

Farmacosmo

Sector: E-Commerce



Digital H&B: not only products, but also services

Farmacosmo is a Health, Pharma & Beauty e-retailer for OTC and SOP pharmaceuticals (without prescription) and BPC (beauty and personal care) SKUs. Farmacosmo now also boasts pharmacies and digital health services.

FY22: Revenues at €65.7mn, EBITDA at breakeven

Farmacosmo FY22 figures came out lower than our estimates updated back in October, but still boasting a top line growing at double-digit rates, and faster than sector averages. While Revenues were up y/y, on the contrary operating profit was down y/y due a more than proportional increase of services and labour costs aimed at supporting Farmacosmo.it marketplace growth and at strengthening the key management of the Group.

Ticked every box for digital health business model pivoting

Over FY22 and 1Q23, Farmacosmo has finalized many M&A deals aimed at building a 360° value proposition in the Health, Pharma & Beauty space and at pivoting the business model from a “products only” approach to an integrated “products + services” one that, if successful, should offer much higher profitability in the coming years. Overall, Farmacosmo updated strategy should now develop around three main guidelines:

1. Value proposition extension in the online retailing business;
2. Strengthening the competitive stance thanks to omnichannel approach;
3. Building a leading digital platform providing telehealth services.

On the contrary, there was no news on the regulatory scenario, as far as online sales of prescriptions drugs are concerned.

Latest M&A incorporated in our estimates

We are revising 2023E-24E estimates (and unveiling 2025E ones) by taking into account: 1) the impact of the M&A deals finalized in the latest months, and; 2) a less positive view on organic e-retailing evolution.

Fair Equity Value at €1.90 per share (€1.81 Fully Diluted)

Based on the updated estimates and on the new business perimeter, we adjust Farmacosmo **fair equity value p/s. at €1.90** (down from €2.28 p/s). Adjusting the number of shares for all the possible bonus shares that might have been issued at the end of March (calculations are going on), the **fully diluted fair equity value p/s. is €1.81** (down from €2.15 p/s).

Such fair value is built bottom-up with a Sum-Of-the-Parts approach in order to take into account the different profile of the various business units / legal entities belonging to Farmacosmo group.

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Fair Value (€) **1.90**
Market Price (€) **1.30**
Market Cap. (€mn) **48.9**

KEY FINANCIALS (€mn)	2022A	2023E	2024E
REVENUES FROM SALES	65.7	89.9	116.7
EBITDA	0.0	2.5	4.1
EBIT	-1.6	0.5	1.8
NET PROFIT	-0.7	-0.4	-0.2
EQUITY	19.0	18.6	19.0
NET FIN. POS.	5.2	3.2	4.4
EPS ADJ. (€)	-0.02	-0.01	-0.01
DPS (€)	0.00	0.00	0.00

Source: Farmacosmo (historical figures)
Value Track (2023E-24E estimates)

KEY RATIOS	2022A	2023E	2024E
EBITDA MARGIN (%)	0.1	2.8	3.5
EBIT MARGIN (%)	nm	0.6	1.5
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/SALES (x)	0.68	0.51	0.38
EV/EBITDA (x)	nm	18.3	11.0
EV/EBIT (x)	nm	nm	24.7
P/E ADJ. (x)	nm	nm	nm

Source: Farmacosmo (historical figures)
Value Track (2023E-24E estimates)

STOCK DATA	
FAIR VALUE (€)	1.90
MARKET PRICE (€)	1.30
SHS. OUT. (m)	37.6
MARKET CAP. (€m)	48.9
FREE FLOAT (%)	26.5
AVG. 20D VOL. (#)	25,150
RIC / BBG	COSMO.MI / COSMO IM
52 WK RANGE	1.25 – 2.59

Source: Stock Market Data

EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON FARMACOSMO SHARES



Business Description

Farmacosmo is a e-retailer for OTC and SOP pharmaceuticals (“over the counter”, i.e. that do not need prescriptions) and BPC products (“beauty and personal care”, such as cosmetics) in Italy. Thanks to a wide catalogue with over 70k references, long shelf-life products selling at discount vs. physical stores and end-to-end customer-centric approach, Farmacosmo is generating ever improving KPIs. Thanks to recent M&A, Farmacosmo now also boasts physical pharmacies and digital health services.

Key Financials

€mn	2022A	2023E	2024E	2025E
Revenues from Sales	65.7	89.9	116.7	143.7
y/y (%)	13.2%	36.9%	29.8%	23.2%
Value of Production	66.6	90.5	117.4	144.5
EBITDA	0.0	2.5	4.1	7.5
EBITDA Margin (As a % of Sales)	0.1%	2.8%	3.5%	5.2%
EBIT	-1.6	0.5	1.8	4.9
EBIT Margin (As a % of Sales)	-2.4%	0.6%	1.5%	3.4%
Net Profit	-0.7	-0.4	-0.2	1.0
y/y (%)	-261.4%	-33.5%	-54.5%	-575.7%
Adjusted Net Profit	-0.7	-0.4	-0.2	1.0
y/y (%)	-261.4%	-33.5%	-54.5%	-575.7%
Net Fin. Position	5.2	3.2	4.4	6.0
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-17.0	-3.7	-2.3	-2.4
OpFCF b.t.	-14.7	-1.1	2.6	5.6
OpFCF b.t. as % of EBITDA	-	-42.6%	64.6%	74.7%

Source: Farmacosmo (historical figures), Value Track (estimates)

Investment case

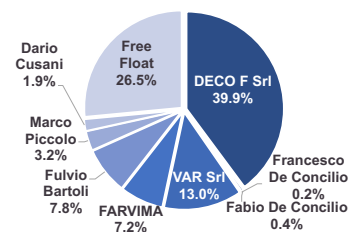
Strengths / Opportunities

- ◆ Very high flexibility to demand thanks to “sell and buy” approach and almost non-existent inventory risk due to the “zero warehouse” policy;
- ◆ All-around value proposition in the Health, Beauty & Pharma industry with online portals, physical pharmacies and digital health services;
- ◆ End-to-end customer centric approach resulting in high conversion rate and above competition average order value (AOV).

Weaknesses / Risks

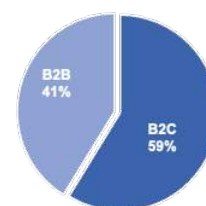
- ◆ Increasing competition trying to exploit current low online penetration;
- ◆ Risk of potential changes in current legal and regulatory framework;
- ◆ Risk of sales concentration, operating in B2B channel with one major client.

Shareholders Structure



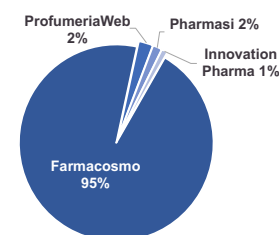
Source: Farmacosmo

Revenues by Clients



Source: Farmacosmo, Value Track Analysis (FY22)

Revenues FY22 by Legal Entity (*)



Source: Farmacosmo, Value Track Analysis (*)
PW, PH, IP consolidated as of 4Q23

Stock Multiples @ €1.90 Fair Value

	2023E	2024E
EV / SALES (x)	0.76	0.58
EV / EBITDA (x)	27.3	16.5
EV / EBIT (x)	nm	37.2
EV / CAP.EMP. (x)	4.4	4.6
OpFCF Yield (%)	<0	4.0
P / E (x)	nm	nm
P / BV (x)	4.2	4.3
Div. Yield. (%)	0.0	0.0

Source: Value Track

FY22 Financials

Farmacosmo FY22 figures are lower than our latest estimates updated back in October after 1H22 results, but still boasting a top line growing faster than sector averages, with 30% y/y organic growth of the B2C leg of the business thanks to brilliant KPIs.

While Revenues experienced a double-digit growth y/y, on the contrary operating profits suffered from a more than proportional increase of services and labour costs to support the strong organic growth of Farmacosmo.it marketplace and the need to strengthen the key management of the Group.

