

PHARMANUTRA S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2022

The growth trend in revenues and margins was confirmed, while the strengthening of the company's leadership on the oral iron supplement market continued. First consolidation of Akern S.r.l., the new Group company.

- Sales Revenues € 60.3 M (+21.9% compared to 30/09/2022)
 - EBITDA € 19.1 M (+20.7% compared to 30/09/2021)
- Net result of the period excl. non rec. items € 12.8 M (+23.1% compared to 30/09/2021)
 - Positive Net Financial Position € 7.3 M (€ -20.7 million compared to 31/12/2021)

Pisa, 7 November 2022 – The Board of Directors of [PharmaNutra S.p.A.](#) (MTA; Ticker PHN), a company specialising in mineral-based nutritional supplements and medical devices for muscles and joints, approved today its **Interim Management Report as at 30 September 2022** (not subject to auditing).

Roberto Lacorte, Deputy Chairman of PharmaNutra S.p.A., stated: *“Again this quarter, PharmaNutra achieved results that go far beyond the growth forecasts made in the previous months, especially if we compare the change with the same period of the previous year. The most important figure we see is the sharp increase in all product lines, even greater than the general growth of the market. This is a vital boost to organic growth, which feeds into and supports all the current strategic drivers, such as the integration and acceleration of the growth of Akern S.r.l., the new company acquired by the Group, and the quick process of internationalisation, which is undergoing a significant phase of expansion on new key markets, such as China and the United States. Moreover, the results of the third quarter form a solid base for the inclusion of new products in our portfolio, which will begin from 2023.”*

ANALYSIS OF CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2022

After acquiring the shares representing 86.48% of the capital of Akern S.r.l. in July, in the consolidated financial statements as at 30 September 2022, the subsidiary was consolidated starting on 1 July 2022. The acquisition of the residual 13.52% is planned by the end of the year.

ECONOMIC DATA (€/million)	2022	%	2021	%	CHANGE
REVENUES	60,5	100,0%	49,7	100,0%	21,9%
SALES REVENUES	60,3	99,6%	49,3	99,3%	22,2%
EBITDA	19,1	31,5%	15,8	31,8%	20,7%
NET RESULT OF THE PERIOD	12,8	21,2%	10,9	21,9%	17,9%
NET RESULT OF THE PERIOD excl. non rec.items	12,8	21,2%	10,4	21,0%	23,1%
EPS - NET EARNINGS PER SHARE	1,33		1,12		18,0%

BALANCE SHEET DATA (€/million)	2022	2021	CHANGE
NET INVESTED CAPITAL	41,8	17,0	24,7
NET FINANCIAL POSITION (cash positive)	7,3	28,1	(20,7)
NET EQUITY	(49,1)	(45,1)	(4,0)

* The Net Result excluding non-recurring items of 2021 was net of the tax credit obtained on the costs incurred in 2021 for the transition to the Euronext Star market (€ 457 thousand).

SALES REVENUES FOR THE FIRST QUARTER 2022

Consolidated net revenues as at 30 September 2022 amounted to € 60.3 million, an increase of € 11 million on the same period of the previous year (+22.2%). Sales volumes of finished products as at 30 September 2022, amounting to around 8.4 million pieces, increased by around 27% on 30 September 2021 (6.6 million pieces).

SALES REVENUES - ITALY

Revenues realised on the Italian market (BL1), amounting to € 42.5 million (€ 35.4 million as at 30 September 2021) showed an increase of 20%, with an incidence on total revenues of 70.5% compared to 71.8% in the same period of the previous year. The increase derives from greater sales of finished products, while the sales of raw materials decreased by around € 200 thousand compared to the same period of the previous year.

SALES REVENUES - INTERNATIONAL

Revenues deriving from sales on foreign markets (BL2) amounted to € 16.9 million, compared to € 13.9 million as at 30 September 2021, a net increase of € 3 million (+21.4%). The change recorded on the previous quarters is attributable to the trends in foreign orders, which were specifically concentrated in the first six months of 2022.

