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Informazione
Regolamentata

Nome utilizzatore : PHARMANUTRAN02 - Lacorte Roberto

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Oggetto : PR - PHARMANUTRA - Board of directors
approves interim management report as at
30 september 2021

Testo del comunicato

Vedi allegato.

PHARMANUTRA S.P.A.: BOARD OF DIRECTORS APPROVES INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2021

Double-digit growth for all economic indicators.

Increase in revenues confirmed on all key product lines on the Italian market.

Revenues on foreign markets recovered in line with expectations.

- **Revenues from sales Euro 49.3m (+21.2% vs 30/09/2020)**
- **Adjusted EBITDA Euro 15.8m (+28.6% vs 30/09/2020)**
- **Net result excluding non-recurring items for the period Euro 10.4m (+31.5% vs 30/09/2020)**
- **Positive Net Financial Position Euro 20.9m (+1.5m over 31/12/2020)**

Pisa, 8 November 2021 – 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, today approved the Interim Management Report as at 30 September 2021 (unaudited).

Roberto Lacorte, Vice Chairman of PharmaNutra Spa, stated: *'We are proud to share our results with investors and all employees as they exceeded the outlook at the beginning of the year. It is worth noting that these figures will generate a result for the year that might well exceed expectations. This means that PharmaNutra is moving in the right direction in a market that is ripe for providing significant opportunities with all growth drivers, first and foremost on the domestic market, where we are growing significantly as market leader in the iron business and as an authoritative player in the osteoarticular market. Also worth mentioning is the internationalisation process, which has been making increasing progress and gaining in importance. All this will receive increasing support thanks to the investments we are making in new facilities that will robustly support PharmaNutra's growth over the very long term.'*

ANALYSIS OF CONSOLIDATED RESULTS AT 30 SEPTEMBER 2021

Amounts in million Euro	30/09/2021	%	30/09/2020	%	CHANGE
ECONOMIC DATA					
REVENUES	49.7	100.0%	42.3	100.0%	+17%
REVENUES FROM SALES	49.3	99.2%	40.7	96.1%	+21%
EBITDA net of non-recurring items*	15.8	31.8%	12.3	29.8%	+29%
NET RESULT	10.9	21.9%	11.4	27.0%	-5%
<i>NET RESULT excl. non-recurring items **</i>	10.4	21.0%	7.9	19.2%	32%
EPS - NET EARNINGS PER SHARE (Units of Euro)	1.12		1.18		-5%
<i>EPS - NET EARNINGS PER SHARE excl. non-rec. items</i> <i>(units of Euro)</i>	1.08		0.82		+32%

Amounts in million Euro	30/09/2021	31/12/2020	CHANGE
BALANCE SHEET DATA			
NET INVESTED CAPITAL	21.3	18.4	2.9
NFP (positive cash)	(20.9)	(19.4)	(1.5)
SHAREHOLDERS' EQUITY	42.2	37.7	4.5

* EBITDA at 30 September 2020 is net of non-recurring income for the amount of Euro 1 million reflecting a contractual indemnity, and non-recurring costs totalling Euro 1.2 million relating to consultancy costs incurred to execute the agreement with Inland Revenue concerning the Patent Box and to start operations to get listed on the Euronext Star Milan market (hereinafter "STAR").

** The net result excluding non-recurring items for 30 September 2021 is net of the tax credit obtained on the costs incurred for the transition to the STAR market (Euro 457 thousand).

The net result excluding non-recurring items for 30 September 2020 does not include the tax benefit deriving from the finalisation of the agreement for the tax relief relating to the exclusion from taxable income for each year of part of the income deriving from the use of the so-called "intellectual property" (Patent Box) for the years 2016 to 2019, for a total amount of Euro 3.4 million and costs net of non-recurring income for Euro 943 thousand. In order to ensure a meaningful comparison, the 2020 figure was adjusted by excluding the 2020 Patent Box benefit for the period.

REVENUES FROM SALES AT 30 SEPTEMBER 2021

Consolidated net revenues at 30 September 2021 amounted to Euro 49.3 million, an increase of +21.2% over the same period of the previous year amounting to Euro 8.6 million.

Sales revenues in the Italian market amounted to Euro 35.4 million (Euro 28.5 million as at 30 September 2020), an increase of 24.2%, accounting for 71.8% of total revenues compared to 70% in the same period

of the previous year. The increase in revenues was due to higher sales of finished products for Euro 6.7 million and higher sales of raw materials for Euro 214 thousand.

Consolidated net sales revenues in foreign markets amounted to Euro 13.9 million versus Euro 12.2 million as at 30 September 2021, recording a net increase of Euro 1.7 million (+14.1%). Sales revenues in foreign markets accounted for 30% of total turnover at 30 September 2020 versus 28.2% at 30 September 2021.

