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Oggetto : PR - PHARMANUTRA - BOD approved the  
first half financial report as at 30 June 2022

*Testo del comunicato*

Vedi allegato.

## PHARMANUTRA S.P.A.: THE BOARD OF DIRECTORS APPROVES THE FIRST HALF FINANCIAL REPORT AS AT 30 JUNE 2022 AND THE GROUP'S FIRST SUSTAINABILITY REPORT

*Continued growth in revenues and margins.*

*The oral iron market leadership strengthens and the international expansion process continues.*

*The Group is beginning the process of integrating Akern S.r.l.*

*PharmaNutra Group publishes its first Sustainability Report.*

- Sales revenue €39.9 M (+23.2% compared to 30/06/2021)
- Gross Operating Margin €12.4 M (+20.8% compared to 30/06/2021)
- Net result excluding non-recurring items for the period € 8.2 million (+25.1% compared to 30/06/2021)
- Positive Net Financial Position € 19.6 million

Pisa, 5 September 2022 – The Board of Directors of [PharmaNutra S.p.A.](#) (MTA; Ticker PHN), a company specialized in mineral-based nutritional supplements and medical devices for muscles and joints, announced today the approval of the Half-Year Report as at 30 June 2022 (subject to limited audit).

**Andrea Lacorte, Chairman of PharmaNutra S.p.A., stated:** *"The numbers in the first half financial report are there for all to see and they once again reflect the quality of our Group. They show double-digit growth, a constant for PharmaNutra, at a time in history that is certainly difficult, therefore with even greater importance. I am very pleased, moreover, that on this occasion the Board of Directors has approved the Group's first Sustainability Report, a document reflecting the numerous company initiatives connected to those social and environmental aspects we care so much about, and we are proud owners of. These activities have a strong ethical and social value, which is why they will increasingly be part of PharmaNutra".*

*"These results are further confirmation of the double-digit growth that characterises PharmaNutra, in a general business condition that represents the basis on which important growth drivers will develop", adds Roberto Lacorte, Group Vice President.* *"This situation ensures that we have an important and significant vision for the*

future, also considering the historical period of our company, that has never been so favourable. I refer to the numerous upcoming strategic developments, both on the domestic front, with the launch of new products and new lines, and on the international front, with the signing of new distribution agreements".

## ANALYSIS OF CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2022

ECONOMIC DATA (€/million)	2022	%	2021	%	Changes
REVENUES	39,9	100,0%	32,4	100,0%	23,2%
REVENUES FROM SALES	39,7	99,5%	32,3	99,6%	23,0%
EBITDA	12,4	31,1%	10,3	31,7%	20,8%
NET RESULT	8,2	20,6%	7,0	21,7%	16,9%
NET RESULT excl. non-recurring items *	8,2	20,6%	6,6	20,3%	25,0%
EPS- NET EARNINGS PER SHARE (Euro)	0,85		0,73		17,0%

BALANCE SHEET DATA (€/million)	2022	2021	Changes
NET INVESTED CAPITAL	24,7	17,0	7,7
NFP (positive cash)	19,6	28,1	(8,5)
SHAREHOLDERS EQUITY	(44,3)	(45,1)	(0,8)

\* The net result excluding non-recurring items for 2021 is net of the tax credit obtained on the costs incurred for the traslisting to the MTA (457 thousand Euro).

## REVENUES FROM SALES FIRST HALF 2022

Consolidated sales revenue in the first half of 2022 increased by 23% compared to the corresponding period of the previous year and amounted to 39.7 million Euro (32.3 million Euro at 30 June 2021).

Revenues by business line				Incidence		
	€/1000	2022	2021	Δ%	2022	2021
LB1 totale		28.947	24.291	19,2%	72,9%	75,3%
LB2 totale		10.763	7.982	34,8%	27,1%	24,7%
<b>Totale</b>		<b>39.711</b>	<b>32.273</b>	<b>23,0%</b>	<b>100%</b>	<b>100%</b>

In terms of volumes, sales of finished products as at 30 June 2022 reached 5 million units, a growth of about 30% compared to 3.9 million units in the first half of the previous year, due to higher sales on foreign markets.

