

PHARMANUTRA S.P.A.: DOUBLE FIGURE GROWTH CONTINUES

THE BOARD OF DIRECTORS APPROVES THE DRAFT BALANCE SHEET AND CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2019.

€53.6 M NET REVENUE (+15% COMPARED TO 2018)

€13.2 M EBITDA (+12% COMPARED TO 2018 RESTATED)

€8.5 M NET INCOME (+8% COMPARED TO 2018 RESTATED)

€13.6 M CASH ASSETS (+2.2% COMPARED TO 31.12.2018)

€0.46 M PROPOSED ORDINARY UNIT DIVIDEND PER SHARE

Pisa, 23rd March 2020 – [PharmaNutra S.p.A.](#) (Aim Italia - Ticker PHN), a leading pharmaceutical company in the sector of nutritional iron supplements quoted on the market AIM Italia, hereby informs that the Board of Directors has examined and approved the **draft financial statement on 31st December 2019** and **consolidated financial statement as of 31st December 2019**, drawn up in accordance with the Issuers' Regulations AIM Italia/Mercato Alternative of the Shareholding and in conformity with the international accounting principles IFRS.

Andrea Lacorte, President of PharmaNutra S.p.A, commented: *“The financial year results show an important step forward in the growth that has always featured in the progress of our company. Even while experiencing a complicated situation on a global scale, due to the spread of COVID-19, PharmaNutra continues to achieve significant results: financially, as can be seen in the balance sheet data, in terms of sales, thanks to sales data constantly on the increase, and lastly in scientific terms, with an impressive four new formulas in advanced stages of development and scientific validation, including in particular one specifically for strengthening the immune system. PharmaNutra has not stopped, and continues to grow, invest and believe in research and its own ambitious objectives”.*

Roberto Lacorte, Vice President of PharmaNutra, confirmed that: *“Another financial year has closed with growth in line with the trends of previous years, while showing much stronger numbers. We have gone through a year of constant expansion, by reinforcing the three main growth channels: stipulating new foreign*

distribution contracts, strengthening the sales network in Italy and investing in communications. Thanks to a solid financial structure and the company's current position on the market, PharmaNutra is working with an eye to the future, managing critical aspects with care and reactively, on the strength of a solid heritage and robust revenue capacity. After an extraordinary start in the first two months of the year, PharmaNutra is currently not only maintaining its position on the market but working to be even stronger and more productive as soon as the effects of COVID-19 pass".

The Consolidated Financial Statement of the Group PharmaNutra dated 31/12/2019 highlights the following figures:

	2019	%	2018	%	CHANGE
NET REVENUE	53,6	100%	46,7	100%	15%
RESTATED EBITDA	13,2	25%	12,6	27%	5%
RESTATED EBITDA RESTATED*	13,2	25%	11,8	25%	12%
NET INCOME	8,5	16%	8,6	18%	-1%
NET INCOME RESTATED*	8,5	16%	7,9	17%	8%
	31.12.2019		31.12.2018		
NET FINANCIAL POSITION	(13,6)		(11,4)		

*Note that in 2018 the EBITDA and Net Income included non-recurring revenue, amounting overall to €0.82 m, relating to the reckoning of the research and development tax credit as stated in art.3 of Decree no.145/2013 for research and development activities conducted in the financial years 2015-2017 by PharmaNutra and Alesco and the relative consultancy costs amounting to €0.08 m. As of 31/12/2019 there are no non-recurring items to record.

Analysis of annual results for 2019

Since 1st January 2019 the Group has adopted the IFRS principle 16 "Leases", which implies the acknowledgement among fixed assets of the right to use leased property which falls within the field of application of the principle, and the entry under liabilities of the relative financial debt. The comparative data of 2018 have not been restated.

