

PHARMANUTRA S.P.A.: EXCEPTIONAL RESULTS IN THE FIRST HALF OF 2020. DOUBLE DIGIT GROWTH

The turnover growth trend continues with a leap forward in margins and profits thanks to the Group's market success, boosting its position in foreign Countries and sales volumes in Italy.

€29.1 M revenue from sales (+17% compared to 30/06/2019)

€9.4 M EBITDA Restated* (+49% compared to 30/06/2019)

€6.6 M net income for the period net of the non-recurring item(+65% compared to 30/06/2019)**

Positive net financial position of €13.1 M

Pisa, 14th September 2020 – **PharmaNutra S.p.A.**, a Tuscan leading nutraceuticals company in the sector of nutritional iron supplements quoted on the market AIM Italia (Ticker: PHN), hereby informs that the Board of Directors has examined and approved the consolidated interim report on 30th June 2020, drawn up in accordance with the Issuers' Regulations AIM Italia/Alternative Capital Market and in conformity with the international accounting principles IFRS.

The consolidated interim report of the Group PharmaNutra dated 30/06/2020 highlights the following figures:

Amounts in millions of euro	30/06/2020	%	30/06/19	%	CHANGE	2019	%
ECONOMIC DATA							
REVENUE	30,7	100%	25,1	100%	22%	54,2	100%
REVENUE FROM SALES	29,1	95%	25,0	99%	17%	53,6	99%
RESTATED EBITDA	9,5	31%	6,3	25%	50%	13,2	25%
RESTATED EBITDA RESTATED*	9,4	31%	6,3	25%	49%	13,2	25%
NET INCOME	9,7	32%	4,0	16%	143%	8,5	16%
NET INCOME NON-RECURRING ITEMS**	6,6	23%	4,0	16%	65%	8,5	16%
BALANCE SHEET DATA							
NET INVESTED CAPITAL	20,1		12,8			14,6	
NET FINANCIAL POSITION	(13,1)		(10,8)			(13,6)	
EQUITY	33,2		23,6			28,1	

* The Restated EBITDA as of 30th June 2020 is net of non-recurring revenues amounting to 1 million related to a contractual indemnity, and costs for a total €975 thousand, of which €709 thousand related to finalising the agreement with the Revenue Office for access to the Patent Box preferential tax regime and €266 thousand in costs sustained to launch operations preparing the group's passage towards MTA market -Star segment listing.

** Net income non-recurring items as of 30th June do not include the tax benefit from formalising the tax facilitation agreement related to excluding a part of income from use of the so-called "intellectual property" (Patent Box) from taxable income for each year, for the years from 2016 to 2019, for a total of €3.4 million and revenues net of non-recurring costs for €326 thousand.

ANALYSIS OF RESULTS FOR THE FIRST HALF OF 2020

In the first half of 2020 the Group recorded net **revenues** for €29.1 million, double digit growth of about 17% compared to the same period in the previous year, with about a 5% increase on the domestic market (€20.2 million against €19.3 million as of 30th June 2019), and a 57% increase in the turnover earned on foreign markets compared to the previous period, going from €5.7 million in the previous year to €8.9 million. As of 30th June 2020, foreign market turnover was 31% of total turnover (23% in the same period the previous year).

That result is due to the increase in **sales volumes** for products in Italy and abroad; they reached 3,798 thousand pieces, recording a +32% compared to 2,878 thousand in the first half of 2019.

The first half of 2020 confirms the positive contribution from **SiderAL® brand** products, with a turnover going to €22.5 million from €18.1 million (+ 24%) as of 30th June 2019, and a market share going from 43.2% in the first half of 2019 to 44.8% in the first six months of 2020.

The turnover related to the topical products market for bone-joint problems, **Cetilar®** suffered, though to a limited extent, from limits imposed on sports activities during the lockdown period with revenue amounting to €2.6 million (2.7 million as at 30th June 2019) thanks to sales volumes in the first quarter of 2020.