SALES REVENUES - AKERN

Net revenues generated by Akern in the three months subject to consolidation amounted to € 0.9 million, of which € 0.1 million generated by foreign markets.

SALES BY PRODUCT LINE

As at 30 September 2022, the growth in revenues for all the main lines of finished products was confirmed.

F.P. revenues by product line				Incidence		
	€/ 1000	2022	2021	Δ%	2022	2021
Sideral		42,871	37,678	13.8%	73.5%	79.4%
Cetilar		5,820	4,683	24.3%	10.0%	9.9%
Apportal		6,312	3,085	104.6%	10.8%	6.5%
Ultramag		647	690	-6.3%	1.1%	1.5%
Others		1,791	1,340	33.6%	3.1%	2.8%
Akern		906	0	100.0%	1.6%	0.0%
Total		58,347	47,477	22.9%	100%	100%

The SiderAL® line, the leader in the Italian market for iron-based food supplements, grew by 13.8% on 30 September 2021, reaching a market share value of 55.3%¹ in the iron-based food supplement market.

The sales of the Cetilar® line increased by around 24% on the same period of 2021.

ApportAL® showed significant growth compared to the same period of the previous year, due to its vitality boosting, energising and restoring characteristics.

¹ Source: IQVIA data

ECONOMIC RESULTS

Operating expenses as at 30 September 2022, equal to € 41.4 million (+22.4% on 30 September 2021), increased due to the growth in revenues.

EBITDA as at 30 September 2022 amounted to € 19.1 million (€ 15.8 million as at 30 September 2021), with a margin on total revenues of 31.5% and an increase of 20.7% on 30 September 2021.

The **Net result** for the period came to € 12.8 million (€ 10.9 million as at 30 September 2021).

Net earnings per share as at 30 September 2022 came to € 1.33 compared to € 1.12 in the same period of the previous year.

The **Net financial position** as at 30 September 2022 was a positive € 7.3 million, compared to € 28.1 million as at 31 December 2021. The cash flow generated by operations in the period amounted to € 5.6 million. Investments of € 17.2 million were made, of which € 10.8 million to acquire 86.48% of the shares of Akern and € 5.5 million to build the new headquarters. The acquisition of the Akern shares was financed through the disbursement by the banking system of two unsecured medium/long-term loans amounting to € 6 million each. Treasury shares were repurchased for a total of € 2.2 million.

Cash flow from operations in the amount came to € 8.9 million (€ 9.8 million as at 30 September 2021).

SIGNIFICANT EVENTS OCCURRING AFTER 30 SEPTEMBER 2022

No significant events occurred after 30 September 2022.

OUTLOOK FOR OPERATIONS

The results achieved in the first nine months of 2022, the performance of sales on the Italian market and the backlog of orders relating to deliveries on foreign markets in the fourth quarter will confirm results in line with expectations.

The strategy of the PharmaNutra Group is focused on strengthening its leadership in the oral iron market, where it already holds a market share value of around 55% due to SiderAL[®] brand products, increasing the market share for Cetilar[®] brand products and developing sales of ApportAL[®] and UltraMag[®].

Specific attention continues to be paid to international development, with specific reference to the European, Asian and US markets. We plan to expand the range of products sold in the countries where

the Group operates and open new markets, possibly, if deemed strategically important, also through business partnerships.

The process of integration of Akern has begun, which is expected to provide synergies that will develop the company's presence on the Italian and foreign markets, thanks to the sales network and foreign distributors of PharmaNutra, increase sales of Group products and lay the foundation for the launch of new product lines.

Within the framework of general uncertainty of this period, the PharmaNutra Group will work as always to meet its commitments and targets, keeping a constant focus on efficiently managing its income statement and cash flow structures to flexibly and immediately respond to uncertainties.

The interim management report as at 30 September 2022, not subject to auditing, will be made available to the public through the methods and within the time frames set out in the current regulations.