In 2019 the PharmaNutra Group recorded **a revenue of 53.6 million Euro, marking an increase of 15%** with respect to the previous financial year. This result was achieved thanks to the positive contribution of the products branded SiderAL[®], increasing from a turnover in 2018 of 36.7 million euro to the current 40.5 million Euro (approx. +10%). Also, the turnover related to products branded Cetilar[®] destined for the markets of topical treatments for osteoarticular complaints highlights a significant increase (+21%) from

4.4 million Euro in 2018 to 5.4 million Euro. The products launched in 2018 (ApportAL® and UltraMag®) have made a contribution of 2.8 million Euro to the turnover of 2019. Also, the turnover for raw materials and semi-finished products manufactured by the subsidiary Alesco has shown an increase of 16% compared to the previous year, reaching around Euro 2 million. In July, the Group actually broke a historical record in sales volumes, achieving approx. 400,000 items sold.

Over 2019 expansion **continued on foreign markets** with the opening of new markets (Jordan, Pakistan, South Korea, Finland), the expansion of product ranges in countries where the Group already operates (Turkey, Romania, Austria) through the stipulation of distribution contracts for Cetilar® and UltraMag®, and the definition of a licence contract in India with a major partner, for sales on the Indian market of a product with a unique formula based on Sucrosomial Iron®. Revenue from the sales on foreign markets have increased by 19% to reach Euro 14.6 million, representing approx. 27% of the overall turnover.

The **EBITDA** of the Group has reached around 13.2 million Euro (11.8 million Euro as of 31/12/2018 restated), equal to a margin of 25% and showing a growth of 12% compared to 2018. Excluding the effect of applying the new principle IFRS 16, the consolidated EBITDA would reach a total of 12.9 million Euro (+9% compared to the previous financial year).

The **net profit** of 2019, equal to 8.5 million Euro, has stayed at the same levels as the previous year (which benefited from non-taxable non-recurring income related to tax credit for the financial years 2015-2017 for a net sum of Euro 738 thousand). Excluding the non-recurring revenue of 2018, the net profit increase of 2019 with respect to the previous financial year would be approx. 8%. The adoption of the new IFRS principle 16 does not have significant impact on the financial year results.

The **Net Financial Position** of 2019 shows a positive development compared to 31st December 2018, progressing from a positive balance of 11.4 million Euro to a positive balance of 13.6 million Euro. Application of the IFRS 16 principle has led to the reckoning of Euro 0.7 million of financial liabilities related to the rights of use. Excluding this effect, the financial position of the Group as of 31.12.2019 amounts to 14.3 million Euro.

The liquid assets generated by operating income amount to Euro 12 million, confirming the great capacity for cash generation by the Group.

The results achieved are attributable to the ongoing research and development activities and clinical work on the products themselves, which strengthen awareness of the effectiveness of the products among the medical professionals and increases quality perception by the consumers.

Significant features of the 2019 financial year

Over the year **new, important patents have been obtained, in Italy and abroad**; The Italian Patents Office has granted an additional patent to PharmaNutra for a new composition used in the prevention and treatment of iron deficiency. The new patent thus joins the Sucrosomial® Iron based formulas that have made the company a leader in the oral iron supplements sector. This composition was developed specifically to treat the chronic lack of iron in certain areas, where there is an ongoing condition resulting from or concurrent with gastroenterological problems, or of another kind (nephrology, haematology) mainly affecting the geriatric population. The Group has also obtained approval for the Solid Iron patent in the United States (number 10,183,077 with expiry 2033) and in Israel - Patent Application number 236793 - valid until 30th July 2033. In 2019, 9 patent applications were submitted, 1 application to register a new trademark, and 20 applications to extend existing patents to new countries. To date the Group owns 10 patents, 26 trademarks, and is the owner of 16 proprietary raw materials.

At the end of July, the purchase agreement was completed for a real estate property, located in Pisa, planned for **the new Group headquarters**, as well as **production facilities** and **Research and Development centre**. The purchase of the property, to be renovated, responds to the needs arising from the expanded Group structure, as well as allowing for stricter control of technologies used for the production of sucrosomial solutions, while enabling a reduction in times for the research and development of new products.