In more details, in FY22 Farmacosmo reported:

- ◆ **Revenues from Sales at €65.7mn** vs. €58.0mn in FY21, i.e. +13% y/y (+9% y/y organic);
- ◆ **EBITDA Adj. at ca. €0.5mn** vs. €1.6mn in FY21 (EBITDA Adj. Margin at 0.8% vs. 2.7%);
- ◆ **Net Cash at €5.2mn** vs. €0.8mn as of FY21, after IPO proceeds but also heavy M&A activity.

Farmacosmo: Key Financials FY21-FY22

(IT GAAP, €mn)	FY21	FY22	y/y	VT 2022E	A/E
Revenues from Sales	58.0	65.7	13%	75.0	-12%
EBITDA Adj.	1.6	0.5	-68%	2.1	-76%
EBITDA Adj. Margin (%)	2.7%	0.8%	-190bps	2.8%	-200bps
Net Financial Position [Net debt (-) / Cash (+)]	0.8	5.2	4.4	10.3	-5.1

Source: Farmacosmo

Farmacosmo: Key Financials vs. Peers

Key Financials FY22 (€mn)	Farmaè	Zur Rose	Shop Apoteke	Average	Farmacosmo
Revenues from Sales	120.9	1,608.2	1,204.4	nm	65.7
y/y	14.2% (*)	-6.9%	13.6%	7.0%	13.2%
EBITDA	2.1	-77.7	-29.7	nm	0.0
EBITDA Margin (%)	1.8%	-4.8%	-2.5%	-1.8%	0.1%
AOV (€)	51 (**)	40	58	50	95 (**)
y/y	-1.0%	2.6%	-4.6%	-1.0%	3.3%

Source: Farmacosmo, Value Track Analysis, (*) vs. Pro-Forma Revenues FY21, (**) Calculated and net of VAT

(**) €104 for recurring customers

Profit & Loss

FY22 Revenues from Sales stood at €65.7mn, out of which **€38.6mn** were generated by the **B2C** leg of the business, up +37% y/y vs. €28.1mn of FY21.

The new consolidated perimeter (including ProfumeriaWeb from 29/09/22, Pharmasi and Farmacia De Leo from 11/11/22 and Innovation Pharma from 21/12/22) contributed with ca. €1.9mn to the total. On the other hand, we note a decrease from B2B sales of ca. 10% to €27.0mn, in line with the general decrease of main e-commerce marketplaces (Amazon 4Q22 e-commerce sales were down 2% y/y).

Hence, B2C increased its incidence on total sales from 48% to 59%, getting back to FY20 levels.

Farmacosmo: Revenues from Sales breakdown by Client and Legal Entity

(IT GAAP, €mn)	FY19	FY20	FY21	FY22	y/y
Revenues from Sales	24.3	44.1	58.0	65.7	13%
o/w B2C	14.3	26.1	28.1	38.6	37%
o/w Farmacosmo	14.3	26.1	28.1	36.7	31%
o/w ProfumeriaWeb	0.0	0.0	0.0	0.9	nm
o/w Pharmasi	0.0	0.0	0.0	0.6	nm
o/w Innovation Pharma	0.0	0.0	0.0	0.4	nm
o/w B2B	10.0	18.0	29.9	27.0	-10%
Δ Fixed Assets	0.0	0.4	0.3	0.8	120%
Other Revenues	0.0	0.0	0.1	0.2	71%
Value of Production	24.3	44.5	58.5	66.6	14%

Source: Farmacosmo, Value Track Analysis

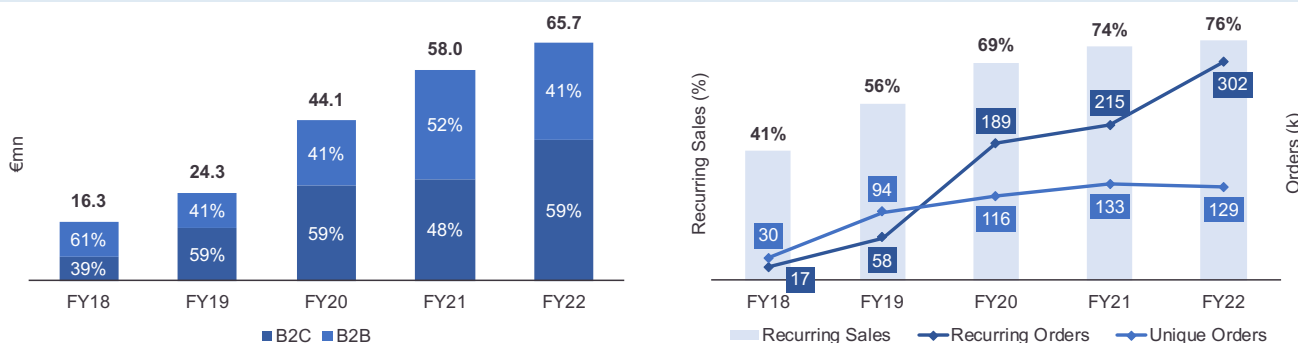
B2C organic Revenues (i.e. considering only **Farmacosmo.it** and products sold on third party’s marketplace) were up +31% y/y, from €28.1mn to **€36.7mn**, thanks to improved KPIs, such as the site visits (ca. 12mn), the number of products sold (ca. 3.4mn), the number of clients (ca. 200k). More important, we underline the growing incidence of recurring clients (ca. 34%) and Revenues generated by recurring orders/clients (ca. 76.5%).

Farmacosmo: KPIs of Farmacosmo.it

(IT GAAP, €mn)	FY19	FY20	FY21	FY22	y/y
Site Visits (mn)	4.5	9.9	11.1	ca. 12.0	ca. 8%
Conversion Rate (%)	3.4%	3.1%	3.1%	ca. 3.7%	ca. 18%
Clients (k)	120	161	189	ca. 200	ca. 6%
Recurring Clients (%)	21%	28%	30%	ca. 34%	ca. 13%
Orders (k)	152	305	348	ca. 430	ca. 24%
Recurring Orders (%)	38%	62%	62%	ca. 70%	ca. 13%
Revenues from Recurring Orders (%)	56%	69%	74%	ca. 77%	ca. 3%
Units / Order (#)	5.8	6.9	7.8	ca. 7.8	--
AOV (€, Gross of VAT)	81.3	84.8	91.9	95.0	3%

Source: Farmacosmo, Value Track Analysis

Farmacosmo: Revenues from Sales (lhs) and Farmacosmo.it Revenues/Orders from recurring Clients (rhs)(*)



Source: Farmacosmo, Value Track Analysis (*) Value Track estimate

Farmacosmo: Revenues from Sales by Legal Entity (lhs) and Geography (rhs)



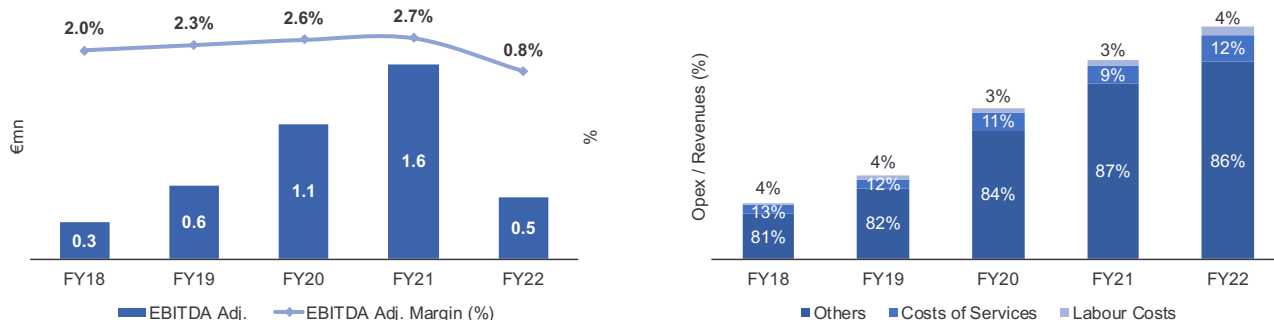
Source: Farmacosmo

As previously mentioned, profitability suffered, with **EBITDA at breakeven** and **EBITDA Adjusted** (for ca. €550k one-off components related to the Group listing process on EGM and some non-capitalized costs for new strategic initiatives) **at ca. €0.5mn.**