These results prove the effectiveness of actions taken by the Company to contrast the effect of the Covid-19 pandemic. They generated better performances than the Business Plan targets, despite a turnover slightly lower than expectations. In addition, confirm the excellent Group strategy to promote ongoing research and development and clinical study activities on the products themselves; generating an increased awareness of their effectiveness among medical professionals and increased perception of quality by consumers.

The **EBITDA** has reached around €9.5 million (€6.3 million as of 30th June 2019), equal to a margin of about 31% of total revenue, showing a growth of 50% compared to 30th June 2019.

Net income for the period reached €9.7 million, (€4 million as of 30th June 2019). On excluding the net effect from the non-recurring items, Net Income for the period would amount to €6.6 million.

The **Net Financial Position** as of 30th June 2020 is positive at €13.1 million compared to the €13.6 million as of 31st December 2019, net of financial outlays to pay dividends.

Andrea Lacorte, President of PharmaNutra S.p.A., commented: *"Results achieved in the first half of the year are highly comforting. Regardless of the pharmaceutical market downturn caused by the pandemic, the PharmaNutra figures and trends are still positive and growing. At both scientific and economic level. Of all the acknowledgements received, the fact that PharmaNutra continues to climb the ranks of the more than 1800 nutraceutical companies on the national market, calculated on sales figures to the public, is important. Thanks to a solid financial structure and its current market position, we can, without delay, carry on expanding our business with a highly positive view of the future".*

Roberto Lacorte, Vice President of PharmaNutra S.p.A., added: *"These results, together with ongoing investments in the areas of sales, scientific research and human resources, further strengthen the prospects for the long-term strategic development of the Group. While commenting the positive first semester figures, we are still implementing our growing plan whose goal will always be to expand the distribution network, develop new products, take root in some strategic countries directly. The supplements and topicals markets have great growth margins in Italy and abroad. Our daily work is to grasp any opportunity to consolidate and increase PharmaNutra success at global level".*

KEY EVENTS IN THE FIRST SEMESTER OF 2020

February 2020: The Group communicates that it has signed new agreements with Casa Marzam S.A. and with Zentiva K.S. to distribute its Sucrosomial® iron-based products in Mexico, the Czech Republic and Slovakia.

March 2020: PharmaNutra launched the new multi-channel campaign "Fatti trovare pronto (Make sure you're ready)" dedicated to Apportal®. In the same month, the Group was granted the Cetilar® patent in the USA, and acknowledged a new patent linked to the Sucrosomial Technology® in India.

In the same month, the Group finalised innovative communication systems to support commercial

network activities, to provide doctors and pharmacists with those on-line information activities that proved strategic during lockdown, enabling the Company to continue its activities.

April 2020: Pfizer invests in Sucrosomial® Technology The innovative Sucrosomial® Magnesium developed by the PharmaNutra Group is one of the main ingredients of the new Multicentrum My Mag launched by Pfizer. The product has been available in Italy since April.

Moreover, despite the spread of the COVID-19, new distribution agreements were signed for both SiderAL® and Cetilar® products in Bulgaria, Romania, Hungary, South Korea and Mexico, with leading pharmaceutical companies in the single Countries.

May 2020: the products Cetilar® Crema, Cetilar® Patch and ApportAL® obtained Play Sure Doping Free certification. This certification adds value to companies undertaking to promote clean sport, through actions to guarantee products with no substance considered potentially “doping”.

June 2020: PharmaNutra signed an agreement related to the Patent Box preferential tax regime with the Revenue Office. The agreement signed is for the 2016-2020 five-year period.

KEY EVENTS AFTER CLOSURE OF THE FIRST SEMESTER OF 2020

September 2020: Alesco S.r.l., a PharmaNutra S.p.A. Group company, obtains exclusive distribution of the Atura brand plant proteins for Italy. Alesco thus enriched its portfolio with new, top quality, natural raw materials, expanding its presence in fast-growing niche markets. That same month, the PharmaNutra Group strengthened its non-European presence thanks to a new trade agreement signed with the pharmaceutical company Drogueria Inti to distribute SiderAL® (Sucrosomial® Iron) products in Bolivia.