Over the financial year of 2018, after exceeding the parameters as stated in art. 2-bis of the Consob Regulation no. 11971/1999 and subsequent amendments – the Parent Company acquired, from 1st January 2019, the qualification as issuer of widely distributed financial instruments. As a consequence of this, **PharmaNutra S.p.A. is qualified as an “issuer subject to intermediate regime” (ESRI)** in accordance with Leg. Decree no. 39/2010 and is subject to the relative regulations.

In April, the Board of Directors approved the Model of Organisation, Management and Control and Code of Ethics of PharmaNutra S.p.A. with the aim of pursuing the purposes outlined below:

- To determine, in all those working on behalf of PharmaNutra in the area of “sensitive activities” (in other words in the areas where, by their very nature, crimes may be committed as specified in the Decree), an awareness of possible breaches of provisions governing the area of work, the disciplinary and/or contractual consequences, as well as legal and administrative penalties applicable in these cases;
- To underline that this type of illegal conduct is strongly condemned, since even in the case of the

company apparently being in a position to benefit from it, it is however contrary to best practice, as well as being against laws and ethical principles that the company aims to observe in their routine management of business;

- To enable the company, thanks to monitoring actions in areas deemed at risk, to promptly intervene, in order to prevent or counteract any criminal acts and to penalise conduct that is seen to go against the desired model.

Key facts after closure of the financial year

As well known, since January 2020, the national and international scenario has been dominated by the spread of the COVID-19 epidemic, and the consequent restrictive measures implemented to contain the spread, as implemented by the various public authorities. These extraordinary circumstances, both by nature and extension, have had direct and indirect repercussions on business and have created a general sense of uncertainty, the developments and relative effects of which cannot be foreseen. The potential effects of this phenomena on the financial year cannot yet be established and will be constantly monitored over time. The Group's business lies within the categories deemed essential within the field of health emergency management and to date no critical factors have been recorded with respect to delivery times by the production facilities or logistics departments. As regards sales activities, the channel of pharmacies and parapharmacies, which represent 99% of the destination market of direct line sales, is fully operative. A new sales strategy has also been implemented, which thanks to the extraordinary synergy of the Scientific Sales Representatives, is producing impressive results. Business on foreign markets is still ongoing.

In the early months of 2020, four new contracts for distribution were finalised in Mexico with Marzam S.A., primary Mexican pharmaceutical company with a network of 200 representatives, in Bulgaria, Czechia and in Slovakia; add to these is the renewal of the distribution contract in Romania and extension to the Ukrainian market, a territory not yet approached by the group and the current distribution contract with Medintorg.

Foreseeable evolutions in management

In line with the developments of the health situation in Italy and markets where the Group operates, over 2020 the strategy of PharmaNutra will be essentially aimed at strengthening its leadership on the market of oral iron supplements, where it already holds a share of the market amounting to approximately 52% thanks to the product brand SiderAL[®], and to further increase the market shares as regards the product brand Cetilar[®].

Particular attention will be paid to international development, with special reference to the European, Asian and US markets. We envisage expanding our product range sold in the countries where the Group is already operative, and opening new markets, where necessary setting up new business partnerships if deemed strategically relevant.

Dividends

By virtue of the structural capacity for generating cash by liquid assets, the Board of Directors of PharmaNutra S.p.A. has decided to propose, at the next Company's General Shareholders' Meeting, to distribute a dividend of Euro 0.46 per share.

The dividend distribution date will be 11th May 2020, while the date to authorise dividend payments (*record date*) will be 12th May 2020 while actual payments of dividends will be on 13th May 2020.

Call of Shareholders' Meeting

The draft Balance Sheet as of 31st December 2019 approved today by the Board of Directors of PharmaNutra S.p.A. will be submitted to the next Company Shareholders' Meeting to be held, on first call, on 27th April 2020 and when necessary, on second call, on 28th April 2020.