Finished products volumes sold	Incidence					
	Units/1000	2022	2021	Δ%	2022	2021
LB1		2.029	1.746	16,2%	40,2%	44,8%
LB2		3.021	2.150	40,5%	59,8%	55,2%
<b>Total</b>		<b>5.049</b>	<b>3.896</b>	<b>29,6%</b>	<b>100%</b>	<b>100%</b>

### Revenues - Italy

Revenues from sales on the Italian market increased by 19.2% to 28.9 million Euro (24.3 million Euro at 30 June 2021) due to the gradual return to normal of scientific information activities after the Covid-19 outbreak.

### Revenues - Foreign markets

Revenues from sales on foreign markets amounted to 10.8 million Euro (8.0 million Euro in the first half of the previous year), a growth of 34.8%, and accounted for 27.1% of total revenues compared to 24.7% in the first half of the previous year.

During the first half of 2022, 5 new distribution agreements were signed for SiderAL® line products (Malta, Nigeria, Saudi Arabia, Denmark and Albania) and 1 new distribution agreement for Cetilar® on the Taiwan market.

### REVENUES BY PRODUCT LINE

The first half of 2022 shows revenue growth for all major finished product lines, and for ApportAL® in particular, with the exception of UltraMag®, which remained at constant levels.

F.P. Revenues by Trademark				Incidence		
	€/1000	2022	2021	Δ%	2022	2021
Sideral		28.913	24.436	18,3%	75,5%	78,8%
Cetilar		3.866	3.168	22,0%	10,1%	10,2%
Apportal		3.766	2.009	87,5%	9,8%	6,5%
Ultramag		425	444	-4,2%	1,1%	1,4%
Altri		1.322	949	39,4%	3,5%	3,1%
<b>Totale</b>		<b>38.292</b>	<b>31.005</b>	<b>23,5%</b>	<b>100%</b>	<b>100%</b>

The SiderAL® line, market leader in iron-based dietary supplements, showed a growth of 18.3% over 30 June 2021, reaching a value market share of 55.2%<sup>1</sup> (54.1% at 30 June 2021<sup>2</sup>) in the market for iron-based food supplements.

Sales of the Cetilar® line show a growth of approximately 22% compared to the first half of 2021.

ApportAL® reported a growth of about 87.5% over the same period of the previous year, due to its characteristics as a tonic-energy and restorative supplement.

## OPERATING COSTS

Operating expenses for the first half of 2022 amounted to 27.5 million Euro, an increase of 24.3% compared to 30 June 2021 (22.1 million Euro).

The inflationary dynamics that characterised the half-year period under review did not lead to any reduction in margins thanks to the cost efficiency measures implemented between the end of 2021 and the beginning of 2022, which were accompanied by an increase in sales prices from March 2022.

The increase in operating costs compared to the first half of 2021 is attributable, in addition to the increase in revenue (higher production costs and higher commissions to the sales network), to the higher number of trips made as a result of the general improvement in the health situation related to Covid-19 and the planned marketing capital expenditures to support the Group's products.

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

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

## ECONOMIC RESULTS

PharmaNutra Group's **EBITDA** for the half year closed at 30 June 2022 was 12.4 million Euro (10.3 million Euro in the first half of 2021), corresponding to a 31.1% margin on revenues, and an approximate growth of 20.8% compared to the same period of the previous year.

The **Net result for the period** amounts to 8.2 million Euro for the first half of 2022 (7 million Euro at 30 June 2021). The net result at 30 June 2021 benefits from the tax credit obtained pursuant to Article 1 of Italian Law 205 of 27/12/2017 against the costs for advisory services incurred by the Parent Company for listing on the STAR segment of the MTA market, which took place on 15 December 2020, for the amount of 457 thousand Euro.

**Earnings per share** for the first half of 2022 was 0.85 Euro compared to 0.73 Euro at 30 June 2021.

The **Net Financial Position** at 30 June 2022 showed a positive balance of 19.6 million Euro compared to 28.1 million Euro at 31 December 2021, after paying dividends of 6.9 million Euro and purchasing treasury shares for 2.1 million Euro.

Cash generated from operations in the period amounted to 5.7 million Euro, confirming the Group's large cash-generating capacity.

## SIGNIFICANT EVENTS IN THE FIRST HALF OF 2022

In January 2022, the share buy-back programme was started in execution of the resolutions passed at the Ordinary Shareholders' Meetings of 26 April 2021 and 27 April 2022. At 30 June 2022, PharmaNutra holds 34,719 treasury shares equal to 0.36% of the share capital.

