

# INTERIM MANAGEMENT REPORT

30th september 2021

Pharmanutra S.p.A.

Registered Office  
REA  
Share Capital  
C.F. | P.Iva | Reg. Impr. di Pisa

Pisa, Via delle Lenze 216/B  
146259  
€ 1.123.097,70 i.v.  
01679440501



# Our history

**The PharmaNutra Group is a group of Italian companies based in Pisa, specialising in the pharmaceutical and nutraceutical sector. The companies PharmaNutra S.p.A., Junia Pharma S.r.l. and Alesco S.r.l. form part of the Group.**

Thanks to continuous investments in R&D activities that have led to the development of innovative technologies, in less than 20 years the PharmaNutra Group has become one of the market leaders in the production of iron-based nutritional supplements under the SiderAL® brand, where it boasts a number of important patents on Sucrosomial® technology and, and it is also considered to be one of the emerging top players in the sector of medical devices for the recovery of joint capacity thanks to the Cetilar® branded products.

The PharmaNutra Group has about 60 employees in Italy and a network of over 150 Sales Representatives who are the real driving force of the company in the country. The Group's business model was built to respond to the peculiarities of the national market but has been able to adapt quickly and efficiently to international requirements.

PharmaNutra is present since 2013 on foreign markets with a flexible and innovative business model, based on a consolidated network of top-class partners: growing yet well-structured companies that focus their own business on innovative, high-quality products, sound scientific research and a sales structure that is as close as possible to the values of PharmaNutra. Currently, the Group's products are distributed in more than 50 countries in Europe, Asia, Africa and America, through a network of 39 carefully selected sales partners.



## PharmaNutra

Founded and managed by the Lacorte brothers, PharmaNutra S.p.A. was born in 2003 with the aim of developing nutritional supplements and innovative medical devices, overseeing the whole production process, from the development of proprietary raw materials to the distribution of the finished product.

## Junia Pharma

In 2010 PharmaNutra's top management decided to invest in the creation of a new company, aiming to respond to the increasing health needs of children. This led to the establishment of Junia Pharma S.r.l., the company specialised in the development and distribution of paediatric medicines, medical devices, OTC products and nutritional supplements.

## Alesco

Alesco S.r.l. was established in 2000 to stand out on the nutraceutical market for the high scientific value of the raw materials distributed. Thanks to ongoing R&D investments, Alesco active principles are now considered the most effective on the market and are used in the pharmaceutical, food and cosmetic sectors.

# Corporate Bodies

## **Board of Directors**

Andrea Lacorte (Chairman)

Roberto Lacorte (Vice Chairman)

Carlo Volpi (Executive Director)

Germano Tarantino (Executive Director)

Alessandro Calzolari (Independent Director)

Marida Zaffaroni (Independent Director)

Giovanna Zanotti (Independent Director)

## **Board of Statutory Auditors**

Michele Lorenzini (Chairman of the Board of Statutory Auditors)

Guido Carugi (Statutory Auditor)

Andrea Circi (Statutory Auditor)

Fabio Ulivieri (Alternate Auditor)

Giacomo Boni (Alternate Auditor)

## **Audit Firm**

BDO Italia S.p.A.

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# INTERIM MANAGEMENT REPORT AS AT 30 SEPTEMBER 2021

## 1.1 MAIN CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET DATA

Amounts in million Euro	30/09/2021	%	30/09/2020	%	CHANGE
<b>ECONOMIC DATA</b>					
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>	1.08		0.82		+32%
<i>(units of Euro)</i>					

Amounts in million Euro	30/09/2021	31/12/2020	CHANGE
<b>BALANCE SHEET DATA</b>			
NET INVESTED CAPITAL	21.3	18.4	2.9
NFP (positive cash)	(20.9)	(19.4)	(1.6)
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 consultancy costs incurred for the transition to the STAR market (Euro 457 thousand).

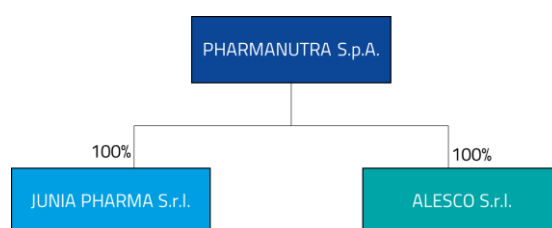
The net result excluding non-recurring items for 30 September 2020 does not include the tax benefit deriving from the finalisation of the agreement for the tax relief relating to the exclusion from taxable income for each year of part of the income deriving from the use of the so-called "intellectual 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.

## 1.2 THE PHARMANUTRA GROUP

Pharmanutra S.p.A.(hereinafter also referred to as “Pharmanutra” or the “Parent Company”) is a company with registered office in Italy, Via delle Lenze 216/B, Pisa, which holds controlling interests in all the companies (the “Group” or also “Pharmanutra Group”) shown in the following table:



Pharmanutra, a nutraceutical company based in Pisa, was founded in 2003 with the aim of developing products for food supplements and medical devices. Since 2005, it has been developing and marketing directly and independently a line of products under its own brand, managed through a structure of sales representatives who present the products directly to the medical class; today, it has the know-how to manage all the stages from design, to formulation and registration of a new product, marketing, up to training of the agents.

The business model developed has been pointed out by key health marketing experts as an example of innovation and efficiency in the entire pharmaceutical scenario.

Subsidiary company Junia Pharma S.r.l. (hereinafter also referred to as “Junia Pharma”) is active in the production and marketing of pharmaceuticals, OTC medical devices and nutraceuticals for the paediatric sector.

Subsidiary company Alesco S.r.l. (hereinafter also referred to as “Alesco”) produces and distributes raw materials and active ingredients for the food, pharmaceutical and food supplement industries.

## 1.3 CONSOLIDATED POSITION AS AT 30 SEPTEMBER 2021

On July 21st, EFSA (the European Food Safety Authority) officially announced its positive opinion for the classification of Lipocet as Novel Food. It is a new oral formulation based on cetylated fatty acids (CFAs), the same active ingredient used in Cetilar® products. The eligibility for registration as Novel Food is based on scientific data related to the safety of CFAs and represents the first, fundamental step for the development of new oral

formulations and, consequently, the marketing throughout Europe of nutritional supplements based on Cetylated Esters dedicated to the well-being of muscles and joints. Over the next few months, the application for registration as a Novel Food will be examined by the European Commission, which will have to officially authorise the marketing of the new ingredient, for which Pharmanutra will have exclusive use for five years.

In August, a patent for formulations based on cetylated fatty acids (CFA) was obtained in China. The patent certificate, granted on 03/08/2021, number CN 108137472 B, covers the development and use of topical formulations based on cetylated fatty acid esters (CFA), the active ingredient contained in all muscle and joint products in the Cetilar® range.

Distance working (*smart working*) has continued to be implemented for all employees in the Group based on a rotation scheme. 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.

## Income Statement

Outlined below is a comparison between the income statement as at 30 September 2021 and the adjusted income statement as at 30 September 2020.