The following Group accounting prospectus are attached to this document, drawn up in accordance with the International Accounting Principle IFRS

Appendix 1 - Consolidated Balance Sheet Prospectus

Appendix 2 - Consolidated Income Statement Prospectus

Appendix 3 - Changes in Consolidated Equity Prospectus

Appendix 4 - Consolidated Financial Statement Prospectus

Appendix 5 - Parent Company Financial Statement Prospectus

Appendix 6 - Parent Company Income Statement Prospectus

The consolidated financial statement as of 31st December 2019 will be made available to the public according to the terms and methods envisaged by the Issuer Regulations AIM Italia, as well as on the Internet site of PharmaNutra S.p.A. www.pharmanutra.it in the section "Investor Relations".

On today's date, Monday 23rd March, at 18:00 CET the results of the financial year 2019 will be presented by the Management to analysts and institutional investors. The web conference presenting the results can be followed live at the link: http://bit.ly/PHN_2019FullYearResults.

The meeting will be held by Andrea Lacorte (President), Roberto Lacorte (VP and CEO), Carlo Volpi (COO) and Francesco Sarti (CFO).

The web conference will be repeated in English for international analysts and investors on the next day, Tuesday 24th March, at 18:00 CET. The web conference can be followed live at the link: http://bit.ly/PHN_2019ResultsConference.

PharmaNutra Group - Consolidated Balance Sheet

€/000	31/12/2019	31/12/2018
<u>NON-CURRENT ASSETS</u>	11.639	7.312
Tangible assets	4.857	961
Intangible assets	4.728	4.728
Investments	254	254
Non-current financial assets	218	208
Other non-current financial assets	918	671
Deferred tax assets	664	490
<u>CURRENT ASSETS</u>	37.225	34.158
Inventories	1.853	2.150
Cash and cash equivalents	13.751	14.968
Current financial assets	5.076	864
Trade receivables	15.028	12.980
Other current assets	922	1.671
Tax assets	595	1.525
<u>Assets held for sale</u>	-	-
TOTAL ASSETS	48.864	41.470
<u>LIABILITIES AND EQUITY</u>	31/12/2019	31/12/2018
<u>EQUITY:</u>	28.134	24.442
Share capital	1.123	1.123
Legal reserve	225	225
Other reserves	18.352	14.638
Reserve IAS 19	(59)	(8)
Financial Instruments Reserve (FVOCI)	109	(23)
FTA reserve	(70)	(70)
Profit (loss) for the period	8.454	8.557
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
<u>NON-CURRENT LIABILITIES</u>	4.457	4.063
Non-current financial liabilities	1.543	1.830
Provisions for liabilities and charges	686	539
Post-employment benefits	2.228	1.694
<u>CURRENT LIABILITIES</u>	16.273	12.965
Current financial liabilities	4.860	3.512
Trade payables	8.165	6.667
Other current liabilities	2.137	1.781
Taxes payable	1.111	1.005
<u>Liabilities held for sale</u>	-	-
TOTAL LIABILITIES AND EQUITY	48.864	41.470

PharmaNutra Group - Consolidated Income Statement

€/000	2019	2018
A) REVENUE	54.214	48.122
Net revenue	53.624	46.613
Other revenue	590	1.509
<i>of which other non-recurring revenue</i>	-	820
B) OPERATING COSTS	41.033	35.546
Purchases of raw and ancillary materials and consumables	2.560	2.747
Changes in inventories	298	(271)
Service costs	34.252	29.749
<i>of which costs for non-recurring services</i>	-	82
Personnel expenses	3.267	2.802
Other operating costs	656	519
(A-B) EBITDA	13.181	12.576
C) Amortisation, depreciation and impairments	977	662
(A-B-C) EBIT	12.204	11.914
D) FINANCIAL INCOME (EXPENSE)	(7)	(62)
Financial income	71	6
Financial expense	(78)	(68)
PRE-TAX PROFIT (A-B-C+D)	12.197	11.853
Income tax	(3.743)	(3.295)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholder	8.454	8.557