Main reasons behind the drop in EBITDA are:

- ◆ **Labour Costs:** increasing their incidence on Revenues from Sales from 9% to 12% (FY21-FY22), following the need to strengthen the Group’s top management (e.g. new CFO) and to support hiring a smooth integration of new subsidiaries into Farmacosmo logistic center.
- ◆ **Costs of Services:** increasing their incidence by 1 ppt ca. and including mentioned one-off components, but also the expected rise of marketing and shipping expenses;
- ◆ **M&A:** ProfumeriaWeb negatively contributing to the Group’s EBITDA due to inefficient cost structures that improved only after Farmacosmo acquisition (4Q22). On the other hand, Innovation Pharma (Farmacia De Leo in particular) positively contributed.

Farmacosmo: EBITDA Adj. (lhs) and Operating Expenses incidence on Revenues from Sales (rhs)



Source: Farmacosmo

EBIT was reported at -1.6mn in FY22, also affected by much higher D&A vs. FY21 due to (i) IPO capitalized costs (€463k) and (ii) goodwill amortization expenses generated by 2022 M&A activity.

Net Financial Charges increased by 47% y/y to ca. €600k and mainly refer to the fees paid to companies that provide immediate payment services and instalments (credit cards, PayPal, Satispay, etc.) on Farmacosmo websites.

After stripping out some €1.3mn subsidiaries' loss (Farmacosmo Group minorities), **Net Loss** amounted to **ca. €0.7mn** vs. FY21 Net Profit of €0.4mn.

Farmacosmo: P&L FY19-FY22

(IT GAAP, €mn)	FY19	FY20	FY21	FY22	y/y
Revenues from Sales	24.3	44.1	58.0	65.7	13%
Δ Fixed Assets	0.0	0.4	0.3	0.8	120%
Other Revenues	0.0	0.0	0.1	0.2	71%
Value of Production	24.3	44.5	58.5	66.6	14%
Raw Materials (incl. Δ Inventory)	-19.9	-36.8	-50.0	-56.4	13%
Costs of Services	-2.9	-4.9	-5.1	-7.7	51%
Costs of Rent	-0.1	-0.1	-0.1	-0.2	38%
G&A	-0.1	-0.1	-0.1	-0.1	nm
Labour Costs	-0.9	-1.4	-1.6	-2.3	42%
EBITDA	0.6	1.1	1.6	0.0	-97%
EBITDA Margin (%)	2.3%	2.6%	2.7%	0.1%	-260bps
D&A & Impairm. & Provisions	-0.2	-0.3	-0.5	-1.6	nm
EBIT	0.4	0.9	1.1	-1.6	-246%
EBIT Margin (%)	1.6%	2.0%	1.8%	-2.4%	-420bps
Net Financial Charges	-0.2	-0.3	-0.4	-0.6	47%
Taxes	-0.1	-0.1	-0.2	0.2	nm
Minorities	0.0	0.0	0.0	1.3	nm
Net Profit	0.1	0.4	0.4	-0.7	-261%

Source: Farmacosmo

Balance Sheet & Cash Flow Statement

FY22 **Net Cash stood at €5.2mn**, compared to €0.8mn as of 2021 year-end, benefitting from more than €17mn gross IPO proceeds, almost entirely invested during the year in M&A and Capex. In more details, we highlight:

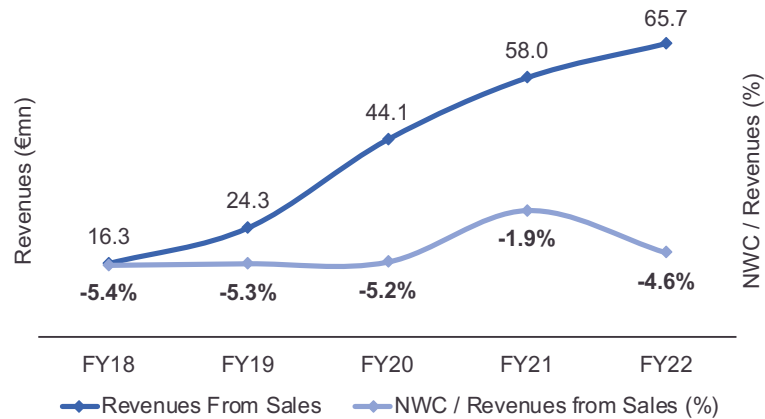
- ◆ **Net Working Capital** continued the usual favourable trend thanks to the Group zero warehouse policy and state-of-the-art cash conversion cycle, with Trade Receivables in line with FY21 and growing Trade Payables;

Farmacosmo: Net Working Capital FY19-FY22

(IT GAAP, €mn)	FY19	FY20	FY21	FY22
Inventory	0.5	1.0	2.1	4.7
Trade Receivables	2.3	4.3	4.8	4.9
Trade Payables	4.0	7.2	8.0	13.6
Operating Working Capital	-1.1	-2.0	-1.1	-4.0
Other Current Assets / Liabilities	-0.2	-0.3	0.0	0.9
Net Working Capital	-1.3	-2.3	-1.1	-3.0
As a % of Revenues from Sales	-5.3%	-5.2%	-1.9%	-4.6%

Source: Farmacosmo, Value Track Analysis

Farmacosmo: Net Working Capital FY19-FY22



Source: Farmacosmo, Value Track Analysis

- ◆ **M&A + Capex:** The bulk of the cash out is accounted for by ca. €9.3mn Financial Investments, out of which ca. €3.4mn for Vin.Ci Srl (ProfumeriaWeb) and €5.8mn for Innovation Pharma Srl. On top of that, IPO capitalized costs stand at ca. €2.3mn, with the remaining being represented by capex related to organic business development;

Farmacosmo: Balance Sheet FY19-FY22

(IT GAAP, €mn)	FY19	FY20	FY21	FY22
Net Fixed Assets	0.8	1.0	1.5	17.4
Net Working Capital	-1.3	-2.3	-1.1	-3.0
Provisions	0.1	0.2	0.2	0.6
Total Capital Employed	-0.6	-1.4	0.1	13.8
Group Net Equity	0.4	0.6	1.0	19.0
Net Financial Position [Net debt (-) / Cash (+)]	1.0	2.0	0.8	5.2

Source: Farmacosmo

Business & Corporate Development

Over FY22 and 1Q23, Farmacosmo has finalized many M&A deals aimed at building a 360° value proposition in the Health, Pharma & Beauty space and at pivoting the business model from a “products only” approach to an integrated “products + services” one, a pivoting that, if successful, should offer much higher profitability in the coming years.

On the contrary, there was no news on the regulatory scenario, as far as online sales of prescriptions drugs are concerned.

Overall, Farmacosmo updated strategy should now develop around three main guidelines:

- 1. Value proposition extension in the online retailing business:**
 - a. Acquisition of *ProfumeriaWeb*;
 - b. Acquisition of *Pharmasi*;
 - c. Acquisition of *Bau Cosmesi*;
- 2. Strengthening the competitive positioning thanks to omnichannel approach:**
 - a. Acquisition of *Farmacia De Leo*;
 - b. Acquisition of *Innovation Pharma*.
- 3. Building a leading digital platform providing health services:**
 - a. Acquisition of *ContactU*.

1. Value proposition extension in the online retailing business

The acquisition of *ProfumeriaWeb*, *Pharmasi* and *Bau Cosmesi* are aimed at expanding Farmacosmo footprint in the online retailing business and at confirming it as a benchmark in the healthcare and wellness e-commerce arena, now including the pet sector and luxury beauty products.

