8%
6M	(32.0%)	4.1%	(14.2%)	(1.0%)
YTD	(6.7%)	(22.6%)	13.3%	1.0%
1Y	(9.4%)	(4.7%)	(2.5%)	4.7%

Source: Factset data as of 25th October 2024 and PMI Capital Research

FARMACOSMO SNAPSHOT

Company description

Farmacosmo is a leading player in the Italian e-pharma, health, and beauty market and is rapidly transforming into Italy's first provider of a digital client centric ecosystem for products and value-added health and wellness services. The Company is currently present in the market with 5 different brands: farmacosmo.it, profumeriaweb.com, www.pharmasi.it, www.baucosmesi.it and www.contactU.it. In addition to the B2C business, Farmacosmo operates as top wholesale supplier to one of the world's largest marketplaces. Farmacosmo has been listed on EGM since March 2022.

Key Managers

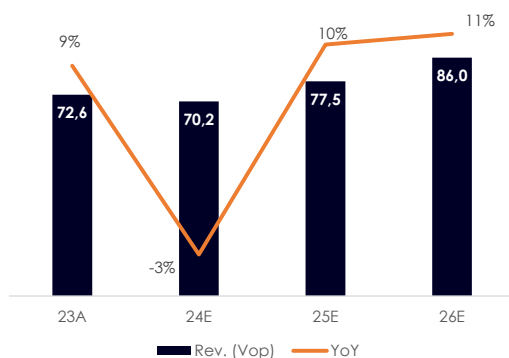
Fabio de Concilio CEO and founder
Paolo Cimmino – CFO & IR
Roberto Frullone – General Affairs
Gabriele Contiello – CTO
Giovanni de Stefano – CMO

Key Shareholders

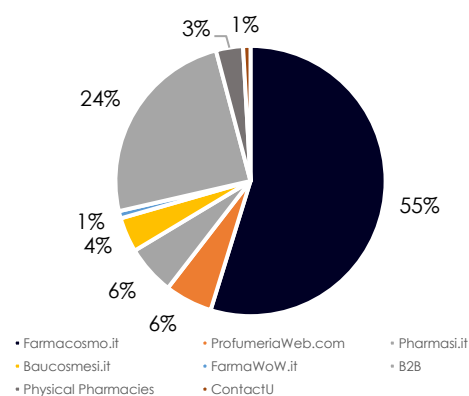
De Concilio Fabio (40.8%)

FARMACOSMO IN CHARTS

Revenues Evolution



Revenues Breakdown



INVESTMENT CASE

Value-added Digital Health Services creating new revenue streams: In line with strategic guidelines to leverage on its e-commerce core to enable expansion into broader healthcare solutions, the Group has recently integrated its offering with B2C and B2B Telepsychology and Telepsychotherapy services through the launch of the digital platform ContactU. This move makes the Group the first player to move into the fast-growing Digital Health Services market.

Unique business model allowing for efficient management of working capital and a profit oriented commercial strategy. The Group's unique business model is based on just-in-time logistics, data intelligence and internally developed and managed technologies. This model allows for a Sell&Buy approach, zero warehouse policy and data driven business decisions resulting in very low working capital absorption and a profit oriented commercial strategy.

Internally developed and managed IT infrastructure as a long-term strategy. Technology is of the highest priority for Farmacosmo which has built the entire IT infrastructure thanks to an internal team of developers. The ad-hoc solutions have been created transversally across all business functions for the optimization and automatization of processes and the collection of data and statistics to be used as insight for continuous improvement of service offering.

Booming KPIs and best-in-class customer experience In a market where brand awareness is becoming increasingly important Farmacosmo's growth has been driven by booming and best-in-class online reputation (4.8/5.0 Trustpilot) and KPIs (FY22 AOV 96 Euro vs. European average of 45, a conversion rate of c. 4%, and 76% recurring orders)

Fast-growing reference market. The Italian e-pharmacy market is characterized by a still rather low penetration rate compared to other European countries and to other product categories. The potential to bring these penetration levels to mirror other countries and categories leaves immense opportunity for growth.

Strategies well aligned with market trends provides for multiple growth opportunities. With its well-defined growth strategy, the Group should be able to benefit from multiple market opportunities among which we highlight: digitalization of the Italian healthcare system with increased demand for end-to-end online experience, increased importance of brand awareness and possible future deregulation of the market.