PharmaNutra Group - Changes in Equity Prospectus

€/000	Share capital	Legal reserve	Other reserves	Actuarial reserve IAS 19	Financial Instruments Reserve (FVOCI)	FTA reserve	Profit (loss) for the period	Balance
Group Equity as at 31/12/2017	1.123	40	11.984	(9)	0	(70)	6.030	19.098
Allocation of results	-	185	5.846	-	-	-	(6.030)	0
Dividend distribution	-	-	(3.195)	-	-	-	-	(3.195)
Other changes	-	-	3	1	(23)	-	-	(19)
Profit (loss) for the period	-	-	-	-	-	-	8.557	8.557
Group Equity as at 31/12/2018	1.123	225	14.638	(8)	(23)	(70)	8.557	24.442
Allocation of results	-	-	8.557	-	-	-	(8.557)	0
Dividend distribution	-	-	(4.840)	-	-	-	-	(4.840)
Other changes	-	-	(3)	(51)	132	-	-	78
Profit (loss) for the period	-	-	-	-	-	-	8.454	8.454
Group Equity as at 31/12/2019	1.123	225	18.352	(59)	109	(70)	8.454	28.134

PharmaNutra Group - Consolidated Financial Statement (indirect method)

Euro/000	31/12/2019 without IFRS 16	Effect of IFRS 16	31/12/2019	31/12/2018
Net profit including attributable to non-controlling interests	8.457	(3)	8.454	8.557
NON-MONETARY COSTS/REVENUE				
Amortisation, depreciation and impairments	977		977	662
Provisions to post-employment benefits	173		173	149
CHANGES IN OPERATING ASSETS AND LIABILITIES				
Changes in provisions for liabilities and charges	147		147	127
Changes in post-employment benefits	361		361	345
Changes in inventories	297		297	(270)
Changes in trade receivables	(2.048)		(2.048)	(2.897)
Changes in other current assets	749		749	(1.264)
Changes in tax assets	1.079		1.079	(1.412)
Changes in other current liabilities	351		351	504
Changes in trade payables	1.498		1.498	1.807
Changes in taxes payable	(43)		(43)	125
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	11.998	(3)	11.995	6.433
Net investment in tangible and intangible assets	(4.128)	(745)	(4.873)	(791)
Net investments in financial assets	-		-	-
(Increase)/decrease in other non-current assets	(421)		(421)	(482)
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(4.549)	(745)	(5.294)	(1.273)
Increase/(decrease) in equity	84		84	(17)
Dividend distribution	(4.840)		(4.840)	(3.195)
Increase/(decrease) in non-current financial liabilities	(759)	472	(287)	(1.157)
(Increase)/decrease in current financial assets	(4.212)		(4.212)	(864)
(Increase)/decrease in non-current financial assets	(10)		(10)	105
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	(9.737)	472	(9.265)	(5.128)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(2.288)	(276)	(2.564)	32
Opening cash and cash equivalents less current financial liabilities	11.456		11.456	11.423
Closing cash and cash equivalents less current financial liabilities	9.167	276	8.891	11.456
Total cash and cash equivalents	13.751		13.751	14.968
Total current financial liabilities	4.584	276	4.860	3.512
Closing cash and cash equivalents less current financial liabilities	9.167	276	8.891	11.456