INCOME STATEMENT (€/000)	30/09/2021	30/09/2020	Management Adjustments	30/9/2020 Adjusted
<b><u>A) REVENUES</u></b>	<b>49,681</b>	<b>42,347</b>	<b>(1,049)</b>	<b>41,298</b>
Net revenues	49,308	40,684		40,684
Other revenues	373	1,663	(1,049)	614
of which, non-recurring revenues	-	1,049	(1,049)	-
<b><u>B) OPERATING COSTS</u></b>	<b>33,859</b>	<b>30,234</b>	<b>(1,242)</b>	<b>28,992</b>
Purchases of raw materials, consum. and supplies	2,315	2,100		2,100
Change in inventories	(510)	(508)		(508)
Costs for services	28,441	24,972	(1,242)	23,730
of which Costs for non-recurring services	-	1,242	(1,242)	-
Personnel costs	3,122	2,583		2,583
Other operating costs	491	1,087		1,087
<b><u>(A-B) EBITDA</u></b>	<b>15,822</b>	<b>12,113</b>	<b>193</b>	<b>12,306</b>
<b><u>% EBITDA on revenues</u></b>	<b>31.8%</b>	<b>28.6%</b>		<b>29.8%</b>
C) Amortisation, depreciation and write-downs	885	1,684	(750)	934
of which non-recurring write-downs	-	750	(750)	-
<b><u>(A-B-C) EBIT</u></b>	<b>14,937</b>	<b>10,429</b>	<b>943</b>	<b>11,372</b>
<b><u>D) FINANCIAL INCOME [COSTS]</u></b>	<b>83</b>	<b>68</b>	<b>-</b>	<b>68</b>
Financial income	97	122		122
Financial costs	(14)	(54)		(54)
<b><u>E) NON-RECURRING INCOME (CHARGES)</u></b>	<b>-</b>	<b>-</b>	<b>(943)</b>	<b>(943)</b>
Non-recurring income (charges)	-	-	(943)	(943)
			-	-
<b><u>PRE-TAX RESULT (A-B-C+D)</u></b>	<b>15,020</b>	<b>10,497</b>	<b>-</b>	<b>10,497</b>
Taxes	(4,134)	(2,507)		(2,507)
Taxes for previous years	-	3,431		3,431
<b><u>Net result</u></b>	<b>10,886</b>	<b>11,421</b>	<b>-</b>	<b>11,421</b>



Adjusted figures are net of the effect of non-recurring items and break down as follows:

in 2020, the item Other non-recurring revenues refers to the indemnity accrued following the non-renewal of a distribution contract which was written down for the amount of Euro 750 thousand. Costs for non-recurring services include expenses relating to the start of the translisting process to the STAR market and costs connected with the formalisation of the ruling to determine the tax benefit represented by the Patent Box.

The reconciliation of the Net Result and the Net Result excluding non-recurring items is shown below:

Net result excl. non-recurring items (€/000)	30/9/2021 Adjusted	30/9/2020 Adjusted
<b>Profit / (Loss) for the year</b>	<b>10,886</b>	<b>11,421</b>
Non-recurring charges	-	943
Benefit from Patent Box 2020	-	(1,005)
Tax receivable under art.1 Law 27/12/17 no.205	(457)	-
Taxes for previous years	-	(3,431)
<b>Net Result excl. non-recurring items</b>	<b>10,429</b>	<b>7,928</b>

The Pharmanutra Group applies some alternative performance indicators that are not identified as accounting measures under IFRS, in order to allow for a better assessment of management performance.

Therefore, the assessment criteria used by the Group may not be consistent with those used by other groups and the balance obtained may not be comparable with that determined by the latter.

Such alternative performance indicators, determined in accordance with the requirements of the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015, refer only to the performance of the accounting period covered by this Interim Report and of the periods compared and not to the expected performance of the Group.

Below is a definition of the alternative performance indicators used in this Interim Report:

- EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation.
- Adjusted EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of non-recurring items.

- EBIT: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of depreciation, amortisation and write-off.
- Net Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables and of all other items in the Balance sheet classified as other receivables or other payables.
- Operating Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables.
- Net Invested Capital: it is the sum of Net Working Capital, Total Fixed Assets net of Provisions and other medium/long-term liabilities, excluding items of a financial nature which are included in the Net Financial Position balance.
- Net Financial Position (NFP): it is calculated as the sum of current and non-current bank loans and borrowings, current and non-current liabilities for rights of use, net of cash and cash equivalents, and current and non-current financial assets.

Total Sources: it is represented by the sum of Shareholders' Equity and NFP.

## MANAGEMENT CONSOLIDATED INCOME STATEMENT

*Adjusted*

Amounts in €/000	30/09/2021	%	30/09/2020	%	Δ 21/20	Δ% 21/20
<b>REVENUES</b>	<b>49,681</b>	<b>100%</b>	<b>41,298</b>	<b>100%</b>	<b>8,383</b>	<b>20.3%</b>
Net revenues	49,308	99.2%	40,684	98.5%	8,624	21.2%
Other revenues	373	0.8%	614	1.5%	(241)	-39.3%
<b>OPERATING COSTS</b>	<b>33,859</b>	<b>68.2%</b>	<b>28,992</b>	<b>70.2%</b>	<b>4,867</b>	<b>16.8%</b>
Purchases of raw materials, consumables and s	2,315	4.7%	2,100	5.1%	215	10.2%
Change in inventories	(510)	-1.0%	(508)	-1.2%	(2)	0.4%
Costs for services	28,441	57.2%	23,730	57.5%	4,711	19.9%
Personnel costs	3,122	6.3%	2,583	6.3%	539	20.9%
Other operating costs	491	1.0%	1,087	2.6%	(596)	n.s.
<b>EBITDA</b>	<b>15,822</b>	<b>31.8%</b>	<b>12,306</b>	<b>29.8%</b>	<b>3,516</b>	<b>28.6%</b>
Amortisation, depreciation and write-downs	885	1.8%	934	2.3%	(49)	-5.2%
<b>EBIT</b>	<b>14,937</b>	<b>30.1%</b>	<b>11,372</b>	<b>27.5%</b>	<b>3,565</b>	<b>31.3%</b>
					0	
<b>FINANCIAL INCOME (EXPENSE) BALANCE</b>	<b>83</b>	<b>0.2%</b>	<b>68</b>	<b>0.2%</b>	<b>15</b>	<b>n.s.</b>
					0	
<b>NON-RECURRING INCOME /(CHARGES)</b>	<b>-</b>	<b>0.0%</b>	<b>(943)</b>	<b>-2.3%</b>	<b>943</b>	<b>n.s.</b>
					0	
<b>PRE-TAX RESULT</b>	<b>15,020</b>	<b>30.2%</b>	<b>10,497</b>	<b>25.4%</b>	<b>4,523</b>	<b>43.1%</b>
Taxes	(4,134)	-8.3%	(2,507)	-6.1%	(1,627)	64.9%
Taxes for previous years	-	0.0%	3,431	-	(3,431)	n.s.
<b>Profit for the period</b>	<b>10,886</b>	<b>21.9%</b>	<b>11,421</b>	<b>27.7%</b>	<b>(535)</b>	<b>-4.7%</b>

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

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).

The increase in operating costs compared to the same period of the previous year is due to higher production and logistics costs (+Euro 2.1 million), and external network costs (+Euro 0.9 million), as a result of higher revenue volumes compared to the same period in 2020. 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.

**Adjusted EBITDA** was approximately Euro 15.8 million, as compared to Euro 12.3 million as at 30 September 2020 (+28.6%), recording a 31.8% margin on total revenues as against a 29.8% margin as at 30 September 2020. Adjusted EBITDA 2020 is net of the non-recurring items mentioned above.

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 no.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, includes the tax benefit deriving from the delivery of 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 the Group submitted an application to renew the facility for the five-year period 2021-2026, which is 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 (+ 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).

The cash flow from operating activities in the period amounts to Euro 9.8 million (Euro 5.9 million as at 30 September 2020), thus confirming the Group's great cash generation capacity.