Indeed, adding the newly acquired online businesses to the internally developed *Farmacosmo.it* and *ProfumeriaOnline* should allow the Group to boast five different marketplaces, each one of them with a dedicated consumer offer but with the possibility to activate synergies through specific fidelization campaigns.

While *ProfumeriaWeb* should focus on mass markets luxury beauty products, *ProfumeriaOnline* should offer the most premium SKUs proposition (even more premium than *ProfumeriaWeb*, such as niche or collectible products).

On the other hand, *Pharmasi* offer the same products of *Farmacosmo.it* (albeit more focused on childhood and maternity SKUs) but with different thresholds and target clients.

Bau Cosmesi will focus on the pet industry. However, there should also be some overlapping, helping the Group to have five different legal entities in the top positions of price comparison websites.

Below, some more details on these acquisitions and their implications.

ProfumeriaWeb

Deal at a glance

Back on September 29th, Farmacosmo finalized the acquisition of 97% of the share capital of **Vin.Ci. S.r.l.**, owner of the portal **ProfumeriaWeb.com**, one of the leading Italian e-commerce sites focused on high-end perfumery, cosmetics and make-up sectors.

As of FY21, *ProfumeriaWeb* reported 139k orders, over 82k clients, €8.1mn Revenues, €0.7mn EBITDA and a nil Net Financial Position. We note that the private label *Cobea* should have accounted for ca. 10% of Revenues, with higher-than-average profitability ratios.

In FY22, *ProfumeriaWeb* impacted Farmacosmo P&L for just three months (€0.9mn Revenues consolidated), but a significant restructuring of the portal has been carried out to foster better

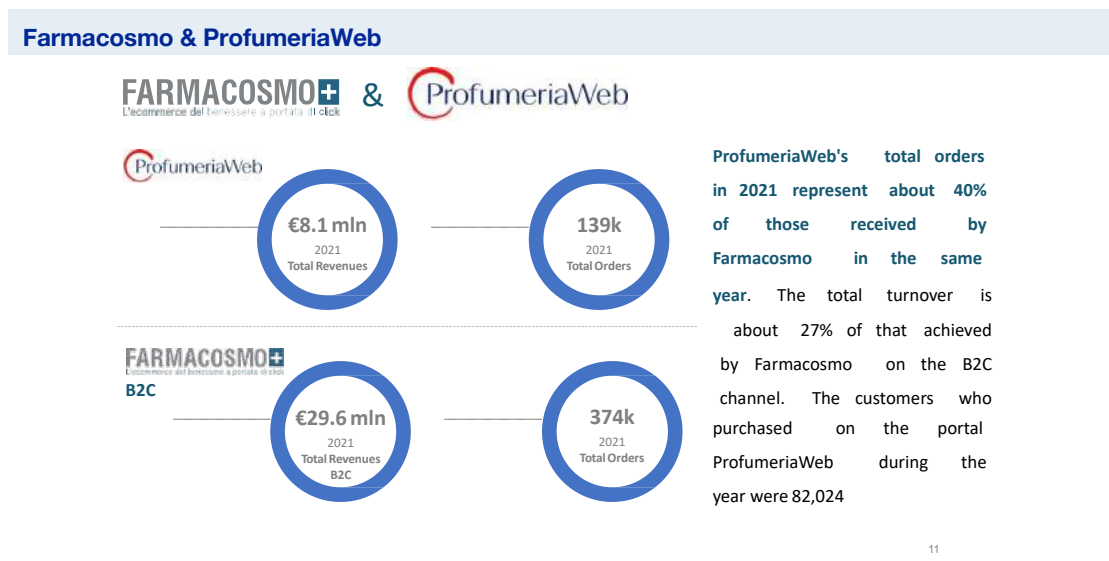
profitability levels from 2023E rather than focusing on volumes sold only. In FY22 Pro-Forma PW reported ca. €4.8mn Revenues and negative EBITDA.

Terms of the deal

The total consideration for 97% of Vin.Ci. capital has been ultimately set at ca. **€3.2mn**. We calculate Farmacosmo to have acquired ProfumeriaWeb at **ca. 0.4x-4.7x EV/Sales and EV/EBITDA 2021A**, respectively. Farmacosmo has already paid the first tranche of €2.05mn in FY22.

Deal rationale

The deal should allow Farmacosmo to immediately broaden its value proposition, by entering into the “premium” perfume & beauty market, thus accelerating the evolution into an integrated platform of services dedicated to personal care and well-being.



Synergies with other units of Farmacosmo group

We expect the following:

- ◆ Cross-selling revenue synergies between the business models underlying the two portals (Farmacosmo.it and ProfumeriaWeb) and optimize cumulative traffic, for instance by establishing a single loyalty program;
- ◆ Efficiencies in the supply chain, in the cost structure (costs have been cut by over €250k in 4Q22) and in the Net Working Capital management. Marketing policies and IT development has been brought in Farmacosmo, and by 1H23 ProfumeriaWeb should close its Milan based logistic center and move in Nola, host of Farmacosmo, to leverage the technological know-how and best practices (zero warehouse policy, suppliers, shipping partners).

Pharmasi

Deal at a glance

On November 11th 2022, Farmacosmo finalized the acquisition of a **67%** stake in Farmacia De Leo Srl, owner of the physical pharmacy **Farmacia De Leo** in Messina and of the e-commerce platform **Pharmasi**, founded in 2010 and among the historical operators in the Italian Health, Pharma & Beauty industry, with over 16k SKUs.

In FY21 Pharmasi and Farmacia De Leo reported €3.1mn and €2.1mn Revenues, respectively. While Farmacia De Leo vaunts an EBITDA Margin of around 20%, Pharmasi should get to breakeven only in 2023E, thanks to the new costs synergies with Farmacosmo (same suppliers and payments services). In FY22, Pharmasi alone generated ca. €3.5mn Revenues Pro-Forma and contributed to Farmacosmo consolidated Revenues with ca. 0.6mn.

Terms of the deal

The total consideration for 67% stake of Farmacia De Leo and Pharmasi has been ultimately set at ca. **€2.8mn**. With a €0.2mn Net Cash Position, we calculate ca. **0.8x EV/Sales, 12.5x EV/EBITDA 2021A** acquisition multiples. Out of the total, ca. €1.4mn was paid in cash and ca. €0.2mn with Farmacosmo treasury shares (valued at €2.28 p/s, based on our latest fair value). The remaining €1.2mn should be paid during 2023E.

The deal also envisages put and call options for the 33% minorities.

Deal rationale

The acquisition is aimed at enabling Farmacosmo to expand its offer and services with a new focus on childhood and maternity verticals, acquiring a former competitor and entering the market of insular Italy, with the ambitious goal of becoming the reference e-commerce in those areas characterized by a penalized level of service, thanks to a dedicated logistics hub.

Indeed, Pharmasi will soon launch the “*fastdelivery*” service throughout Sicily and “*superfast*” service (same-day delivery) in more than 57 postal codes.

The Group will target those clients that are averse to spend €79.90 to get free delivery on Farmacosmo.it but could get a free delivery on Pharmasi at €49.90 (clients that, for instance, need less SKUs), with ca. 18k new references hitting the portal in the next months.

With an estimated AOV of ca. €60-€70, the Group should get a similar level of profitability of Farmacosmo.it.

Synergies with other units of Farmacosmo group

We expect the following:

- ◆ Cross-selling revenue synergies between the business models underlying the two portals (Farmacosmo.it and Pharmasi.it) and optimize cumulative traffic, for instance by establishing a single loyalty program, also with physical pharmacies;
- ◆ Cost synergies, such as the extension of the Group framework agreements on payment services fees and transportation rates, have already been implemented but will be visible in the next few months.