CERTIFICATION BY THE MANAGER IN CHARGE OF DRAFTING THE CORPORATE ACCOUNTING DOCUMENTS

The Manager in charge of drafting the corporate accounting documents, Mr. Francesco Sarti, declares, pursuant to paragraph 2 of Article 154 *bis* of Italian Legislative Decree 58/1998, that the accounting disclosure contained in this press release matches the accounting documents, books and records.

FINANCIAL STATEMENTS (NOT SUBJECT TO AUDITING)

Annex 1 – Consolidated Balance Sheet

Annex 2 – Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Annex 3 – Statement of Changes in Consolidated Net Equity

Annex 4 – Consolidated Cash Flow Statement (indirect method)

CONSOLIDATED BALANCE SHEET

€/1000	30/09/2022	31/12/2021
NON CURRENT ASSETS	36,097	15,837
Buildings, plant and equipment	14,122	8,372
Intangible assets	19,876	5,500
Investments	4	254
Non current financial assets	187	221
Other non current assets	747	254
Deferred tax assets	1,161	1,236
CURRENT ASSETS	56,607	55,519
Inventories	4,440	2,865
Cash and cash equivalents	19,843	29,409
Current financial assets	4,715	4,530
Trade receivables	23,347	16,673
Other current assets	2,506	1,099
Tax receivables	1,756	943
TOTAL ASSETS	92,704	71,356
NET EQUITY	49,068	45,082
Share Capital	1,123	1,123
Statutory Reserve	225	225
Treasury shares	(2,159)	
Other reserves	36,871	29,949
IAS 19 Reserve	207	56
Fair value OCI reserve	(163)	28
FTA Reserve	(70)	(70)
Result of the period	12,839	13,771
Group Equity	48,873	45,082
Third parties equity	195	
NON CURRENT LIABILITIES	22,493	9,526
Non current financial liabilities	14,877	5,530
Provision for non current risks and charge:	4,053	1,475
Provision for employees and directors ben	3,563	2,521
CURRENT LIABILITIES	21,143	16,748
Current financial liabilities	3,297	820
Trade payables	11,343	9,751
Other current liabilities	3,017	2,748
Tax payables	3,486	3,429
TOTAL LIABILITIES & EQUITY	92,704	71,356

CONSOLIDATED INCOME STATEMENT

€/1000	2022	2021
TOTAL REVENUES	60,542	49,672
Net revenues	60,270	49,306
Other revenues	272	366
OPERATING EXPENSES	41,447	33,856
Purchases of raw material, cons. and supplies	3,230	2,315
Change in inventories	(1,150)	(510)
Expense for services	35,425	28,441
Employee expenses	3,498	3,121
Other operating expenses	444	489
EBITDA	19,095	15,816
Amortization, depreciation and write offs	973	885
EBIT	18,122	14,931
FINANCIAL INCOME/(EXPENSES) BALANCE	338	89
Financial income	466	106
Financial expenses	(128)	(17)
PRE TAX RESULT	18,460	15,020
Income taxes	(5,594)	(4,134)
Third parties result	(27)	
Net result of the Group	12,839	10,886
Net earnings per share	1.33	1.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€/1000	2022	2021
Result for the period	12,839	10,886
Gains (losses) from IAS adoption which will be reversed to P&L		
Gains (losses) from IAS adoption which will not be reversed to P&L	(40)	67
Comprehensive result of the period	12,799	10,953

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

€/1000	Share Capital	Treasury Shares	Legal reserve	Other reserve	FTA Reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Minorities reserves	Third parties result	Total
Balance as at 1.1.22	1.123		225	29.949	(70)	28	56	13.771			45.082
Other changes	-	(2.159)	-	(921)	32	(191)	111		(1)		(3.129)
Change in cons. area	-		-	924	(32)		40		169		1.101
Dividends paid				(6.852)							(6.852)
Allocation of result				13.771				(13.771)			-
Result of the period								12.839		27	12.866
Balance as at 30.9.2022	1.123	(2.159)	225	36.871	(70)	(163)	207	12.839	168	27	49.068