## Management consolidated balance sheet

	30/09/2021	31/12/2020
TRADE RECEIVABLES	18,997	15,053
INVENTORIES	2,403	1,894
TRADE PAYABLES	(8,092)	(7,175)
<b>OPERATING WORKING CAPITAL</b>	<b>13,308</b>	<b>9,772</b>
OTHER RECEIVABLES	3,157	2,646
OTHER PAYABLES	(4,519)	(2,859)
<b>NET WORKING CAPITAL</b>	<b>11,946</b>	<b>9,559</b>
INTANGIBLE ASSETS	5,317	5,181
PROPERTY, PLANT AND EQUIPMENT	5,948	4,799
INVESTMENTS AND OTHER NON-CURRENT ASSETS	907	1,105
<b>TOTAL FIXED ASSETS</b>	<b>12,172</b>	<b>11,085</b>
PROVISIONS AND OTHER M/L-TERM LIABILITIES	(2,826)	(2,273)
<b>TOTAL USES</b>	<b>21,292</b>	<b>18,371</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>42,197</b>	<b>37,730</b>
NON-CURRENT FINANCIAL LIABILITIES	5,590	562
CURRENT FINANCIAL LIABILITIES	978	1,101
NON-CURRENT FINANCIAL ASSETS	(475)	(218)
CURRENT FINANCIAL ASSETS	(4,387)	(4,349)
LIQUID FUNDS	(22,611)	(16,455)
<b>NET FINANCIAL POSITION</b>	<b>(20,905)</b>	<b>(19,359)</b>
<b>TOTAL SOURCES</b>	<b>21,292</b>	<b>18,371</b>

The change in Operating Working Capital is a consequence of the higher business volumes carried out by the Group during the period and of collection and payment dynamics.

The increase in the item Other receivables is due to the recording of deferrals on costs relating to marketing activities whose reference period extends beyond 30 September 2021. It should be noted that the remaining tax credit connected with the Patent Box was fully utilised during the period (Euro 1.1 million at 31 December 2020) and the advance payment of Euro 1.4 million under the contract was paid to the general contractor tasked with building the new headquarters.

The increase in the item Other payables is related to the recognition of taxes on the result of the period and lower prepaid taxes as compared to 31 December 2020. In this regard, it should be noted that the tax liability at 31 December 2020 is net of the tax benefit related to the Patent Box defined in June 2020 for the financial years

between 2016 and 2020, while for financial year 2021, since the renewal of the agreement is being examined, no benefit related to the Patent Box has been recognised.

The increase in Property, plant and equipment reflects cars purchased for management and employees of the Group for the amount of Euro 600 thousand, the renewal of certain lease contracts for the amount of Euro 495 thousand, costs of building the new headquarters for Euro 494 thousand, the registration of trademarks and patents for Euro 312 thousand and other operating investments for Euro 207 thousand.

The change in the item Provisions and other M/L liabilities arises due to the amount accrued to provision for Directors' termination indemnity (TFM) in favour of Executive Directors set aside as per the resolution passed at the Shareholders' Meeting held on 27 April 2020 and the provision to Indemnity for customer portfolio.

The table below shows the changes in financial position:

	30/09/2021	31/12/2020
Cash	(9)	(22)
Liquid funds	(22,602)	(16,433)
<b>Total cash and cash equivalents</b>	<b>(22,611)</b>	<b>(16,455)</b>
Current financial assets	(4,387)	(4,349)
Current financial liabilities: due to banks	269	124
Current portion of non-current debt	457	758
Current financial payables for rights of use	252	219
<b>Net current financial indebtedness FA</b>	<b>(3,409)</b>	<b>(3,248)</b>
<b>Net current financial (assets)/indebtedness</b>	<b>(26,020)</b>	<b>(19,703)</b>
Non-current financial assets	(254)	
Deposits paid	(221)	(218)
Non-current bank payables	5,077	305
Derivative financial instruments	4	4
Non-current financial payables for rights of use	509	253
<b>Non-current financial indebtedness</b>	<b>5,115</b>	<b>344</b>
<b>Net financial position</b>	<b>(20,905)</b>	<b>(19,359)</b>

The **Net Financial Position** as at 30 September 2021 was positive for Euro 20.9 million compared with Euro 19.4 million as at 31 December 2020, as a further proof of the Group's solidity.

At the end of September, the parent company Pharmanutra obtained a medium-long term loan from BPER Banca S.p.A. for the amount of Euro 5 million to cover part of the investment in the new headquarters. The loan is not

secured by real guarantees or covenants of any kind, has a duration of 60 months and a preamortisation period of 15 months and 90 days. The nominal annual rate is 0.21%.

The increase in the item Non-current financial assets occurred following the subscription of the insurance policy taken out to cover the Directors' termination indemnity provision set aside.

On 26 April 2021 the Shareholders' Meeting resolved the distribution of Euro 0.67 dividend per share, corresponding to a payout ratio of approximately 46%, given its structural financial capacity and the consolidated corporate practice on dividend distribution.

## 1.4 Pharmanutra Group's Business Lines

The Pharmanutra Group's distribution and sales model consists of two main Business Lines:

- **Direct Business Line (LB1):** it is characterised by direct presence in the reference markets in which the Group operates; the logic that governs this model is to ensure complete control of the territory through an organisational structure of sales representatives who, through sales and scientific information activities, ensure full control of all the players in the distribution chain: hospital doctors, outpatient doctors, pharmacies and hospital pharmacies.

This model, adopted in the Italian market, characterises Pharmanutra and Junia Pharma.

Alesco's commercial activity in Italy is directed both outside the Group, to companies in the food, pharmaceutical and nutraceutical industries as well as to nutraceutical production workshops that produce on behalf of third parties and, within the Group, supplying and selling products and raw materials to Pharmanutra and Junia Pharma.

Sales made through the commercial network of sales representatives/scientific agents, known as "Direct Business Line", account for about 72% of total turnover, while the remaining 28% approximately is guaranteed by sales made abroad or to distributor customers, hereinafter referred to as "Indirect Business Line".



- **Indirect Business Line (LB2):** the business model is common to all three companies and is mainly used in foreign markets. It is characterised by the marketing of finished products (Pharmanutra and Junia Pharma) and raw materials (Alesco) through local partners which, under long-term exclusive distribution contracts, distribute and sell the products in their own markets.

The consolidated net revenues as at 30 September 2021 (amounting to Euro 49.3 million) increased by 21.2% compared to 30 September 2020 (Euro 40.7 million).

Net revenues by area k€	30/09/2021	30/09/2020	Δ	Δ%	Incidence	
					30/09/2021	30/09/2020
LB1	34.024	27.337	6.687	24,5%	69,0%	67,2%
LB2	13.453	11.457	1.997	17,4%	27,3%	28,2%
<b>Total Finished Products</b>	<b>47.478</b>	<b>38.794</b>	<b>8.684</b>	<b>22,4%</b>	<b>96,3%</b>	<b>95,4%</b>
Alesco Outgroup - Italy	1.369	1.155	214	18,5%	2,8%	2,8%
Alesco Outgroup - Foreign	461	735	-274	-37,3%	0,9%	1,8%
<b>Alesco Outgroup</b>	<b>1.830</b>	<b>1.890</b>	<b>-60</b>	<b>-3,2%</b>	<b>3,7%</b>	<b>4,6%</b>
<b>Total</b>	<b>49.308</b>	<b>40.684</b>	<b>8.624</b>	<b>21,2%</b>	<b>100%</b>	<b>100%</b>

A breakdown of revenues in the Group's three areas of activity shows a 24.5% increase in sales of finished products in the Italian market (LB1), thanks to a gradual return to normal business activities and pharmaceutical reps holding face-to-face meetings with physicians, while foreign markets (LB2) recorded a 17.4% growth compared to the previous period.

The revenues from the sales of proprietary and non-proprietary raw materials to companies in the food, pharmaceutical and nutraceutical industry, as well as to nutraceutical production plants producing on behalf of third parties (Alesco outgroup), managed by the subsidiary Alesco, recorded an increase in sales in the Italian market and a decrease in sales in foreign markets.

The following table shows the breakdown of the revenues into the two business lines described above.

Net Revenues by Business Line k€	30/09/2021	30/09/2020	Δ	Δ%	Incidence	
					30/09/2021	30/09/2020
LB0001	35.394	28.492	6.901	24,2%	71,8%	70%
LB0002	13.914	12.192	1.722	14,1%	28,2%	30%
<b>Total</b>	<b>49.308</b>	<b>40.684</b>	<b>8.624</b>	<b>21,2%</b>	<b>100%</b>	<b>100%</b>

Overall, the revenues from sales on the Italian market increased by 24.2% to Euro 35.4 million (Euro 28.5 million in the previous year), and accounted for about 72% of total net revenues compared to about 70% as at 30 September 2020.