In the same month, a patent on the use of cetylated fatty acids (CFAs) was granted in the United States. The patent certificate, identified with the number "US 11,186,536", protects certain specific steps in the production process and, most importantly, covers both CFA-based topical products and oral products.

On 14 February, the European Union, through publication in the Official Journal, authorised the placing on the market of cetylated fatty acids as Novel Food. Cetylated fatty acids patented by PharmaNutra will therefore be included in the Union list of authorised novel foods established by Implementing Regulation (EU) 2017/2470. The inclusion of Lipocet® in this list officially concludes the registration process, for which, in July 2021, the EFSA (the European Food Safety Authority) had already issued its positive opinion for the classification of Lipocet® as a new food.

In April, PharmaNutra and Alesco submitted to the competent Direzione Regionale of the Italian Inland Revenue Agency a petition for appeal pursuant to Article 11, paragraph 1, letter a) of Law 212/2000 to obtain the Inland Revenue Agency's opinion on the interpretation proposed by the two companies, concerning the regulatory uncertainty generated by Article 6 of Legal Decree 146 of 21 October 2021, by which it was established that for the 2021 and subsequent tax years, the renewal options provided by the previous legislation to take advantage of the Patent Box tax benefit could no longer be exercised.

In June, a preliminary agreement was signed for the acquisition from Red Lions S.p.A., Jacopo Talluri and Liside S.r.l. of a 100% stake in the share capital of Akern S.r.l., a company active in the research, development, production and sale of medical instruments and softwares for monitoring body composition using bio-impedance techniques. The price for the acquisition of 100% of Akern's share capital amounts to 12 million Euro. An earn-out up to a maximum of 3 million Euro will be paid to the sellers upon the achievement of targets related to Akern's EBITDA and industrial margin, calculated on the basis of the results for 2022, 2023 and 2024. The completion of the transaction was conditional upon the fulfilment of certain conditions, including the achievement of the "Golden Power" authorisation and the sale of the shares held by the parent company, representing 14.33% of Red Lions S.p.A.'s share capital, to Red Lions' reference shareholders.

## **SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FIRST HALF OF 2022**

After obtaining the "Golden Power" authorisation from the Prime Minister's Office, the sale of the shares representing 14.33% of the capital of Red Lions S.p.A. held by PharmaNutra to the reference shareholders of Red Lions S.p.A, and upon the occurrence of the other suspensive conditions, on July 26, the first phase of the acquisition of the shares of Akern S.r.l. was completed with the purchase of a total investment representing 86.48% of the share capital of the same, of which 72.96% by Red Lions S.p.A. and 13.52% by Jacopo Talluri, against the payment of a total amount of 10,783,200 Euro.

The second closing of the transaction, relating to the purchase of the remaining 13.52% of Akern's share capital held by Liside S.r.l., will take place within the current year, for a price of 1,216,800 Euro.

To complete the financial coverage of the acquisition mentioned above, a medium-long term unsecured loan was obtained in the same month with a duration of 72 months, plus two months of pre-amortisation, for an amount of 6 million Euro. The loan is not backed by covenants or guarantees of any kind.



Considering that the regulatory changes introduced in 2021 did not allow the continuation of the renewal applications of the existing Patent Box agreements submitted in 2020, on 28 July the Italian Inland Revenue Agency sent PharmaNutra and Alesco a formal notice of non-acceptance of the Patent Box renewal application under the previous regulations. Possible further steps are being considered.

## UPDATE ON THE COVID SITUATION

The gradual lifting of the restrictive measures issued in response to the Covid-19 pandemic has allowed for a gradual return to normality, even though scientific information activities continue to be affected by the restrictive measures on access to hospital facilities. However, a 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.

The Group continues to use remote working ("smart working"), albeit to a lesser extent than in previous periods. 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 Directors believe that the second part of the 2022 financial year will be characterised by an increase in revenue that will enable the achievement of the planned targets. As far as foreign markets are concerned, the orders in the backlog relating to foreign revenues fully cover the targets for the third quarter of 2022 and a large part of the fourth quarter. A slight decrease in margins is expected as a consequence of the implementation of marketing and sales initiatives.

Akern integration process will begin in the second half of the year, with expected synergistic benefits to develop the company's presence on the Italian and foreign markets, through PharmaNutra's sales network and foreign distributors, to increase sales of the Group's products, and to set the basis for new product lines launches.