Strong ESG profile. Farmacosmo has committed to an ESG strategy aiming at minimizing environmental impact through efficient logistics, sustainable packaging, and CO₂ emissions compensation. The Group has applied provisions on corporate governance aimed at promoting transparency and the protection of minority shareholders. The Group provides a sustainability report on a voluntary basis.

FARMACOSMO ON EURONEXT GROWTH MILAN

SHARES (as of October 25th, 2024)

Bloomberg: COSMO:IM
Reuters: COMO.MI
ISIN: IT0005487670
Shares: 38.857.840
Price: Euro 0.92
Performance from IPO: -72%
Capitalisation: Euro m 21.6
Free Float: 26.48%

IPO

Trading Market: Euronext Growth Milan
Date: March 30th, 2022
Price: Euro 2.25
Capital raised: Euro 22.25 m
Capitalisation: Euro 75.3 m

WARRANT FARMACOSMO 2022-2025

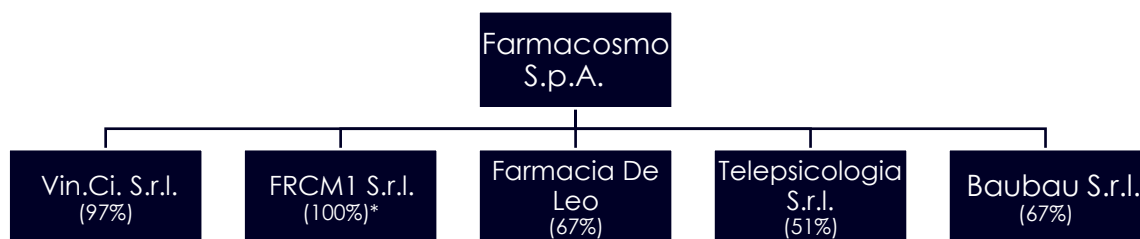
No warrants issued: 1,022,218 (IPO)
No of outstanding warrants: 1,022,218
Strike ratio: 1 newly issued Ordinary Share for every 1 "Warrant"
Exercise period:

First Exercise Period 15/01/2023 – 31/01/2023	Price 2.25 euros per share
Second Exercise Period 15/01/2024 – 31/01/2024	Price 3.040 euros per share
Third Exercise Period 15/01/2025 – 31/01/2025	Price 3.38 euros per share

STOCK GRANT PLAN

The Company approved a stock grant plan to incentivize key employees. The plan will be implemented through free assignment to the Beneficiaries of up to a maximum number of 400.000 shares (The Plan is structured in three annual cycles of assignment of the shares which coincide with the accounting periods ending respectively on 31 December 2022, 31 December 2023 and 31 December 2024.

GROUP STRUCTURE



*Following the put option exercised by Laboratorio Farmaceutico Erfo on 25th October
Source: Company Annual report and PMI Capital Research elaboration

SHAREHOLDERS

SHAREHOLDER	N. SHARES	N. VOTING RIGHTS	% ON SHARE CAPITAL	% ON VOTING RIGHTS
DECO F S.r.l. (**)	15,000,438	23,190,568	49.29%	31.37%
Fabio de Concilio (**)	847,545	847,545	1.80%	2.44%
Francesco de Concilio (**)	66,476	66,476	0.14%	0.19%
VAR S.r.l. (**)	4,925,287	4,925,287	10.47%	14.17%
FARVIMA Medicinali S.p.A. (**)	2,700,000	2,700,000	5.74%	7.77%
Fulvio Bartoli (**)	3,019,556	3,019,556	6.42%	8.69%
Marco Piccolo (**)	1,278,315	1,278,315	2.72%	3.68%
Dario Cusani (**)	732,328	732,328	1.56%	2.11%
Mercato (***)	10,287,895	10,287,895	21.87%	29.59%
Totale	38,857,840	47,047,970	100%	100%

(*) DECO F S.r.l. de Concilio family holding company. DECO F S.r.l. holds 15,000,438 shares, of which 10,905,373 ordinary shares and 4,095,065 multiple-voting shares. (**) Shareholders subject to lock-up agreements (***). Farmacosmo owns 86,114 own shares, equal to 0.2% of share capital, acquired through the buyback program approved by the company on 22/04/2022

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Date	Target Price	Market Price	Validity Time
October 28 th , 2024	1.45	0.62	12 months
April 29 th , 2024	1.52	0.92	12 months
November 7 th , 2023	2.04	0.70	12 months
May 3 rd , 2023	2.79	1.31	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

Federico Zangaro (Analyst)

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