Bau Cosmesi

Deal at a glance

On February 2nd 2023, Farmacosmo announced the closing for the acquisition of a **67%** stake of the portal “baucosmesi.it” (“**Bau Cosmesi**”) through the set-up of a new company named Baubau Srl.

Bau Cosmesi is an e-commerce specialized in selling natural, vegan and Made in Italy products for care and hygiene of dogs.

The website is opened since April 2021 but in FY22 already reported over €300k Revenues (+200 y/y), an EBITDA at breakeven and a nil Net Financial Position.

In addition, in FY22 the number of orders got to ca. 9,700 (+143% y/y), the number of clients to ca. 1,600 (+201%), the conversion rate at ca. 2.4% (+18%) and the AOV to ca. €41 (vs. €35 in FY21).

Terms of the deal

The total consideration for 67% stake of Bau Cosmesi was set at ca. **€469k**. Therefore, we calculate ca. **2.0x EV/Sales 2022A** acquisition multiple.

Part of the total was paid in cash and part with Farmacosmo treasury shares (valued at €2.28 p/s, based on our latest fair value).

The deal also envisages call and put options after three and five years from the closing, respectively.

Deal rationale

The deal is aimed at entering into the very attractive pet market, expected to grow at fast rates, with a very low level of market saturation and high-margins references.

Synergies with other units of Farmacosmo group

We expect the following:

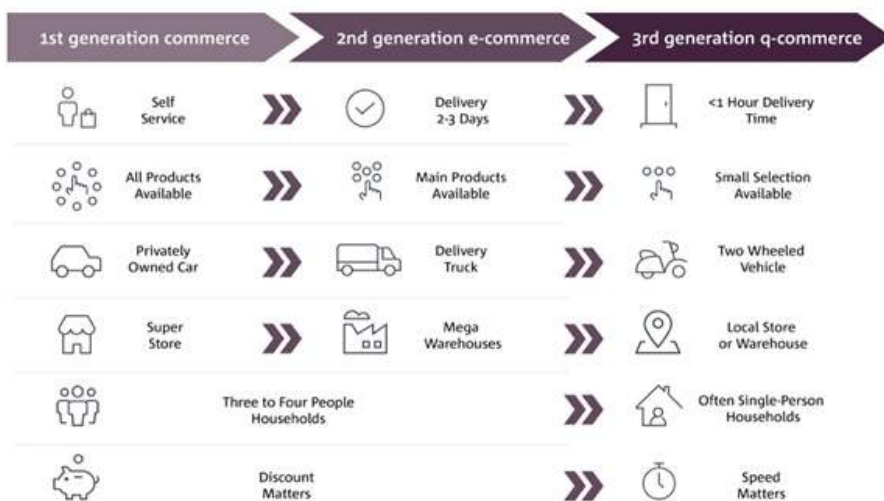
- ◆ Revenue synergies as all the owned Pharmacies will host Bau products and all the industrial partners of Farmacosmo have become distributors of Bau products;
- ◆ Costs synergies from using Farmacosmo distribution network and logistics center, a single strategic center for IT developments and marketing policies, payment services.

2. Physical Pharmacies to strengthen the competitive positioning thanks to omnichannel approach

With the acquisitions of Farmacia De Leo, owner of a physical pharmacy in Messina, and Innovation Pharma, owner of two pharmacies in northern Italy (Turin, Verbania), Farmacosmo has launched its rooting strategy of logistic pharmacies, that should help the Group in:

- ◆ Enabling the **Quick Commerce** offer, aimed at speeding the delivery of all orders, reducing shipping time and generating major cost savings;

Quick Commerce: all-in under 60 minutes



Source: Delivery Hero

- ◆ Improving the customer journey with **additional value-added services**, such as online order fulfilment, pick-up and return of online purchases;
- ◆ Developing the **higher-margin retail business**, benefitting from the multi-channel offer of the Group and the possibility of creating a “health hub”, a junction between offline and online sales;
- ◆ Enhancing the Group **brand awareness** and recognizability by branding physical pharmacies with the “Farmacosmo.it” sign.

Farmacosmo: Innovation Pharma newly branded Pharmacies in Turin (lhs) and Verbania (rhs)



Source: Farmacosmo

As a matter of facts, the physical pharmacies are due to become extension of the portal and vice versa, showing how there is continuity between physical point and e-commerce.

Below, more details on recent acquisitions of pharmacies.

Farmacia De Leo

Deal at a glance

As previously outlined, Farmacosmo acquired Farmacia De Leo in November 2022. The pharmacy, located in Messina, reported €2.1mn Revenues in FY21 (and was up single-digit y/y in FY22), with 20% EBITDA Margin.

Terms of the deal

Terms of the deal has been previously outlined in the Pharmasi chapter. Total consideration for 67% stake of Farmacia De Leo + Pharmasi is **€2.8mn. ca. 0.8x EV/Sales, 12.5x EV/EBITDA 2021A.**

Deal rationale

Explained in the “Physical Pharmacies & Quick Commerce” paragraph. Namely, the new Quick Commerce offer, new additional value-added services, higher-margins of the retail business, and the enhancement of the Group brand awareness.

Synergies with other units of Farmacosmo group

We expect the following:

- ◆ Revenues synergies from cross-selling opportunities (e.g. customers of pharmacies will be able to share discounts on-offline, order on Farmacosmo.it website all products not available in stores, pick up the goods or make returns);
- ◆ Cost synergies arising from the centralisation of marketing, IT, supply chain activities.

Innovation Pharma

Deal at a glance

On December 20th 2022, Farmacosmo acquired a **67%** stake of **Innovation Pharma**, owner of two physical pharmacies in Northern Italy (Turin and Verbania).

The acquisition was finalized through a capital increased reserved to Farmacosmo, which paid through the contribution in kind of the 67% stake of Farmacia De Leo, previously acquired in November 2022 (more details above).

After the deal, Farmacosmo controls a 67% direct stake in Innovation Pharma and a 67% indirect stake of Farmacia De Leo and the other two pharmacies in Turin and Verbania.

In FY22, the pharmacies based in Turin and Verbania generated Pro-Forma Revenues close to €2.0mn (together). Including Farmacia De Leo, Innovation Pharma generates €4.3mn Pro-Forma Revenues in FY22 and contributes with ca. €0.4mn to Farmacosmo Group consolidated Revenues.

Terms of the deal

Innovation Pharma 100% Equity Value (included De Leo) was valued at ca. €6.8mn (Net Cash of €1.9mn), while the 67% participation in Farmacia De Leo at €4.6mn (hence generating a capital gain of approximately €1.9mn considering the acquisition terms of November 2022).

We calculate Farmacosmo to have acquired the two pharmacies of Innovation Pharma at ca. **2.0x EV/Sales 2022E** (€4.0mn EV and €2.0mn Revenues). After the acquisition, a new rights issue has been finalized, with Farmacosmo subscribing its part (€1.1mn out of a total €1.6mn) with cash.

Deal rationale

Explained in the “Physical Pharmacies & Quick Commerce” paragraph. Namely, the new Quick Commerce offer, new additional value-added services, higher-margins of the retail business, and the enhancement of the Group brand awareness.

Synergies with other units of Farmacosmo group

We expect the following:

- ◆ Revenues synergies from cross-selling opportunities
- ◆ Cost synergies arising from the centralisation of marketing, IT, supply chain activities.

3. Building a leading digital platform providing health services

Since its IPO that took place back in March 2022, Farmacosmo has declared the willingness to create an all-encompassing digital ecosystem dedicated to health and wellness, suitable to generate diversification of revenue streams by introducing a new commission-type component.

A first attempt was made on June 2022, when the company announced the signing of an exclusive collaboration agreement with YouHealthy, for the offer of telemedicine services on Farmacosmo.it website.

It's news of early March 2023 that a second important step has been finalized, with the acquisition of **ContactU**, an online platform that is starting to provide online psychology and psychotherapy services.