Marketing of the Group's products on the Chinese market through an e-commerce platform with a cross-border marketing structure is scheduled to begin in the third quarter.



New products are expected to be launched by the end of the year, including the first food supplement containing cetylated fatty acids (Cetilar® Oro).

Notwithstanding a background of general uncertainty during this period, PharmaNutra Group will continue to work towards meeting its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure to flexibly and immediately respond to the uncertainties of the second half of 2022.

The Interim Financial Report as at 30 June 2022, which has been subject to a limited audit, will be made available to the public in the manner and within the timeframe provided for by applicable regulations.

## SUSTAINABILITY REPORT

The Board of Directors, confirming the Group's commitment and focus on the integration of sustainability issues within its activities, also approved the Group's first Sustainability Report.

The 2021 Sustainability Report has been drafted on a voluntary basis, as PharmaNutra S.p.A. is exempt from the mandatory reporting of the Non-Financial Statement according to the Legislative Decree 254/2016 currently in force, is subject to a limited audit by KPMG S.p.A. and has been prepared in accordance with the Global Reporting Initiative (GRI), which is currently the most recognised and widespread non-financial reporting standard at international level.

The document, which represents a first step in the reporting of non-financial information on an annual basis, deals with and delves into material issues relevant to the Group that can reflect the economic, social and environmental impacts of the Group's activities and/or can influence the decisions of its stakeholders.

The Group's 2021 Sustainability Report will be available by the publication deadline of the half-yearly data in the *Sustainability* section of the website [PharmaNutra.it](https://www.pharmanutra.it).

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## 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.

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## FINANCIAL STATEMENTS (subject to limited audit)

Annex 1 – Consolidated Balance Sheet

Annex 2 - Consolidated Income Statement and Consolidated Comprehensive Income Statement

Annex 3 - Statement of changes in Consolidated shareholders' equity

Annex 4 – Consolidated Cash Flow Statement (indirect method)

### Consolidated Balance Sheet

€/1000	30/06/2022	31/12/2021
<b>NON CURRENT ASSETS</b>	<b>20.777</b>	<b>15.837</b>
Buildings, plant and equipment	12.920	8.372
Intangible assets	5.790	5.500
Investments	4	254
Non current financial assets	225	221
Other non current assets	747	254
Deferred tax assets	1.091	1.236
<b>CURRENT ASSETS</b>	<b>59.030</b>	<b>55.519</b>
Inventories	3.234	2.865
Cash and cash equivalents	25.617	29.409
Current financial assets	4.776	4.530
Trade receivables	20.994	16.673
Other current assets	2.564	1.099
Tax receivables	1.595	943
Assets held for sale	250	-
<b>TOTAL ASSETS</b>	<b>79.807</b>	<b>71.356</b>
<b>NET EQUITY</b>	<b>44.301</b>	<b>45.082</b>
Share Capital	1.123	1.123
Statutory Reserve	225	225
Treasury shares	(2.159)	
Other reserves	36.852	29.949
IAS 19 Reserve	184	56
Fair value OCI reserve	(86)	28
FTA Reserve	(70)	(70)
Result of the period	8.232	13.771
Group Equity	44.301	45.082
Third parties equity		
<b>NON CURRENT LIABILITIES</b>	<b>14.019</b>	<b>9.526</b>
Non current financial liabilities	9.980	5.530
Provision for non current risks and charges	1.006	1.475
Provision for employees and directors benefit	3.033	2.521
<b>CURRENT LIABILITIES</b>	<b>21.487</b>	<b>16.748</b>
Current financial liabilities	1.783	820
Trade payables	10.422	9.751
Other current liabilities	2.677	2.748
Tax payables	6.605	3.429
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>79.807</b>	<b>71.356</b>