Sales on foreign markets as at 30 September 2021 amounted to Euro 13.9 million (Euro 12.2 million as at 30 September 2020), accounting for 28% of total turnover compared to 30% in the previous year.

Net Revenues by geographical area					Incidence	
area k€	30/09/2021	30/09/2020	Δ	Δ%	30/09/2021	30/09/2020
Europe	7.717	7.042	675	9,6%	55,5%	57,8%
Middle East	4.487	4.019	468	11,6%	32,2%	33,0%
Far East	475	694	-218	-31,4%	3,4%	5,7%
Other	1.236	438	798	182,1%	8,9%	3,6%
<b>Total</b>	<b>13.914</b>	<b>12.192</b>	<b>1.722</b>	<b>14,1%</b>	<b>100%</b>	<b>100%</b>

Europe still accounts for the largest share of foreign sales. The increase in the item Other reflects the outstanding sales performance of the South African distributor.

The analysis of finished products revenues by product line (Trademark) reported in the following table shows the growth of all the main product lines, with the supplement Apportal emerging as a top-seller thanks to its tonic, energy-booster and restorative properties.

F.P. net revenues by Product Line					Incidence	
area k€	30/09/2021	30/09/2020	Δ	Δ%	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%
<b>Total</b>	<b>47.478</b>	<b>38.794</b>	<b>8.684</b>	<b>22,4%</b>	<b>100%</b>	<b>100%</b>

## 1.5 Reference markets in which the Group operates

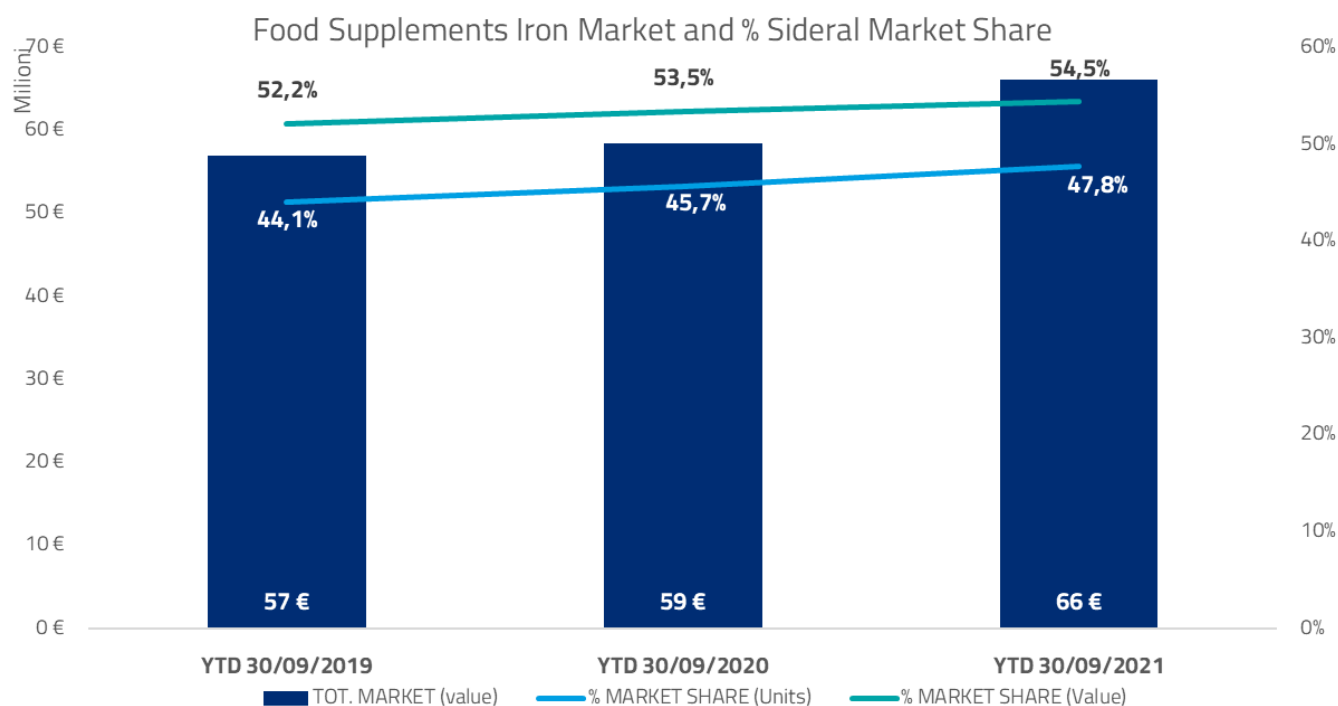
The Pharmanutra Group, specialised in the development of nutraceutical products and medical devices, is one of the main players in the Italian market with a growing presence abroad.

Below is an overview of the general performance of key reference markets in Italy for the product lines being more relevant in terms of turnover.

### 1.5.1 Iron market

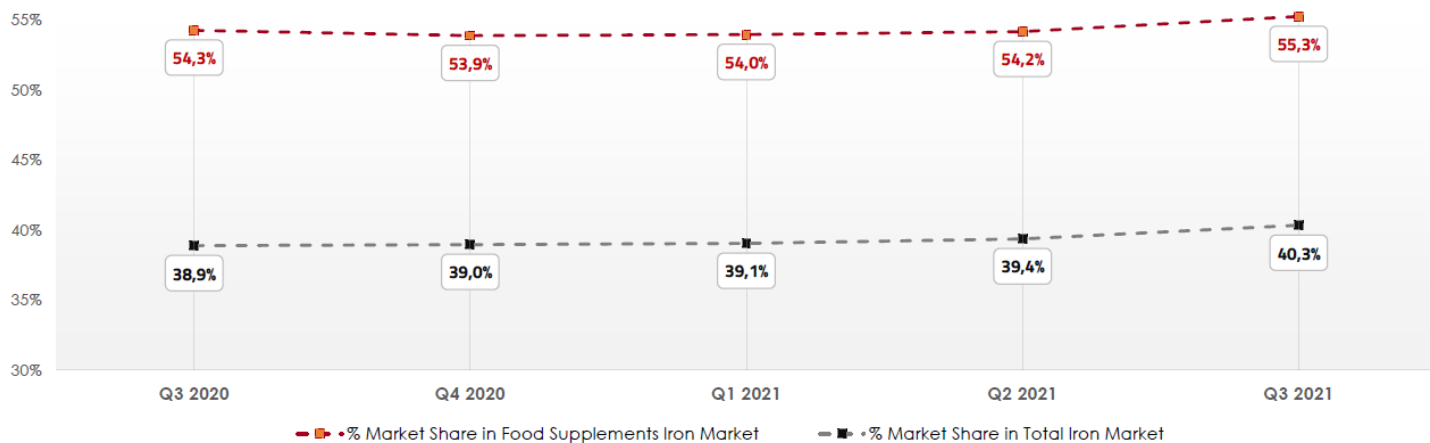
Pharmanutra Group operates in the iron-based supplements market (Food Supplements and Drugs) with the Sideral® product line, in which it confirmed its leadership position with a market share in value of approximately 54.5% and 47.8% in volumes<sup>1</sup>.

It should be noted that the market share as at 30 September 2021 increased in a growing market compared to the same period of the previous year, giving yet more evidence of how the Sideral® line has been driving the growth of the overall business.