ContactU

Deal at a glance

On March 15th 2023, Farmacosmo closed the acquisition of a **51%** stake of **Telepsicologia Srl**. As a consequence, the **ContactU** trademark and related domain were conferred to Farmacosmo, that then granted a license to Telepsicologia to use, on a multi-year basis, under the *Software as a Service* model, the technology platform aimed at providing online psychology and psychotherapy services.

The 49% stake of Telepsicologia Srl share capital remains to CEPIB Formazione & Ricerca Srls (“*Centro di Psicologia Integrata per il Benessere*”), a Rome based scientific research center specialized in psychology and psychotherapy services.

Terms of the deal

Farmacosmo has finalized the acquisition of 51% of Telepsicologia at €5,100. Following the closing, (i) the BoD is now at majority Farmacosmo (2 members vs. 1), (ii) Farmacosmo will provide for the transfer of the ContactU trademark and related domain for an amount corresponding to the cost incurred by Farmacosmo for the registration.

Deal rationale

The main strategic rationale underlying the operation includes:

- ◆ Entering the Telepsychology sector, part of the booming Digital Health market, expected to reach \$13.1bn by 2026 (31.4% CAGR 2022-27E, source: *Farmacosmo*). The telepsychology niche should be characterized by even higher rates;
- ◆ Enabling Farmacosmo to expand its value proposition, with the goal of accelerating the process of evolution into an integrated ecosystem of high value-added services dedicated to personal care and well-being;
- ◆ CEPIB experience and strong scientific connotation should allow the ContactU platform to be positioned differently from its competitors through a value proposition that covers the needs of both the patient and the therapist (combined B2C and B2P approach), also adding a B2B leg, as it will be targeted to sign contracts with corporates to deliver welfare services to employees. CEPIB will take care of the network of professionals and of the scientific direction of the platform through the management and recruitment of new psychologists and psychotherapists.

Synergies with other units of Farmacosmo group

We expect the following:

- ◆ Revenues synergies from cross-selling opportunities (e.g. flyers advertising ContactU will be included in the products packages shipped to portals clients);
- ◆ Cost synergies arising from the set up and management of the technological infrastructure, (based on online platforms already developed by Farmacosmo), and from the inclusion of ContactU advertising in the order confirmation banners of portals clients. This latest measure is aimed at optimizing marketing costs.

No news on regulation side

We point out that, for Farmacosmo one of the most interesting opportunities to ride is the **Online sales of prescription drugs** (see Initiation of Coverage for additional information).

So far, only OTC & SOP and medicines without prescription obligation can be sold online, provided that behind the website there is a real drugstore.

However, as electronic prescription (**eRx**) has been introduced in 2016, the remaining missing step is the possibility for patients to order drugs remotely and to have them shipped at home.

Forecasts 2023E-25E

Estimates Revision 2023E-24E

We are revising our 2023E-24E estimates (and unveiling 2025E ones) by taking into account:

- ◆ The impact of the M&A deals finalized in the latest few months in terms of higher Revenues and EBITDA but also of higher Net Debt due to the cash out for the acquisitions;
- ◆ A less positive view on organic business development driven by a e-retailing market that is not so sparkling as it was in the first part of 2022. By the way, we note that Farmacosmo has just announced that in 1Q23 total revenues amounted to €18.8mn, up 6% y/y, driven by the retail component (i.e. by the performance of Farmacosmo.it whose weight has increased vs. B2B), with Orders up by more than 50% y/y, Visitors up 75% y/y to more than 5.5mn, Average Order Value at €96 for Farmacosmo.it (€99 in April 2023, all time high).

As a matter of fact, our new forecasts have changed significantly.

More in details, we revised:

- ◆ **Revenues from Sales** down by ca. 10%-15% on 2023E-24E due the weaker than forecasted development of the B2B leg of Farmacosmo.it, partially offset by the contribution of the newly acquired portals (especially ProfumeriaWeb and Pharmasi), physical pharmacies (single-digit growth rate) and digital health services;
- ◆ **EBITDA** down as well in 2023E-24E if compared vs. previous estimates due to impact of lower revenues. We note that the business mix should allow long term higher margins thanks to: (i) luxury SKUs (on online portals), (ii) physical pharmacies and (ii) digital health services that we expect much higher if compared to Farmacosmo traditional e-commerce business. In addition, many costs synergies are expected, as outlined in the business and corporate development chapter;
- ◆ **EBIT** and **Net Profit** should be impacted by higher D&A charges (including also goodwill amortization ones) and by higher fees related to e-commerce payment services;
- ◆ **Net Financial Position** is fine-tuned after FY22 M&A activity (not included in previous estimates) and because of our assumption of more Capex (including capitalized marketing costs) being deployed over the next years to support the strong growth path expected.

At the same time, our forecasts for the cash conversion cycle remain roughly unchanged thanks to the Group “sell and buy” approach and “zero warehouse” policy that are being extended to the new subsidiaries.

Farmacosmo: Old vs. New Estimates

(IT GAAP, €mn)	2023E			2024E			2025E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Revenues from Sales	105.3	89.9	-14.6%	129.9	116.7	-10.2%	na	143.7	nm
EBITDA	4.1	2.5	-38.7%	6.4	4.1	-36.2%	na	7.5	nm
EBITDA Margin (%)	3.9%	2.8%	-109bps	4.9%	3.5%	-142bps	na	5.2%	nm
EBIT	3.4	0.5	-84.9%	5.6	1.8	-67.5%	na	4.9	nm
EBIT Margin (%)	3.2%	0.6%	-267bps	4.3%	1.5%	-273bps	na	3.4%	nm
Net Profit	1.9	-0.4	-123.6%	3.3	-0.2	-106.1%	na	1.0	nm
Net Margin (%)	1.8%	-0.5%	-228bps	2.5%	-0.2%	-272bps	na	0.7%	nm
Net Cash Position	11.9	3.2	-8.7	15.4	4.4	-11.0	na	6.0	nm

Source: Value Track Analysis

Financial Forecasts 2023E-25E

Our new 2023E-25E estimates are as follows:

- ◆ **Revenues from Sales growing at higher than 20% CAGR_{22PF-25E}**, driven by the B2C leg and by the ramp-up of the Digital Health business line;
- ◆ **EBITDA Margin – EBIT Margin landing at ca. 5.2% and 3.4% respectively in 2025E**, up more than 500bps compared to 2022A thanks to operating leverage and to the above mentioned more profitable business mix, benefitted from the increasing incidence of Innovation Pharma (physical pharmacies), and ContactU (online psychology and psychotherapy services);
As far as this latest point, we underline that ContactU is a startup that should start generating revenues in the next few weeks. Our estimates are, as a consequence, a first attempt to model a possible future evolution, but we warn that competition is though (there are at least 20 online portals offering similar services in Italy, out of which a couple definitively well funded by Venture Capital funds), and possibility of achieving much different results (worse or better) is very high;
- ◆ **OpFCF remaining negative in 2023E, while getting positive in 2024E** once EBITDA becomes enough to cover capex and WC needs;
- ◆ **Net Cash at €6.0mn in 2025E**, thanks to OpFCF and assuming no dividends pay-out.