Sales volumes of finished products as at 30 September 2021, amounting to approximately 6.6 million units increased by 18.2% compared to the volumes at 30 September 2020 (5.6 million units).

REVENUES BY PRODUCT LINE

As at 30 September 2021, growing revenues in all the main finished product lines were confirmed.

F.P. revenues by Product Line k€	30/09/2021	30/09/2020	Δ	Δ%	Incidence	
					30/09/2021	30/09/2020
Sideral	37.741	31.263	6.479	20,7%	79,5%	80,6%
Cetilar	4.683	3.872	812	21,0%	9,9%	10,0%
Apportal	3.085	1.742	1.344	77,2%	6,5%	4,5%
Ultramag	627	415	212	51,1%	1,3%	1,1%
Other	1.340	1.503	-163	-10,8%	2,8%	3,9%
Total	47.478	38.794	8.684	22,4%	100%	100%

According to IQVIA data for August, SiderAL[®] Forte is confirmed as the top-selling nutritional supplement in Italy, with an increase of about 17% compared to 30 September 2020. Overall, in the first nine months of 2021, the SiderAL[®] line accounted for 54.5% and 47.8% of the Italian iron-based dietary supplements market in terms of value and units, respectively.

The overall change in sales in the SiderAL[®] line broken down between the Italian market and foreign markets shows an increase in sales on the Italian market of approximately 22% (Euro 24.3 million compared to Euro 19.8 million at 30 September 2020), while revenues on foreign markets grew from Euro 11.4 million at 30 September of the previous year to Euro 13.4 million, with an increase of 17.4%.

The other main product lines, currently marketed almost exclusively in Italy, showed significant increases compared with the corresponding period of the previous year. The Cetilar[®] line increased by 21% following the elimination of restrictions on sports activities; the Apportal[®] line increased significantly (+77.2%

compared to 30 September of the previous year) thanks to its tonic-energy and tonic supplement characteristics; the UltraMag® line benefited from the commercial repositioning campaign recording an increase of 51.1% compared to values at 30 September 2020.

ECONOMIC RESULTS

EBITDA net of non-recurring items amounted to Euro 15.8 million (+28.6% compared to Euro 12.3 million at 30 September 2020) with a 31.8% margin on total revenues compared to 29.8% as at 30 September 2020, calculated by excluding in 2020: (i) a contractual indemnity for Euro 1 million, (ii) non-recurring costs referred to "Patent Box" formalisation and (iii) the costs incurred for starting the group's transition to listing on the STAR market, equal to Euro 1,242 thousand in total.

The increase in sales compared to the same period of the previous year is accompanied by a physiological increase in operating costs due to the effect of the higher volumes of revenues generated, in particular: higher production and logistics costs (+Euro 2.1 million), and external network costs (+Euro 0.9 million). Marketing costs also increased (+Euro 1.2 million) as the restrictions mandated to contain the Covid-19 epidemic were eased off and it was possible to hold some events that had been banned in 2020.

The increase in personnel costs reflects the hiring of new staff as part of the organisational strengthening process underway in anticipation of growing business volumes.

The PharmaNutra Group's **EBITDA** was Euro 15.8 million, with a 31.8% margin on total revenues, as compared to Euro 12.1 million as at 30 September 2020.

The **Net result** for the period amounts to Euro 10.9 million compared with Euro 11.4 million as at 30 September 2020. The net result for the period as at 30 September 2021 benefits from the tax credit obtained pursuant to art.1 of Italian Law n.205 of 27/12/2017 against the costs for advisory services incurred by the Parent Company for listing on the STAR market, which took place on 15 December 2020, for the amount of Euro 457 thousand. In 2020, the net result for the period, in addition to the non-recurring items already mentioned, included the tax benefit deriving from the agreement relating to the Patent Box for the years 2016-2019, amounting to Euro 3.4 million, as well as the reduction in current taxes for the portion of the Patent Box benefit relating to 2020 (Euro 1 million). The agreement expired on 31 December 2020 and applications to renew the facility for the five-year period 2021-2026 were submitted and are currently being examined. As a result of the above, in the period ended 30 September 2021, no tax benefit has been recognised in respect of the Patent Box.

Net result excluding non-recurring items for the period, calculated by excluding the tax credit obtained on costs connected with the transition to the STAR market, and in 2020 the non-recurring items described above, amounted to Euro 10.4 million compared to Euro 7.9 million as at 30 September 2020, recording an increase of 31.5%.

Net earnings per share at 30 September 2021 were Euro 1.12, compared with Euro 1.18 in the corresponding period of the previous year (which benefited from lower taxes due to the delivery of the above-mentioned ruling).

Net earnings per share excluding non-recurring items at 30 September 2021 were Euro 1.08 per share compared to Euro 0.82 per share as at 30 September 2020.