<sup>1</sup> Source: IQVIA data

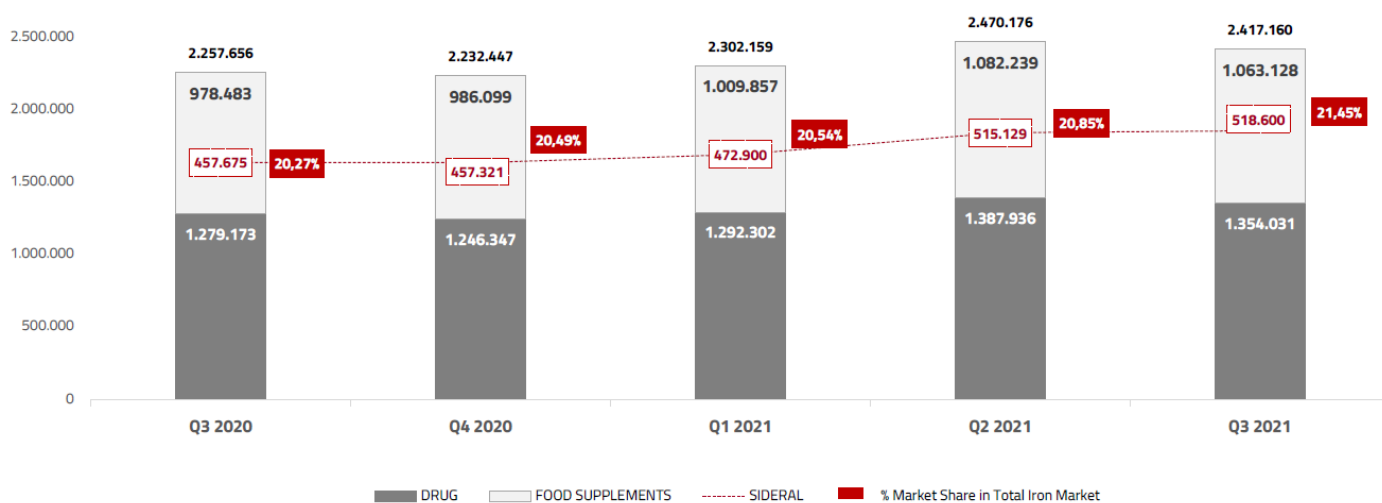
The charts below show the quarterly trends in the market share of Sideral® (expressed in value) in relation to the market for iron supplements only (Food Supplements) and the overall market consisting of both Food Supplements and Drugs<sup>2</sup>.



It should be noted that the Sideral® product line also has a significant market share in the entire panorama of the overall market, whose growth is driven by the food supplements segment at the expense of the drugs one.

The performance of Sideral® in terms of units in the iron-based food supplements market and the overall iron market is shown in the table below.

Trend Sideral & Total Iron Market (UN)\_Quarter

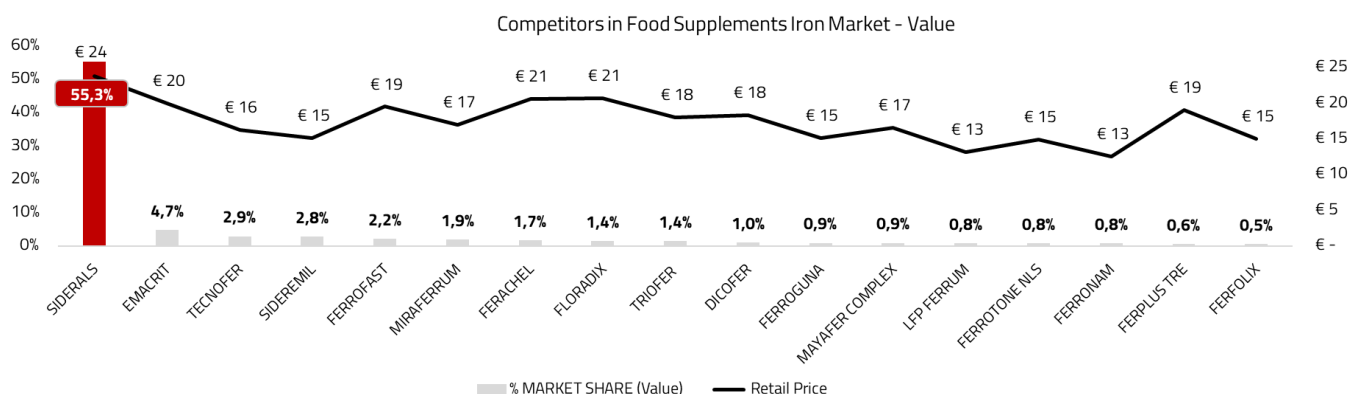


<sup>2</sup> Source: IQVIA data



In the third quarter 2021, the trend of Sideral® products per unit increased compared to the third quarter 2020 with the total market share increasing from 20.27% at 30 September 2020, to 21.45% at 30 September 2021.

Going into detail, the different players operating in the iron supplements segment in terms of market shares and average price, the direct competitors of Sideral® have much smaller market shares and, on average, lower market prices. This shows how the Sideral® product line is able to gain significant recognition in the market in terms of premium retail price, achieved thanks to significant investments in research and development and marketing.



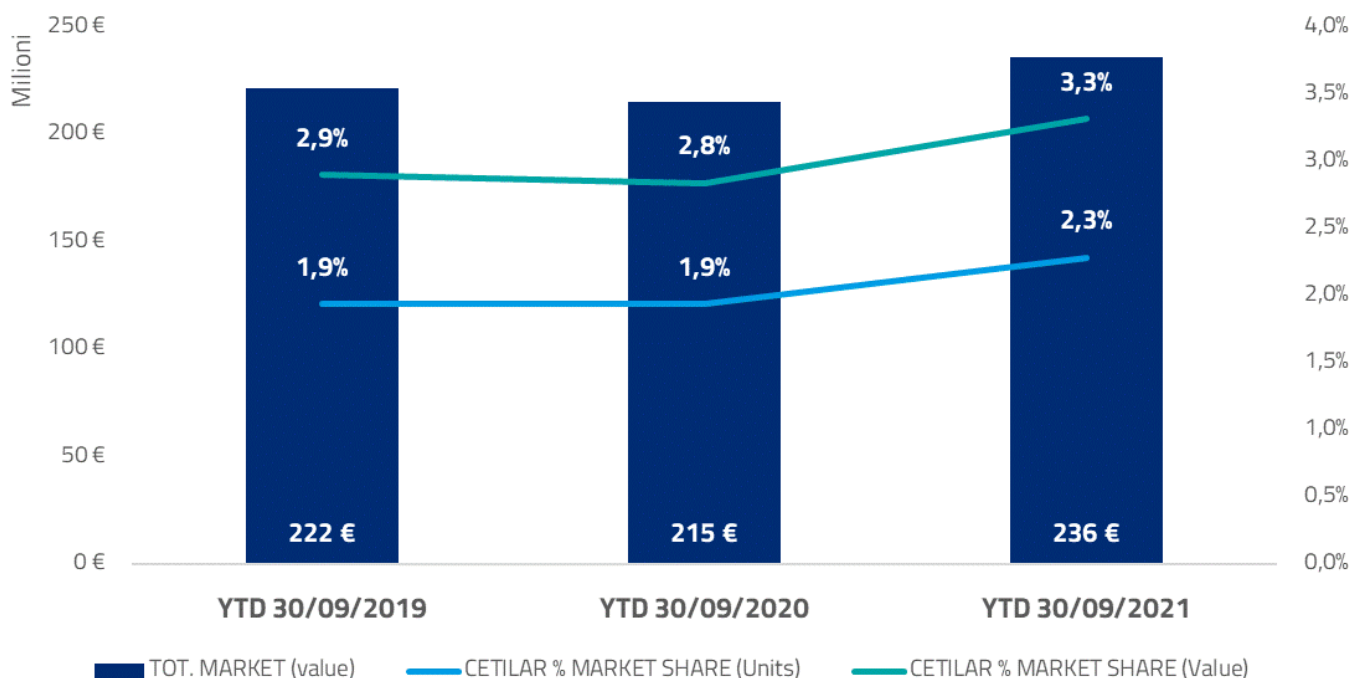
### 1.5.2 Market for topical painkillers

As at 30 September 2021, the painkiller market shows a significant recovery, after the downturn in 2020 caused by the Covid-19 pandemic, with the value of the global market reaching Euro 236 million (approximately +10% as compared to the same period of the previous year). The Cetilar® line drove the share up in terms of both value and units, rising from 2.8% at 30 September 2020 to 3.3% at 30 September 2021 in terms of value and from 1.9% at 30 September 2020 to 2.3% at 30 September 2021 in terms of volume<sup>3</sup>.