Farmacosmo: Revenues from Sales breakdown by Legal Entity / Business typology

(IT GAAP, €mn)	2022A	2022PF	2023E	2024E	2025E
Revenues from Sales	65.7	76.7	89.9	116.7	143.7
o/w B2C	38.6	49.7	62.8	88.8	115.1
o/w Farmacosmo	36.7	36.7	46.0	57.0	67.6
o/w ProfumeriaWeb	0.9	4.8	6.0	8.1	10.1
o/w ProfumeriaOnline	0.0	0.0	0.0	2.0	3.5
o/w Pharmasi	0.6	3.5	4.5	5.6	7.1
o/w Bau Cosmesi	0.0	0.4	0.6	1.1	1.5
o/w Innovation Pharma	0.4	4.3	4.7	5.0	5.3
o/w ContactU	0.0	0.0	1.0	10.0	20.0
o/w B2B	27.0	27.0	27.0	27.9	28.7
Δ Fixed Assets / Other Rev.	1.0	1.0	0.6	0.7	0.8
Value of Production	66.6	77.7	90.5	117.4	144.5

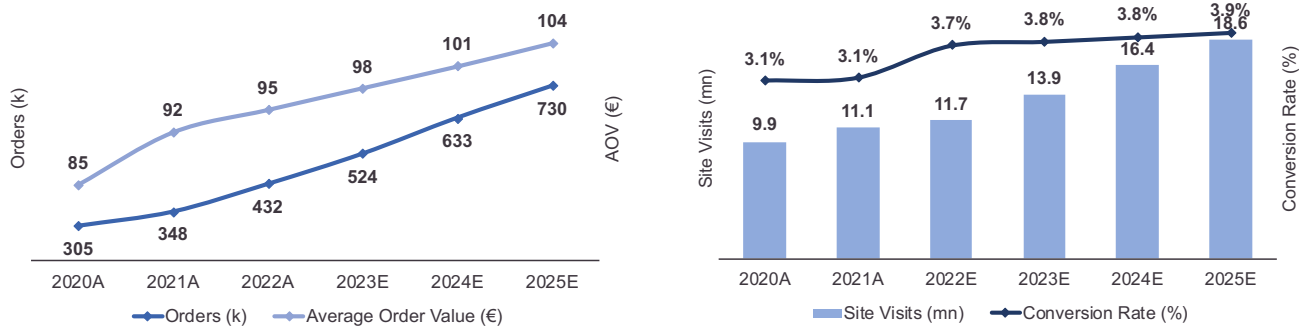
Source: Farmacosmo, Value Track Analysis

Farmacosmo: EBITDA breakdown by Legal Entity

(IT GAAP, €mn)	2022A	2022PF	2023E	2024E	2025E
Farmacosmo	0.0	0.0	1.8	2.0	3.0
ProfumeriaWeb	-0.1	-0.5	0.0	0.2	0.3
ProfumeriaOnline		0.0	0.0	0.0	0.2
Pharmasi		-0.1	0.0	0.1	0.1
Bau Cosmesi		0.0	0.0	0.0	0.1
Innovation Pharma		0.8	0.7	0.8	0.9
ContactU		0.0	0.0	1.0	3.0
Total	0.0	0.3	2.5	4.1	7.5

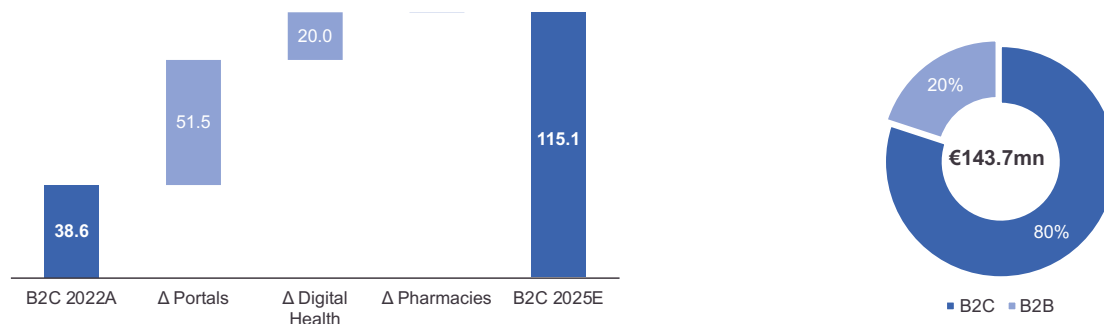
Source: Farmacosmo, Value Track Analysis

Farmacosmo.it : KPIs evolution



Source: Value Track Analysis

Farmacosmo: B2C Revenues from Sales evolution (lhs) and Revenues from Sales breakdown 2025E (rhs)



Source: Value Track Analysis

Farmacosmo: P&L 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E	CAGR 22A-25E
Revenues from Sales	65.7	89.9	116.7	143.7	30%
Δ Fixed Assets	0.8	0.6	0.7	0.8	1%
Other Revenues	0.2	0.0	0.0	0.0	nm
Value of Production	66.6	90.5	117.4	144.5	29%
Raw Materials (incl. Δ Inventory)	-56.4	-75.5	-96.8	-118.2	28%
Costs of Services	-7.7	-8.4	-9.9	-11.0	13%
Costs of Rent	-0.2	-0.2	-0.3	-0.4	28%
G&A	-0.1	-1.1	-2.9	-3.3	nm
Labour Costs	-2.3	-2.8	-3.4	-4.1	21%
EBITDA	0.0	2.5	4.1	7.5	nm
EBITDA Margin (%)	0.1%	2.8%	3.5%	5.2%	518bps
D&A, Impairments, Provisions	-1.6	-2.0	-2.2	-2.6	18%
EBIT	-1.6	0.5	1.8	4.9	nm
EBIT Margin (%)	-2.4%	0.6%	1.5%	3.4%	580bps
Net Financial Charges	-0.6	-0.9	-1.0	-1.2	27%
Taxes	0.2	0.0	-0.4	-1.2	nm
Minorities	1.3	0.0	-0.6	-1.5	nm
Net Profit	-0.7	-0.4	-0.2	1.0	nm

Source: Farmacosmo, Value Track Analysis

Farmacosmo: Balance Sheet 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E
Net Fixed Assets	17.4	19.2	19.2	20.5
Net Working Capital	-3.0	-3.2	-4.0	-4.4
Provisions	0.6	0.6	0.7	0.7
Total Capital Employed	13.8	15.4	14.6	15.4
Group Net Equity	19.0	18.6	19.0	21.4
Net Fin. Pos. [Net debt (-) / Cash (+)]	5.2	3.2	4.4	6.0

Source: Farmacosmo, Value Track Analysis

Farmacosmo: Net Working Capital 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E
Inventory	4.7	6.4	8.6	11.0
Trade Receivables	4.9	6.9	8.9	11.0
Trade Payables	13.6	18.5	24.2	29.7
Operating Working Capital	-4.0	-5.2	-6.7	-7.6
Other Current Assets / Liabilities	0.9	2.1	2.7	3.2
Net Working Capital	-3.0	-3.2	-4.0	-4.4
As a % of Revenues from Sales	-4.6%	-3.5%	-3.4%	-3.0%

Source: Farmacosmo, Value Track Analysis

Farmacosmo: Cash Flow Statement 2022A-25E

(IT GAAP, €mn)	2022A	2023E	2024E	2025E
EBITDA	0.0	2.5	4.1	7.5
Δ NWC (incl. Provisions)	2.3	0.2	0.9	0.5
Capex	-17.0	-3.7	-2.3	-2.4
OpFCF (b.t.)	-14.7	-1.1	2.6	5.6
As a % of EBITDA	<i>nm</i>	-42.6%	64.6%	74.7%
Cash Taxes	0.2	0.0	-0.4	-1.2
Capital Injections	17.2	0.0	0.0	0.0
Others (incl. Fin. Investments)	2.7	0.0	0.0	-1.5
Net Financial Charges	-0.6	-0.9	-1.0	-1.2
Dividends Paid	-0.4	0.0	0.0	0.0
Δ Net Financial Position	4.4	-2.0	1.2	1.6

Source: Farmacosmo, Value Track Analysis

Valuation

Based on the updated estimates and on the new business perimeter, we adjust Farmacosmo **fair equity value p/s. at €1.90** (down from €2.28 p/s).

Adjusting the number of shares for all the possible bonus shares that might have been issued at the end of March (calculations are going on), the **fully diluted fair equity value p/s. is €1.81** (down from €2.15 p/s).

Such fair value is built bottom-up with a **Sum-Of-the-Parts approach** in order to take into account the different profile of the various business units / legal entities belonging to Farmacosmo group.