PharmaNutra Group - Balance Sheet

€/000	31/12/2019	31/12/2018
NON-CURRENT ASSETS	9.904	6.021
Tangible assets	4.552	847
Intangible assets	839	1.004
Investments	3.051	3.051
Non-current financial assets	178	168
Other non-current financial assets	918	671
Deferred tax assets	366	280
CURRENT ASSETS	32.093	30.052
Inventories	1.624	1.142
Cash and cash equivalents	11.549	13.981
Current financial assets	5.076	864
Trade receivables	12.583	11.188
Other current assets	857	1.596
Tax assets	404	1.281
Assets held for sale	-	-
TOTAL ASSETS	41.997	36.073
LIABILITIES AND EQUITY	31/12/2019	31/12/2018
EQUITY:	23.640	21.495
Share capital	1.123	1.123
Legal reserve	225	225
Other reserves	15.360	12.818
Reserve IAS 19	(6)	13
Financial Instruments Reserve (FVOCI)	109	(23)
FTA reserve	(39)	(39)
Profit (loss) for the period	6.868	7.378
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
NON-CURRENT LIABILITIES	3.620	3.324
Non-current financial liabilities	1.099	1.369
Provisions for liabilities and charges	597	483
Post-employment benefits	1.924	1.472
CURRENT LIABILITIES	14.737	11.254
Current financial liabilities	4.016	2.712
Trade payables	8.315	6.284
Other current liabilities	1.734	1.407
Taxes payable	672	851
Liabilities held for sale	-	-
TOTAL LIABILITIES AND EQUITY	41.997	36.073

PharmaNutra Group - Income Statement

€/000	2019	2018
A) REVENUE	45.213	39.277
Net revenue	44.673	37.889
Other revenue	540	1.388
<i>of which other non-recurring revenue</i>	-	699
B) OPERATING COSTS	35.964	29.691
Purchases of raw and ancillary materials and consumables	2.521	1.899
Changes in inventories	(482)	43
Service costs	31.029	25.456
<i>of which costs for non-recurring services</i>	-	82
Personnel expenses	2.364	1.886
Other operating costs	532	407
(A-B) EBITDA	9.249	9.586
C) Amortisation, depreciation and impairments	768	531
(A-B-C) EBIT	8.481	9.055
D) FINANCIAL INCOME (EXPENSE)	1.041	828
Financial income	1.080	846
Financial expense	(39)	(18)
PRE-TAX PROFIT (A-B-C+D)	9.522	9.883
Income tax	(2.654)	(2.505)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholder	6.868	7.378

PharmaNutra S.p.A

Founded and led by the President Andrea Lacorte and Vice President Roberto Lacorte, PharmaNutra was established in 2003. It develops unique nutritional supplements and innovative nutritional devices, handling the entire production process, from proprietary raw materials to finished product. The efficacy of the products has been demonstrated with a wealth of scientific evidence, with 112 studies published involving more than 7000 subjects. The Group distributes and sells its products in Italy and abroad. In Italy, products are sold through a network of 140 Pharmaceutical Representatives serving doctors and also exclusively selling PharmaNutra products to pharmacies throughout Italy. Products are sold in over 50 countries abroad, through 34 partners selected from among the finest pharmaceutical companies. PharmaNutra leads the market in the production of iron-based nutritional supplements under the SiderAL® brand, where it boasts a number of important patents on Sucrosomial® technology. Over the years, the Group has developed a precise strategy for the management and production of intellectual property, founded on the integrated management of all the various elements: proprietary raw materials, patents, brands and clinical evidence.

www.pharmanutra.it

For Information:

PharmaNutra S.p.A.

Via Delle Lenze, 216/b
56122 Pisa
Tel. +39 050 7846500
investorrelation@pharmanutra.it

Internal Press Office
press@calabughi.com

**Nomad
CFO SIM S.p.A.**

Via dell'Annunciata, 23/4
20121 Milan
Tel. +39 02 303431
ecm@cfosim.com

**Press Office
Spriano Communication & Partners**

Via Santa Radegonda, 16
20121 Milan
Tel. +39 02 83635708

Matteo Russo
mrusso@sprianocommunication.com
Cristina Tronconi
ctronconi@sprianocommunication.com