€/1000	Share capital	Treasury Shares	Legal reserve	Other reserve	FTA reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
Balance as at 1.1.21	1,123		225	22,363	(70)	67	(50)	14,072	37,730
Other changes						17	50		67
Dividends paid				(6,486)					(6,486)
Allocation of the result				14,072				(14,072)	-
Result of the period								10,886	10,886
Balance as at 30.9.21	1,123		225	29,949	(70)	84	-	10,886	42,197

CONSOLIDATED CASH FLOW STATEMENT - INDIRECT METHOD

CONSOLIDATED CASH FLOW (€/1000) - INDIRECT METHOD	2022	2021
Net result before minority interest	12.646	10.886
NON MONETARY COSTS/REVENUES		
Amortization, depreciation and write offs	920	885
Allowance to provision for employee and directors benefits	568	453
CHANGE IN OPERATING ASSETS AND LIABILITIES		
Change in provision for non current risks and charges	(425)	193
Change in provision for employee and directors benefits	252	(93)
Change in inventories	(1.044)	(509)
Change in trade receivables	(6.477)	(4.089)
Change in other current assets	(1.361)	(1.797)
Change in tax receivables	(731)	1.295
Change in other current liabilities	22	(881)
Change in trade payables	1.294	917
Change in tax payables	(130)	2.534
CASH FLOW FROM OPERATIONS	5.534	9.794
Investments in intangible assets, buildings, plant and machinery	(7.105)	(2.108)
Net cash flow from business combination *	(10.114)	0
Disposal of intangible assets, buildings, plant and machinery	218	83
Sale of financial assets	250	0
Change in insurance TFM receivable	(493)	(254)
Change in deferred tax assets	(17)	198
CASH FLOW FROM INVESTMENTS	(17.261)	(2.081)
Other changes in Net Equity	151	67
Treasury shares purchases	(2.159)	0
Dividends paid	(6.852)	(6.486)
Financial assets increase	(94)	(43)
Financial assets decrease	68	0
Fin.liabilities increase	11.551	5.380
Fin. liabilities decrease	(284)	(635)
ROU fin. liabilities increase	2	160
ROU fin. liabilities decrease	(211)	0
CASH FLOW FROM FINANCING	2.172	(1.557)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(9.555)	6.156
Cash and cash equivalent at the beginning of the period	29.409	16.455
Cash and equivalents at the end of the period	19.854	22.611
CHANGE IN CASH AND CASH EQUIVALENTS	(9.555)	6.156

* = Effects of the acquisition of 86,48% of Akern S.r.l. share capital:

Purchase price paid	10.795
Cash and cash equivalents purchased (negative sign)	-681
	10.114

PharmaNutra S.p.A.

Founded and led by Chairman Andrea Lacorte and Deputy Chairman Roberto Lacorte, PharmaNutra is a company established in 2003 that develops unique food supplements and innovative nutrition devices by carrying out the entire production process, from the proprietary starting materials through to the finished product. The effectiveness of its products is demonstrated by a wealth of scientific evidence, including 135 publications involving more than 7000 subjects. The Group distributes and places its products on the market in Italy and abroad. Within Italy, sales activities are carried out through a network of over 160 medical science liaisons serving the medical profession, as well as focusing on the exclusive marketing of PharmaNutra products to pharmacies throughout the country. Sales activities are guaranteed abroad in 70 different countries through 47 partners chosen amongst the best pharmaceutical companies. PharmaNutra is a market leader in the manufacture of dietary supplements containing iron with its SiderAL® brand, where it boasts important patents covering its Sucrosomial® Technology. Over the years, the Group has developed a precise strategy regarding the management and production of intellectual property, based on integrated management of all the various components: proprietary starting materials, patents, brands and clinical evidence.

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