UPDATE ON MANAGEMENT OF THE COVID-19 EMERGENCY

As its activities were included amongst those defined as essential in health emergency management, Group activities were not interrupted.

The Group, in fact, did not use any kind of social safety net benefit of those made available by the Authorities for the Covid-19 emergency.

Restrictive measures issued affected the prescription activities of doctors and the possibility to practice sports, causing a slowdown in Italian market sales in the second quarter, especially referred to Cetilar® line products. However, thanks to the highly positive trend in the first quarter 2020, the first half of the year ends with a 5% increase in Italian market turnover compared to the same period in the previous

year, along with a significant improvement in Group capitalisation.

To contain the effects of the Covid19 epidemic, cost containment measures were adopted; in particular, on marketing and commercial costs. These enabled better economic results than those established in the Group's Business Plan.

The Company does not expect any repercussions on the economic-financial performances for financial year 2020, as can be seen from the first half year figures.

FORESEEABLE MANAGEMENT OUTLOOK AND COVID-19 EMERGENCY

Despite the uncertainties linked to how the Covid-19 epidemic evolves, as its results are not currently foreseeable, Directors believe that financial year 2020 will also see a growth in turnover, though less than in previous years. Italian market sales volumes for July and August are consistent with targets and orders from foreign markets with deliveries related to the third and fourth quarters have all been confirmed. In addition to the above, we believe that the cost containment measures planned, together with the Patent Box tax benefit, will enable us to confirm the results recorded in the first half of the year.

The PharmaNutra Group is operating in full compliance with safety procedures and protocols issued by the Italian Government. It is well aware that only strict compliance with rules can allow us to get over this situation as quickly as possible.

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

The consolidated interim financial statement as of 30th June 2020 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 Spa www.pharmanutra.it in the section "Investor Relations".

PharmaNutra Group - Consolidated Balance Sheet

LIABILITIES AND EQUITY (€/000)	30/06/20	31/12/19
NON-CURRENT ASSETS	10.689	11.639
Tangible assets	4.809	4.857
Intangible assets	4.949	4.728
Investments	254	254
Non-current financial assets	218	218
Other non-current financial assets	-	918
Deferred tax assets	459	664
CURRENT ASSETS	39.506	37.225
Inventories	2.386	1.853
Cash and cash equivalents	11.921	13.751
Current financial assets	4.458	5.076
Trade receivables	16.859	15.028
Other current assets	1.998	922
Tax assets	1.884	595
TOTAL ASSETS	50.195	48.864
LIABILITIES AND EQUITY	30/06/20	31/12/19
EQUITY:	33.239	28.134
Share capital	1.123	1.123
Legal reserve	225	225
Other reserves	22.361	18.352
Reserve IAS 19	(102)	(59)
Financial Instruments Reserve (FVOCI)	23	109
FTA reserve	(70)	(70)
Profit (loss) for the period	9.679	8.454
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
NON-CURRENT LIABILITIES	2.944	4.457
Non-current financial liabilities	1.025	1.543
Provisions for liabilities and charges	1.003	686
Post-employment benefits	916	2.228
CURRENT LIABILITIES	14.012	16.273
Current financial liabilities	2.450	4.860
Trade payables	9.363	8.165
Other current liabilities	1.142	2.137
Taxes payable	1.057	1.111
TOTAL LIABILITIES AND EQUITY	50.195	48.864