As far as the valuation criteria of the various business units / legal entities is concerned, we note that in this report we're not going to utilize DCF methodology as we believe Farmacosmo new (and articulated) business perimeter needs to be tested for some months in order to understand its full long-term potential and the amount of synergies that can be deployed.

As a matter of fact, we've applied the following valuation criteria:

- ◆ Online H&B portals (Farmacosmo.it, ProfumeriaOnline, ProfumeriaWeb): Peers analysis based on average EV/Sales 2024E multiple;
- ◆ Bau Cosmesi and the physical pharmacies recently acquired: Valued at M&A price;
- ◆ ContactU: Peers analysis based on similar transactions recently finalized.

Farmacosmo: Sum of the Parts Valuation

	Valuation Criteria	Reference Multiple	Fair EV (€mn)	Stake (%)	Fair EV Pro-Quota (€mn)	As % Total EV (%)
Farmacosmo.it	EV/Sales 24E	0.56x	47.6	100.0%	47.6	69.7%
ProfumeriaWeb	EV/Sales 24E	0.56x	4.4	97.0%	4.4	6.4%
ProfumeriaOnline	EV/Sales 24E	0.56x	1.1	100.0%	1.1	1.6%
Bau Cosmesi	M&A price	nm	0.7	67.0%	0.5	0.7%
Physical Pharmacies	M&A price	nm	6.8	67.0%	4.6	6.7%
ContactU	Recent VC rounds	nm	19.9	51.0%	10.1	14.9%
Farmacosmo Group Fair EV			80.6		68.3	100.0%
Net Financial Position 2023YE					3.23	
Fair Equity Value					71.5	
Fair Eq. Value p.s. (€)					1.90	
Fair Eq. Value p.s. fully diluted (€)					1.81	

Source: Value Track Analysis

We note that the above mentioned fair valuation might change rather materially in the next quarters, for the following reasons:

- ◆ Amount of synergies among the various business units / legal entities that are put in place;
- ◆ Quality of metrics underlying the take up of ContactU;
- ◆ Possible news on the regulatory side (eRx and so on).

Here follows some more colour on the valuation of Online H&B portals and ContactU.

Peers Analysis Online H&B

As far as Peers are concerned, as we take into consideration:

- ◆ Both some B2C e-retails companies operating in H&B space, and some B2B wholesalers;
- ◆ 2024E as reference year;
- ◆ EV/Sales as the reference multiple.

The result is an average 0.56x EV/Sales 2024 that implies some €53.2mn fair pro-quota equity value for Farmacosmo Group H&B online activities, i.e. some 78% of total Group's EV.

Farmacosmo: Peers' Trading Multiples

Company	EV / Sales (x)		EV / EBITDA (x)	
	2023E	2024E	2023E	2024E
B2C E-Retailers				
Farmaè Group	0.64	0.54	19.1	13.9
Zur Rose Group	0.51	0.49	nm	nm
Shop Apotheke	1.22	0.99	nm	nm
Median - B2C	0.64	0.54	19.1	13.9
B2B Wholesalers				
MARR	0.55	0.55	9.2	8.3
Sysco Corporation	0.63	0.60	12.0	10.9
Median - B2B	0.59	0.58	10.6	9.6

Source: Value Track Analysis, Market Consensus

ContactU

Valuing startup is always tricky as the likelihood and degree of success depends on several factors, such as:

- ◆ Quality of the Management Team;
- ◆ Size of Total Addressable Market;
- ◆ Business Model uniqueness;
- ◆ Scalability potential;
- ◆ Competitive barriers;
- ◆ Company specific competitive advantages.

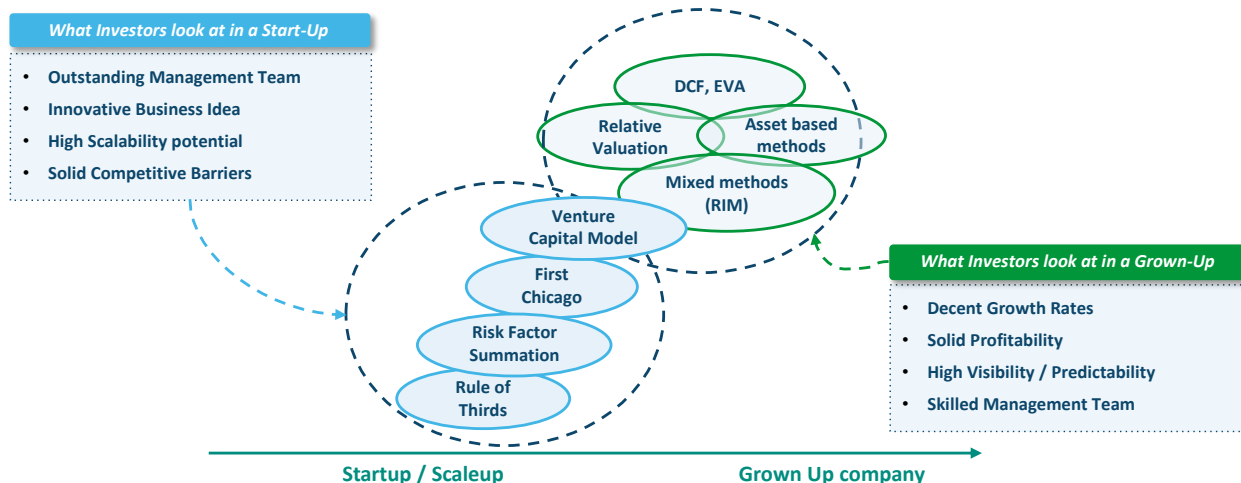
B2C startups are even more difficult to be valued as the amount of money that need to be devoted to marketing expenses is usually extremely relevant, and this implies that an adequate funding is one of the most important competitive advantages.

The absence of track record / financials on which to rely on is the latest, but not least important, point to be taken into consideration.

For all the above-mentioned reasons, market practice often utilizes “qualitative methods” rather than quantitative ones in order to assess the valuation of startups.

However, in our specific case, we can rely on some data provided by recent rounds of fund raising finalized by #1 and #2 market leaders Italian based online psychotherapy platforms: Unobravo and Serenis.

Differences in valuation criteria and investors priorities between startups and grown-up companies



Source: Value Track

Recent fund raising figures of Italian based online psychotherapy platforms

	Unobravo	Serenis 1 st round	Serenis 2 nd round
Funds raised (€mn)	17.0	1.1	5.4
Sales FY0 (€mn)	ca. 6	< 0.3	< 0.3
Seniority at fund raising (yy)	2.5	1.0	1.5
Stake to investors (%)	31.1%	21.0%	21.3%
Post money value (€mn)	54.7	5.2	25.3
Pre money value (€mn)	37.7	4.1	19.9
EV/Sales FY0	6.3 x	nm	nm

Source: Various, Value Track Analysis

The data point provided by Serenis rounds of financing are useful for two reasons:

- ◆ One year since the incorporation of the startup, and still on a pre-revenue basis, the startup was valued (Value Track calculations) some €4.1mn on a pre-money basis;
- ◆ Six months later, (one year and a half since the incorporation of the startup), the pre-money valuation soared to €19.9mn, thus confirming that value creation potential is material if KPIs / metrics evolve positively.

The data point provided by Unobravo latest round of financing is useful as well. Indeed, in less than three years since its incorporation the startup:

- ◆ Has been valued some €37.7mn on a pre-money basis;
- ◆ Has been able to scale its revenues up to €6mn (FY21), and this revenue figure should have materially improved in FY22.

ContactU is currently pre-revenues, but in our view might have an accelerated take up thanks to cross selling synergies with other business units / legal entities belonging to Farmacosmo group. Such optionality deserves, in our view, to position ContactU in line with Serenis 2nd round of financing, i.e. at €19.9mn value for the 100%.

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