The following chart shows the trend of Cetilar's market share (expressed in value and units) in relation to the reference market.

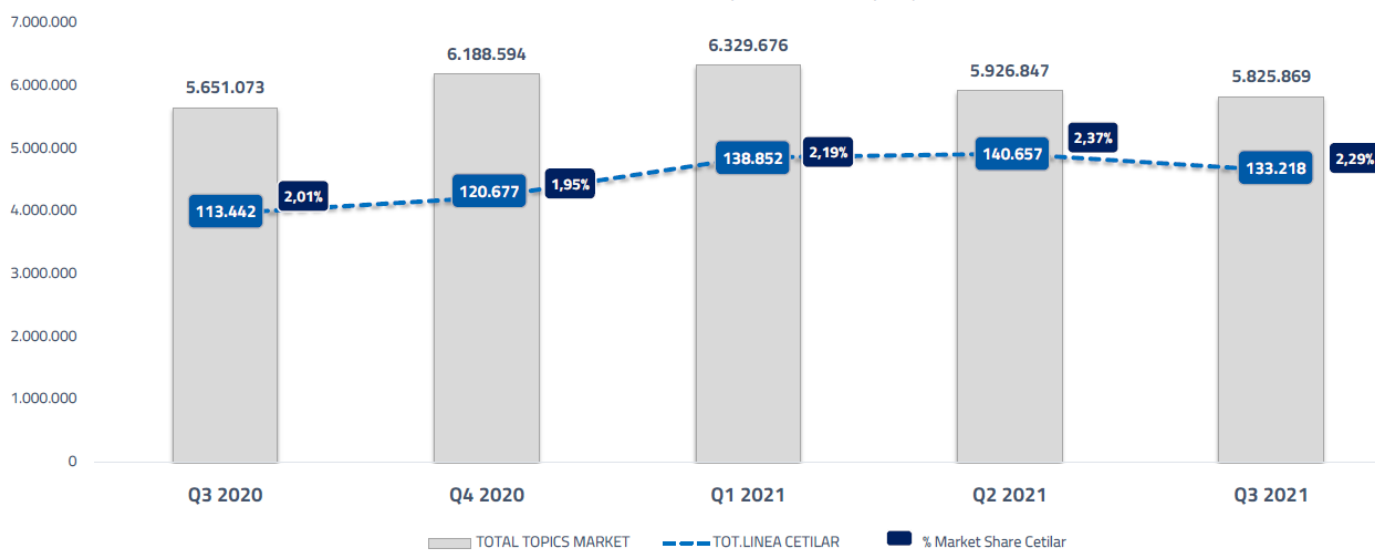
<sup>3</sup> Source: IQVIA data

### Tot. Market Units and % Cetilar Market Share

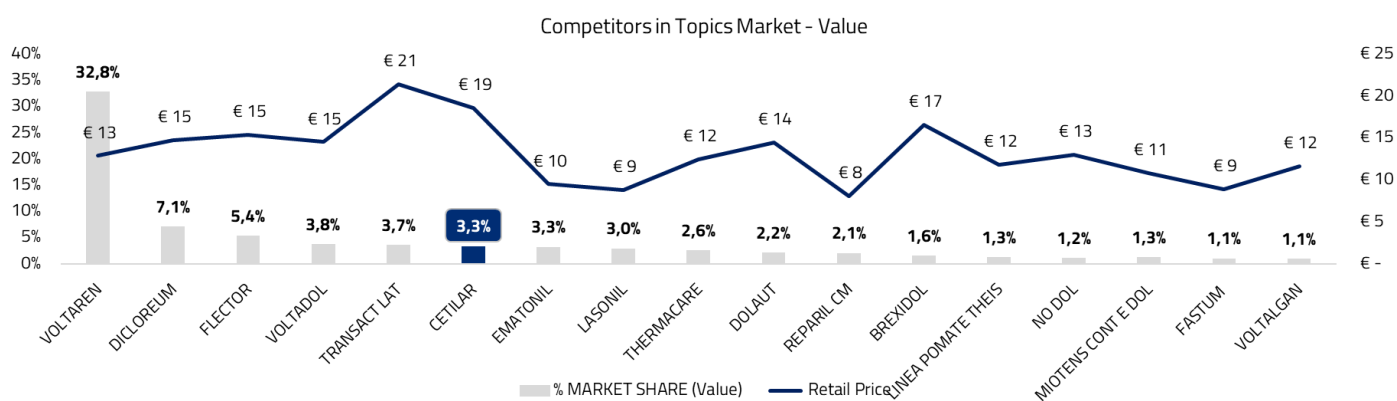


The chart below shows the trend by quarter from September 2020 to September 2021 of the overall market for topical products and Cetilar® line. Compared to an overall market increase of about 3%, the Cetilar® line grew by about 17%, net of the volume of sales of Cetilar® Tape launched last November.

### Trend Cetilar & Total Topics Market (UN)\_Quarter



The following are the market shares (value) referring to the third quarter of 2021 of the key market competitors.



## 1.6 Significant events occurring after the end of the financial year

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 and 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 sucrosomal beberin® 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.

## 1.7 Business outlook

Pharmanutra's strategy is 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, 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.

Pisa, 08/11/2021

For the Board of Directors

The Chair

(Andrea Lacorte)



# **CONSOLIDATED ACCOUNTING STATEMENTS AS AT 30 SEPTEMBER 2021 AND EXPLANATORY NOTES**

## Consolidated Balance Sheet

	30/09/2021	31/12/2020
<b>NON-CURRENT ASSETS</b>	<b>12,647</b>	<b>11,303</b>
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
<b>CURRENT ASSETS</b>	<b>51,555</b>	<b>40,406</b>
Inventories	2,403	1,894
Trade receivables	18,997	15,053
Other current assets	2,828	1,031
Current tax credits	329	1,624
Current financial assets	4,387	4,349
Liquid funds	22,611	16,455
<b>TOTAL ASSETS</b>	<b>64,202</b>	<b>51,709</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>42,197</b>	<b>37,730</b>
Share capital	1,123	1,123
Legal reserve	225	225
Other reserves	29,949	22,363
IAS 19 reserve	-	-50
OCI Fair Value Reserve	84	67
FTA reserve	(70)	-70
Result for the period	10,886	14,072
GROUP SHAREHOLDERS' EQUITY	42,197	37,730
Non-controlling interest		
<b>NON-CURRENT LIABILITIES</b>	<b>8,416</b>	<b>2,835</b>
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
<b>CURRENT LIABILITIES</b>	<b>13,589</b>	<b>11,144</b>
Current financial liabilities	978	1,101
Trade payables	8,092	7,175
Other current liabilities	1,465	2,348
Current tax payables	3,054	520
<b>TOTAL LIABILITIES</b>	<b>64,202</b>	<b>51,709</b>