The **net financial position** at 30 September 2021 records a positive balance of Euro 20.9 million, up by Euro 1.5 million from 31 December 2020, after paying dividends of Euro 6.5 million (dividends paid in 2020 amounted to Euro 4.4 million).

SIGNIFICANT EVENTS OCCURRING AFTER 30 SEPTEMBER 2021

In October, new business agreements for the distribution of Cetilar[®] Crema were entered into with the Thai partner American Taiwan Biopharm Co. (ATB) in Malaysia and Singapore. ATB will sell SiderAL[®] Forte and SiderAL[®] Folic in Vietnam, a territory with a high incidence of iron deficiency.

Another agreement for the distribution and sale of four SiderAL[®] brand products in Jordan was entered into with the Jordanian company Argon Drug Store. The products are SiderAL[®] Gocce Int., SiderAL[®] Bimbi, SiderAL[®] Forte e SiderAL[®] Folic.

In the same month, the parent company PharmaNutra was granted a process patent by the Indian patent office for the production of Cetylated Fatty Acids (CFA), the functional ingredient contained in all products in the Cetilar[®] range. In addition, the subsidiary Alesco obtained a patent for Sucrosomial[®] Berberine from the Italian Patent and Trademark Office. This latter patent is especially noteworthy because this is the first application of Sucrosomial[®] Technology outside the mineral sector for which it was originally conceived and opens up exciting prospects for new scientific breakthroughs and new products.

UPDATE ON THE COVID SITUATION

The gradual elimination of the restrictive measures issued to control the Covid-19 pandemic, which had led to a slowdown in growth in 2020, and the ongoing vaccination campaign, have enabled the Group to

return to pre-pandemic revenue growth levels in the Italian market. However, a possible worsening of the current situation cannot be ruled out, with the consequent adoption of new restrictive measures that could expose the Group to the risk of a decrease in sales.

Remote working has continued to be implemented for all employees in the Group in a rolling mode. There was no contagion between employees in the production plants, in the network and among employees such as to generate negative impacts on regular production and sales.

The Group did not use any type of social safety net among those provided by the Authorities in the Covid-19 emergency.

FORESEEABLE BUSINESS OUTLOOK

The PharmaNutra Group's strategy is essentially oriented towards strengthening its leadership in the market of iron for oral use - where it already holds a market share of about 54% thanks to SiderAL[®] brand products - and further increasing its market share with regard to Cetilar[®] brand products and developing sales of ApportAL[®] and UltraMag[®].

Particular attention will be paid to international development, with specific reference to the European, Asian and US markets. It is planned to expand the range of products sold in the countries where the Group is already present and to open new markets, possibly resorting to corporate partnerships if deemed to be strategically important.

The results recorded during the first nine months of 2021, sales performance on the Italian market, and the order backlog for products to be delivered to foreign markets in the fourth quarter confirms that results will be in line with expectations.

The unaudited Interim management report as at 30 September 2021 will be made available to the public in the manner and within the timeframe provided for by applicable regulations.

STATEMENT OF THE MANAGER RESPONSIBLE FOR PREPARING THE FINANCIAL REPORTS

The manager responsible for preparing the company's financial reports, Mr. Francesco Sarti, declares, pursuant to paragraph 2 of article 154-bis of the Italian Legislative Decree no. 58/1998, that the accounting information contained in this press release corresponds to the documentary results, books and accounting records.

FINANCIAL STATEMENTS (unaudited)

Annex 1 – Consolidated Balance Sheet

Annex 2 – Consolidated Income Statement

Annex 3 – Consolidated Statement of Comprehensive Income

Annex 4 – Consolidated Cash Flow Statement (indirect method)

Pharmanutra Group - Consolidated Balance Sheet

BALANCE SHEET (€/000)	30/09/2021	31/12/2020
<u>NON-CURRENT ASSETS</u>	12.647	11.303
Property, plant and equipment	5.948	4.799
Intangible assets	5.317	5.181
Investments	254	254
Non-current financial assets	221	218
Other non-current assets	254	-
Deferred tax assets	653	851
<u>CURRENT ASSETS</u>	51.555	40.406
Inventories	2.403	1.894
Liquid funds	22.611	16.455
Current financial assets	4.387	4.349
Trade receivables	18.997	15.053
Current tax credits	2.828	1.031
Tax receivables	329	1.624
TOTAL ASSETS	64.202	51.709
BALANCE SHEET	30/09/2021	31/12/2020
<u>SHAREHOLDERS' EQUITY:</u>	42.197	37.730
Share capital	1.123	1.123
Legal reserve	225	225
Other reserves	29.949	22.363
IAS 19 reserve	-	(50)
Financial instruments reserve (FVOCI)	84	67
FTA reserve	(70)	(70)
Profit (loss) for the year	10.886	14.072
<u>NON-CURRENT LIABILITIES</u>	8.416	2.835
Non-current financial liabilities	5.590	562
Provisions for non-current risks and charges	1.211	1.018
Provisions for employee and director benefits	1.615	1.255
<u>CURRENT LIABILITIES</u>	13.589	11.144
Current financial liabilities	978	1.101
Trade payables	8.092	7.175
Other current liabilities	1.465	2.348
Tax payables	3.054	520
TOTAL LIABILITIES	64.202	51.709