PharmaNutra Group - Consolidated Income Statement

INCOME STATEMENT (€/000)	30/06/20	30/06/19
A) REVENUE	30.691	25.116
Net revenue	29.112	24.981
Other revenue	1.579	135
B) OPERATING COSTS	21.228	18.796
Purchases of raw and ancillary materials and consumables	1.716	1.290
Changes in inventories	(535)	5
Service costs	17.278	15.492
Personnel expenses	1.795	1.624
Other operating costs	974	384
(A-B) EBITDA	9.463	6.320
C) Amortisation, depreciation and impairments	1.134	475
(A-B-C) EBIT	8.329	5.845
D) FINANCIAL INCOME [EXPENSE]	49	(5)
Financial income	100	28
Financial expense	(51)	(33)
PRE-TAX PROFIT (A-B-C+D)	8.378	5.840
Income tax	1.301	(1.860)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholders	9.679	3.980

Pharmanutra Group - Overall Consolidated Income Statement

OVERALL INCOME STATEMENT PROSPECTUS (€/000)	30/06/20	30/06/19
PROFIT (LOSS) FOR THE PERIOD	9.679	3.980
Profit (loss) from applying IAS	(121)	(13)
PROFIT (LOSS) FOR THE OVERALL PERIOD	9.558	3.967

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 31/12/2018	1.123	225	14.638	(8)	(23)	(70)	8.557	24.442
Allocation of results	-	-	8.557	-	-	-	(8.557)	-
Dividend distribution	-	-	(4.840)	-	-	-	-	(4.840)
Other changes	-	-	(2)	(78)	67	-	-	(13)
Profit (loss) for the period	-	-	-	-	-	-	3.980	3.980
Group Equity as at 30/6/2019	1.123	225	18.353	(86)	44	(70)	3.980	23.569
Group Equity as at 31/12/2019	1.123	225	18.352	(59)	109	(70)	8.454	28.134
Allocation of results	-	-	8.454	-	-	-	(8.454)	-
Dividend distribution	-	-	(4.453)	-	-	-	-	(4.453)
Other changes	-	-	8	(43)	(86)	-	-	(121)
Profit (loss) for the period	-	-	-	-	-	-	9.679	9.679
Group Equity as at 30/6/2020	1.123	225	22.361	(102)	23	(70)	9.679	33.239

PharmaNutra Group - Consolidated Financial Statement (indirect method)

FINANCIAL STATEMENT (€/000)	30/06/20	30/06/19	1/12/2019
Net profit including attributable to non-controlling interests	9,679	3,980	8,454
NON-MONETARY COSTS/REVENUE			
Amortisation, depreciation and impairments	1,134	475	973
Provisions to post-employment benefits	78	85	172
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Changes in provisions for liabilities and charges	163	132	148
Changes in post-employment benefits	(1,390)	224	361
Changes in inventories	(533)	5	297
Changes in trade receivables	(2,332)	(562)	(2,051)
Changes in other current assets	(1,076)	(774)	746
Changes in tax assets	(1,289)	1,293	930
Changes in other current liabilities	(989)	(678)	349
Changes in trade payables	1,198	4	1,498
Changes in taxes payable	(54)	1,549	106
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	4,589	5,734	11,983
Net investment in tangible and intangible assets	(652)	(1,616)	(4,863)
(Increase)/decrease in other non-current assets	1,123	(203)	(421)
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	471	(1,819)	(5,284)
Increase/(decrease) in equity	(127)	(13)	85
Dividend distribution	(4,453)	(4,840)	(4,840)
Increase/(decrease) in non-current financial liabilities	(518)	230	(287)
(Increase)/decrease in current financial assets	618	(3,509)	(4,212)
(Increase)/decrease in non-current financial assets	0	(5)	(10)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	(4,480)	(8,138)	(9,264)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	580	(4,223)	(2,565)
Opening cash and cash equivalents less current financial liabilities	8,891	11,456	11,456
Closing cash and cash equivalents less current financial liabilities	9,471	7,233	8,891
Total cash and cash equivalents	11,921	10,249	13,751
Total current financial liabilities	(2,450)	(3,016)	(4,860)
Closing cash and cash equivalents less current financial liabilities	9,471	7,233	8,891

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.

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