## Consolidated Income Statement

	Notes	30/09/2021	30/09/2020
<b>REVENUES</b>		<b>49,681</b>	<b>42,347</b>
Net revenues	2.1.1	49,308	40,684
Other revenues	2.1.2	373	1,663
<i>of which other non-recurring revenues</i>		-	1,049
<b>OPERATING COSTS</b>		<b>33,859</b>	<b>30,234</b>
Purchases of raw materials, consumables and supplies	2.2.1	2,315	2,100
Change in inventories	2.2.2	(510)	(508)
Costs for services	2.2.3	28,441	24,972
<i>of which Costs for non-recurring services</i>		-	1,242
Personnel costs	2.2.4	3,122	2,583
Other operating costs	2.2.5	491	1,087
<b>EBITDA</b>		<b>15,822</b>	<b>12,113</b>
Amortisation, depreciation and write-downs	2.3	885	1,684
<i>of which non-recurring provisions and write-downs</i>		-	750
<b>OPERATING RESULT</b>		<b>14,937</b>	<b>10,429</b>
<b>FINANCIAL INCOME (EXPENSE) BALANCE</b>		<b>83</b>	<b>68</b>
Financial income	2.4.1	97	122
Financial charges	2.4.2	(14)	(54)
<b>PRE-TAX RESULT</b>		<b>15,020</b>	<b>10,497</b>
Taxes	2.5	(4,134)	924
<b>Minority interest in profit</b>			
<b>Group profit</b>		<b>10,886</b>	<b>11,421</b>
<b>Net earnings per share</b>		<b>1.12</b>	<b>1.18</b>

### Comprehensive consolidated income statement

	30/09/2021	30/09/2020
Profit (loss) for the period	10,886	11,414
Gains (losses) from IAS application that will be recognised		
Gains (losses) from IAS application that will not be	(67)	127
<b>Comprehensive profit (loss) for the period</b>	<b>10,953</b>	<b>11,287</b>

## Statement of changes in Consolidated shareholders' equity

	Share capital	Legal reserve	Other reserves	FTA reserve	OCI Fair Value Reserve	IAS 19 reserve	Result for the period	Total
Balance as at 01/01/2020	1,123	225	18,358	(70)	109	(59)	8,454	28,140
Other changes			3		(83)	(47)		(127)
Distribution of dividends			(4,453)					(4,453)
Allocation of result			8,454				(8,454)	-
Profit (loss) for the period							11,414	11,414
<b>Balance as at 30/09/2020</b>	<b>1,123</b>	<b>225</b>	<b>22,362</b>	<b>(70)</b>	<b>26</b>	<b>(106)</b>	<b>11,414</b>	<b>34,974</b>

	Share capital	Legal reserve	Other reserves	FTA reserve	OCI Fair Value Reserve	IAS 19 reserve	Result for the period	Total
Balance as at 01/01/2021	1,123	225	22,363	(70)	67	(50)	14,072	37,730
Other changes					17	50		67
Distribution of dividends			(6,486)					(6,486)
Allocation of result			14,072				(14,072)	-
Profit (loss) for the period							10,886	10,886
<b>Balance as at 30/09/2021</b>	<b>1,123</b>	<b>225</b>	<b>29,949</b>	<b>(70)</b>	<b>84</b>	<b>-</b>	<b>10,886</b>	<b>42,197</b>

## Consolidated cash flow statement

<b>CASH FLOW STATEMENT (€/000) - INDIRECT METHOD</b>	<b>30/09/2021</b>	<b>30/09/2020</b>
<b>Net result before minority interests</b>	10.886	11.414
<b>NON-MONETARY COSTS/REVENUES</b>		
Amortisation, depreciation and write-downs	885	1.687
Allowance to provisions for employee benefits	167	149
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
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)
<b>CASH FLOW FROM OPERATIONS</b>	<b>9.792</b>	<b>5.908</b>
Net investments in intangible assets, property, plant and equipment	(1.530)	(834)
(Increase)/decrease in other non-current assets	(56)	99
<b>CASH FLOW FROM INVESTMENTS</b>	<b>(1.586)</b>	<b>163</b>
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
<b>CASH FLOW FROM FINANCING</b>	<b>(2.050)</b>	<b>(7.634)</b>
<b>TOTAL CHANGE IN CASH</b>	<b>6.156</b>	<b>(1.563)</b>
<b>Liquid funds at the beginning of the year</b>	<b>16.455</b>	<b>13.751</b>
<b>Liquid funds at the end of the year</b>	<b>22.611</b>	<b>12.188</b>
<b>Change in liquid funds</b>	<b>6.156</b>	<b>(1.563)</b>

## EXPLANATORY NOTES TO CONSOLIDATED ACCOUNTING STATEMENTS

### 1. CRITERIA FOR DRAFTING AND CONSOLIDATION PRINCIPLES

This Interim Management Report as at 30 September 2021 (hereinafter the "Interim Report") has been drafted as required for a STAR issuer (High Standard Mid Cap Segment) in accordance with the provisions of Borsa Italiana Notice No. 7587 of 21 April 2016 "STAR issuers": information on interim management statements STAR/issuers; its content is consistent with the provisions of Art. 154-ter, paragraph 5, of Italian Legislative Decree of 24 February 1998 no.58.

The Interim Report has been drafted in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also include the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC") and, before that, the Standing Interpretations Committee ("SIC"). The financial standards implemented in drafting this Interim Report are the same as those implemented in drafting Consolidated Financial Statements for the year ended 31 December 2020, except for the new standards and interpretations effective from 1st January 2021 and are required to be, which did not have a material impact on the period.

This Interim Report has not been audited by the independent auditors.

The Interim Report was approved by Pharmanutra Board of Directors on 08 November 2021 and on the same date the same body authorised its publication.

It should be noted that no changes occurred in the consolidation area compared to 31 December 2020.

### 2. COMMENTS ON THE MAIN ITEMS

#### 2.1 REVENUES

##### 2.1.1 Net revenues

Revenues in the nine month period ended at 30 September 2021 increased by Euro 8.6 million over the same period in the previous year. As shown in the table below, the increase in revenues mainly reflects higher sales on



the Italian market. Sales growth in foreign markets is affected by a different distribution of orders by foreign distributors compared to the previous year.

	30/09/2021	30/09/2020	Change
LB1 REVENUES	35,394	28,492	6,902
LB2 REVENUES	13,914	12,192	1,722
<b>TOTAL SALES</b>	<b>49,308</b>	<b>40,684</b>	<b>8,624</b>

The table below provides a breakdown of net revenues by business segment and geographical market:

k€	30/09/2021	30/09/2020	Change	Δ%	Incidence 2021	Incidence 2020
Italy	35,394	28,492	6,902			
<b>Total LB1</b>	<b>35,394</b>	<b>28,492</b>	<b>6,902</b>	<b>24.2%</b>	<b>72%</b>	<b>70%</b>
Europe	7,717	7,042	675	9.6%	55%	58%
Middle East	4,487	4,019	468	11.6%	32%	33%
Far East	475	694	(218)	-31.4%	3%	6%
Other countries	1,236	438	798	182.1%	9%	4%
<b>Total LB2</b>	<b>13,914</b>	<b>12,192</b>	<b>1,722</b>	<b>14.1%</b>	<b>28%</b>	<b>30%</b>
<b>Total net revenues</b>	<b>49,308</b>	<b>40,684</b>	<b>8,624</b>	<b>21.2%</b>	<b>100.0%</b>	<b>100.0%</b>

### 2.1.2 Other revenues and income

	30/09/2021	30/09/2020	Change
Contractual indemnities	77	1,352	-1,275
Refunds and recovery of expenses	16	20	-4
Contingent assets	241	287	-46
Other revenues and income	39	4	35
<b>Total Other revenues and income</b>	<b>373</b>	<b>1,663</b>	<b>-1,290</b>

The item Contractual Indemnities for the year 2020 refers to the amount (Euro 1.0 million) accrued in favour of the subsidiary Junia Pharma S.r.l. on the basis of the contractual provisions of a distribution agreement expired on 31 December 2019 and not renewed by the supplier.