Pharmanutra Group - Consolidated income statement

INCOME STATEMENT (€/000)	30/09/2021	30/09/2020
A) REVENUES	49,681	42,347
Net revenues	49,308	40,684
Other revenues	373	1,663
<i>of which Other non-recurring revenues</i>	-	1,049
B) OPERATING COSTS	33,859	30,241
Purchases of raw materials, consumables and supplies	2,315	2,097
Change in inventories	(510)	(506)
Costs for services	28,441	24,973
<i>of which Costs for non-recurring services</i>	-	1,242
Personnel costs	3,122	2,585
Other operating costs	491	1,092
(A-B) EBITDA	15,822	12,106
C) Amortisation, depreciation and write-downs	885	1,687
<i>of which non-recurring write-downs</i>	-	750
(A-B-C) EBIT	14,937	10,419
D) FINANCIAL INCOME [COSTS]	83	70
Financial income	97	123
Financial costs	(14)	(53)
PRE-TAX RESULT (A-B-C+D)	15,020	10,489
Taxes for the year	(4,134)	(2,506)
Taxes for previous years	-	3,431
Minority interest in profit/(loss) for the year	-	-
Group profit/(loss) for the year	10,886	11,414
Net earnings per share (in units of Euro)	1.12	1.18

Pharmanutra Group - Consolidated statement of comprehensive income

COMPREHENSIVE INCOME STATEMENT (€/000)	30/09/2021	30/09/2020
PROFIT (LOSS) FOR THE YEAR	10,886	11,414
Gains (losses) from IAS application that will be recognised in the income statement	-	-
Gains (losses) from IAS application that will not be recognised in the income statement	67	(121)
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	10,953	11,293

Pharmanutra Group - Consolidated cash flow statement

CASH FLOW STATEMENT (€/000) - INDIRECT METHOD	30/09/2021	30/09/2020
Net result before minority interests	10.886	11.414
NON-MONETARY COSTS/REVENUES		
Amortisation, depreciation and write-downs	885	1.687
Allowance to provisions for employee benefits	167	149
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provisions for risks and charges	193	182
Change in provisions for employee benefits	193	(1.302)
Change in inventories	(509)	(506)
Change in trade receivables	(4.089)	(1.182)
Change in other current assets	(1.797)	(793)
Change in tax receivables	1.295	(972)
Change in other current liabilities	(883)	(987)
Change in trade payables	917	(1.297)
Change in tax payables	2.534	(485)
CASH FLOW FROM OPERATIONS	9.792	5.908
Net investments in intangible assets, property, plant and equipment	(1.530)	(834)
(Increase)/decrease in other non-current assets	(56)	997
CASH FLOW FROM INVESTMENTS	(1.586)	163
Increase/(decrease) in assets	67	(127)
Cash flow from dividend distribution	(6.486)	(4.453)
Increase/(decrease) in current financial liabilities	(123)	(3.226)
Increase/(decrease) in non-current financial liabilities	4.533	(715)
(Increase)/decrease in current financial assets	(38)	887
(Increase)/decrease in non-current financial assets	(3)	0
CASH FLOW FROM FINANCING	(2.050)	(7.634)
TOTAL CHANGE IN CASH	6.156	(1.563)
Liquid funds at the beginning of the year	16.455	13.751
Liquid funds at the end of the year	22.611	12.188
Change in liquid funds	6.156	(1.563)

PharmaNutra S.p.A.

Established and led by Chairman Andrea Lacorte and Vice Chairman Roberto Lacorte, PharmaNutra is a company established in 2003 that develops unique nutritional supplements and innovative medical devices, taking care of the entire production process, from proprietary raw materials to the finished product. The effectiveness of the products is demonstrated by a number of scientific evidences, including more than 140 publications. The Group distributes and sells in Italy and abroad. In Italy, the sales activity is carried out through a network of over 150 Scientific Sales Representatives at the service of the medical class, also dedicated to the exclusive marketing of PharmaNutra products to pharmacies throughout the country. Sales abroad are guaranteed in over 50 countries through 39 partners selected among the leading pharmaceutical companies. PharmaNutra is a leader in the production of iron-based nutritional supplements under the brand name SiderAL®, for which it boasts key patents for the Sucrosomial® Technology. Over the years, the Group has developed a precise strategy for the management and production of intellectual property, based on the integrated management of all components: proprietary raw materials, patents, trademarks and clinical evidence.

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