### Consolidated Income Statement

€/1000	2022	2021
<b>TOTAL REVENUES</b>	<b>39.930</b>	<b>32.417</b>
Net revenues	39.711	32.273
Other revenues	219	144
<b>OPERATING EXPENSES</b>	<b>27.515</b>	<b>22.137</b>
Purchases of raw material, cons. and supplies	1.894	1.551
Change in inventories	(349)	(141)
Expense for services	23.392	18.269
Employee expenses	2.309	2.142
Other operating expenses	269	316
<b>EBITDA</b>	<b>12.415</b>	<b>10.280</b>
Amortization, depreciation and write offs	594	560
<b>EBIT</b>	<b>11.821</b>	<b>9.720</b>
<b>FINANCIAL INCOME/(EXPENSES) BALANCE</b>	<b>-</b>	<b>66</b>
Financial income	49	79
Financial expenses	(49)	(13)
<b>PRE TAX RESULT</b>	<b>11.821</b>	<b>9.786</b>
Income taxes	(3.589)	(2.746)
<b>Third parties result</b>		
<b>Net result of the Group</b>	<b>8.232</b>	<b>7.040</b>
<b>Net earning per share</b>	<b>0,85</b>	<b>0,73</b>

### Statement of comprehensive income

€/1000	2022	2021
Result for the period	8.232	7.040
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	18	76
<b>Comprehensive result of the period</b>	<b>8.250</b>	<b>7.116</b>

## Consolidated Statement of Changes in Shareholders' Equity

€/1000	Note	Share Capital	Treasury Shares	Legal reserve	Other reserves	FTA Reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
Balance as at 1.1.22		1.123		225	29.949	(70)	28	56	13.771	45.082
Other changes					5		(114)	128		19
Purc. of treasury shares			(2.159)							(2.159)
Dividends paid	8.3.1				(6.873)					(6.873)
Allocation of result	8.3.1				13.771				(13.771)	-
Result of the period									8.232	8.232
Balance as at 30.6.2022		1.123	(2.159)	225	36.852	(70)	(86)	184	8.232	44.301

€/1000	Note	Share capital	Treasury Shares	Legal reserve	Other reserves	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							23	53		76
Dividends paid					(6.486)					(6.486)
Allocation of the result					14.072				(14.072)	-
Result of the period									7.040	7.040
Balance as at 30.6.21		1.123		225	29.949	(70)	90	3	7.040	38.360

## Consolidated Cash Flow Statement (Indirect method)

<b>CONSOLIDATED CASH FLOW (€/1000) - INDIRECT METHOD</b>	<b>2022</b>	<b>2021</b>
<b>Net result before minority interest</b>	<b>8.232</b>	<b>7.040</b>
<b>NON MONETARY COSTS/REVENUES</b>		
Amortization, depreciation and write offs	594	560
Allowance to provision for employee and directors benefits	384	295
<b>CHANGE IN OPERATING ASSETS AND LIABILITIES</b>		
Change in provision for non current risks and charges	(469)	147
Change in provision for employee and directors benefits	128	(82)
Change in inventories	(369)	(142)
Change in trade receivables	(4.415)	(2.728)
Change in other current assets	(1.465)	(954)
Change in tax receivables	(652)	298
Change in other current liabilities	(69)	(850)
Change in trade payables	671	1.211
Change in tax payables	3.176	2.822
<b>CASH FLOW FROM OPERATIONS</b>	<b>5.746</b>	<b>7.617</b>
Investments in intangible assets, buildings, plant and machinery	(5.499)	(1.516)
Disposal of intangible assets, buildings, plant and machinery	160	26
Change in insurance TFM receivable	(493)	(254)
Change in deferred tax assets	145	325
<b>CASH FLOW FROM INVESTMENTS</b>	<b>(5.687)</b>	<b>(1.419)</b>
Other changes in Net Equity	18	76
Dividends paid	(6.873)	(6.486)
Treasury shares purchases	(2.159)	
Financial assets increase	(371)	(39)
Financial assets decrease	121	
Fin.liabilities increase	6.000	82
Fin. liabilities decrease	(503)	(455)
ROU fin. liabilities increase	2	454
ROU fin. liabilities decrease	(86)	(49)
<b>CASH FLOW FROM FINANCING</b>	<b>(3.851)</b>	<b>(6.417)</b>
<b>TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3.792)</b>	<b>(219)</b>
Cash and cash equivalent at the beginning of the period	29.409	16.455
Cash and equivalents at the end of the period	25.617	16.236
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3.792)</b>	<b>(219)</b>

**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 wealth of scientific evidence, including 135 publications with over 7,000 subjects involved. The Group distributes and sells in Italy and abroad. In Italy, the sales activity is carried out through a network of over 160 Scientific Agents 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 60 countries through 42 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.

[PharmaNutra.it](http://PharmaNutra.it)

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