## 2.2 OPERATING COSTS

### 2.2.1 Purchases of raw materials, consumables and supplies

Purchases are broken down in the following table:

	30/09/2021	30/09/2020	Change
Costs for raw materials and semi-fin. goods	680	804	-124
Costs for consumables	337	248	89
Costs for the purchase of fin. goods	1,298	1,048	250
<b>Total purchases of raw materials, consumables and supplies</b>	<b>2,315</b>	<b>2,100</b>	<b>215</b>

### 2.2.2 Change in inventories

	30/09/2021	30/09/2020	Change
Change in raw materials	-221	14	-235
Change in finished product inventories	-350	-583	233
Allowance to Provision for inventory write-downs	61	61	0
<b>Change in inventories</b>	<b>-510</b>	<b>-508</b>	<b>-2</b>

The final value of the inventories has been adjusted by the inventory write-down provision, for the amount of Euro 214 thousand (Euro 424 thousand as at 30 September 2020).

### 2.2.3 Costs for services

	30/09/2021	30/09/2020	Change
Marketing and advertising costs	5,551	4,329	1,222
Production and logistics	8,865	6,787	2,078
General service costs	1,934	2,711	-777
Research and development costs	194	444	-250
Costs for IT services	212	233	-21
Commercial costs and commercial network costs	7,164	6,227	937
Corporate bodies	4,362	4,094	268
Rental and leasing costs	7	5	2
Financial costs	152	142	10
<b>Total costs for services</b>	<b>28,441</b>	<b>24,972</b>	<b>3,469</b>

The increase in the item Marketing and advertising costs was due to the progressive resumption of activities following the easing of restrictions implemented to combat the Covid-19 epidemic. The increase in items "Production and logistics" and "Commercial costs and commercial network costs" reflects higher sales volumes over the same period in the previous year. Research and development costs decreased as a result of the different

progress of the projects compared to the previous year, while the decrease in Costs for general services is mainly due to non-recurring costs incurred at 30 September 2020 for consulting services connected with the formalisation of the Patent box and the process of translisting to the STAR market.

#### 2.2.4 Personnel costs

The breakdown of personnel costs is shown in the table below:

	30/09/2021	30/09/2020	Change
Wages and salaries	2,237	1,851	386
Social security charges	695	574	121
Severance Indemnity	167	149	18
Other personnel costs	23	9	14
<b>Total personnel costs</b>	<b>3,122</b>	<b>2,583</b>	<b>539</b>

The increase compared to the figure at 30 September 2020 is due to hirings made in the period as the organisational structure was gradually adjusted to deal with increasing business volumes.

The breakdown of the average number of employees by category is shown in the following table:

Units	2021	2020	Change
Executives	2	2	0
White collars	58	54	4
Blue collars	2	1	1
<b>Total</b>	<b>61</b>	<b>57</b>	<b>5</b>

As at 30 September 2021, the number of employees was 64 compared to 58 at 30 September 2020.

## 2.2.5 Other operating costs

	30/09/2021	30/09/2020	Change
Capital losses	22	5	17
Sundry tax charges	58	41	17
Loss on receivables			0
Membership fees	29	42	-13
Charitable donations and social security charges	91	118	-27
Other costs	291	881	-590
<b>Total other operating costs</b>	<b>491</b>	<b>1,087</b>	<b>-596</b>

The decrease in the item Other costs mainly referred to contingent liabilities in 2020 recognised following the failure from a foreign customer to collect an order for finished products, against which the advance payments received were retained. The Group regained possession of the goods, which were subsequently repackaged and resold to other customers.

## 2.3 AMORTISATION, DEPRECIATION AND PROVISIONS

	30/09/2021	30/09/2020	Change
Amortisation of intangible fixed assets	438	448	-10
Depreciation of tangible fixed assets	302	237	65
Allowance to prov. for risks related to legal disputes		154	-154
Allowance to provision for doubtful accounts from customers	116	69	47
Allowance to provision for doubtful accounts from customers not ded.	29	776	-747
<b>Total amortisation, depreciation and provisions</b>	<b>885</b>	<b>1,684</b>	<b>-799</b>

The write off on the contractual indemnity receivable from Junia Pharma had been recognised as at 30 September 2020 for the amount of Euro 750 thousand.

## 2.4 FINANCIAL INCOME/CHARGES

### 2.4.1 Financial income

	30/09/2021	30/09/2020	Change
Interest income	66	65	1
Dividends	29	0	29
Exchange gains	2	1	1
Other financial income		56	-56
<b>Total financial income</b>	<b>97</b>	<b>122</b>	<b>-25</b>

### 2.4.2 Financial charges

	30/09/2021	30/09/2020	Change
Other financial charges	-3	-37	34
Interest expense	-11	-16	5
Realised exchange losses		-1	1
<b>Total financial charges</b>	<b>-14</b>	<b>-54</b>	<b>40</b>

## 2.5 INCOME TAXES

	30/09/2021	30/09/2020	Change
Direct taxes on business income	4,392	2,428	1,964
Deferred tax assets	199	79	120
Other taxes and duties	-457		-457
Taxes for the previous year		-3,431	3,431
<b>Total taxes</b>	<b>4,134</b>	<b>-924</b>	<b>5,058</b>

The item Other taxes and duties includes the tax credit obtained for costs for advisory services incurred in 2020 in connection with the process of translisting to the STAR market.

In June 2020, the ruling relating to the tax benefit represented by the Patent Box for the years 2016-2020 was formalised with the Italian Inland Revenue Office (Agenzia delle Entrate). The Group started the process for the renewal of the agreement for the period 2021-2026. It is still not possible to predict formalising schedule.

## NET FINANCIAL POSITION

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA update with reference to the "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", we report that the Group's Net Financial Position as at 30 September 2021 towards 31 December 2020 is as follows:

<b>Amounts in k€</b>		<b>30/09/2021</b>	<b>31/12/2020</b>
A	Liquid funds	(22.611)	16.455
B	Cash equivalents	-	-
C	Other current financial assets	(4.387)	4.349
<b>D</b>	<b><u>Liquidity (A+B+C)</u></b>	<b>(26.998)</b>	<b>20.804</b>
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	521	343
F	Current portion of non-current financial debt	457	758
<b>G</b>	<b>Current financial indebtedness (E+F)</b>	<b>978</b>	<b>1.101</b>
	of which guaranteed	154	257
	of which not guaranteed	824	844
<b>H</b>	<b><u>Net current financial indebtedness (G-D)</u></b>	<b>(26.020)</b>	<b>(19.703)</b>
I	Non-current financial debt (excluding current portion and debt instruments)	5.586	558
J	Debt instruments	4	4
K	Trade payables and other non-current payables	-	-
<b>L</b>	<b>Non-current financial indebtedness (I+J+K)</b>	<b>5.590</b>	<b>562</b>
	of which guaranteed	77	154
	of which not guaranteed	5.513	408
<b>M</b>	<b><u>Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)</u></b>	<b>(20.430)</b>	<b>(19.141)</b>
<b>N</b>	<b><u>Other current and non-current financial assets</u></b>	<b>(475)</b>	<b>(218)</b>
	<b><u>Net financial indebtedness (M-N)</u></b>	<b>(20.905)</b>	<b>(19.359)</b>

Pisa, 08/11/2021

For the Board of Directors

The Chair

(Andrea Lacorte)



Declaration pursuant to paragraph 2 art 154-*bis* of the Italian Consolidated Finance Act (Testo Unico della Finanza)

The undersigned Francesco Sarti, Manager in charge of drafting the corporate accounting documents of Pharmanutra S.p.A.

DECLARES

pursuant to paragraph 2 of Article 154 *bis* of the Italian Consolidated Finance Act, that the accounting information contained in the Pharmanutra Group's Interim Management Report as at 30 September 2021 corresponds to the documented results, books and accounting records.

Pisa, 08/11/2021

Pharmanutra S.p.A.

Executive in charge for drafting the financial statements

Francesco Sarti

 PHARMANUTRA

 JUNIAPHARMA

 ALESCO

**PharmaNutra SpA**

C.F. | P.Iva | Reg. Impr. Pisa: 01679440501

Registered Office: VIA DELLE LENZE 216/B - 56122 PISA PI

I.V. | R.E.A 146259

Share Capital € 1.123.097,70 i.v.

[www.pharmanutra.it](http://www.pharmanutra.it)

