

# INTERIM MANAGEMENT REPORT

30th september 2022

**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 67 countries in Europe, Asia, Africa and America, through a network of 45 carefully selected sales partners.

Akern S.r.l., a company specialised in bioelectrical impedance analysis with more than 40 years work and innovation experience, joined the PharmaNutra Group in 2022 in order to enhance and diversify its business lines through strategic synergy.



**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.

**Akern**  
Akern S.r.l. was set up in 1980 to research, develop and produce medical instruments and software with which to monitor the body's composition applying bioelectrical impedance techniques; and to support doctors and researchers in their fight against acute, chronic degenerative diseases linked to changes in the body composition.

# 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.



# Summary

<b>INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2022</b> .....	<b>5</b>
<b>1.1 MAIN CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET DATA</b> .....	<b>5</b>
<b>1.2 THE PHARMANUTRA GROUP</b> .....	<b>5</b>
<b>1.3 CONSOLIDATED POSITION AS AT 30 SEPTEMBER 2022</b> .....	<b>6</b>
<b>1.4 PHARMANUTRA GROUP'S BUSINESS LINES</b> .....	<b>12</b>
<b>1.5 REFERENCE MARKETS IN WHICH THE GROUP OPERATES</b> .....	<b>16</b>
<b>1.6 SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD</b> .....	<b>19</b>
<b>1.7 BUSINESS OUTLOOK</b> .....	<b>19</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2022 AND EXPLANATORY NOTES</b> .....	<b>21</b>
<b>CONSOLIDATED BALANCE SHEET</b> .....	<b>22</b>
<b>CONSOLIDATED INCOME STATEMENT</b> .....	<b>23</b>
<b>COMPREHENSIVE CONSOLIDATED INCOME STATEMENT</b> .....	<b>23</b>
<b>STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY</b> .....	<b>24</b>
<b>CONSOLIDATED CASH FLOW STATEMENT</b> .....	<b>25</b>
<b>EXPLANATORY NOTES TO CONSOLIDATED ACCOUNTING STATEMENTS</b> .....	<b>26</b>
<b>1. CRITERIA FOR DRAFTING AND CONSOLIDATION PRINCIPLES</b> .....	<b>26</b>
<b>2. COMMENTS ON THE MAIN ITEMS</b> .....	<b>27</b>
<b>DECLARATION PURSUANT TO PARAGRAPH 2 ART 154-BIS OF THE ITALIAN CONSOLIDATED FINANCE ACT (TESTO UNICO DELLA FINANZA)</b> .....	<b>33</b>

# INTERIM MANAGEMENT STATEMENT AS AT 30 September 2022

## 1.1 MAIN CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET DATA

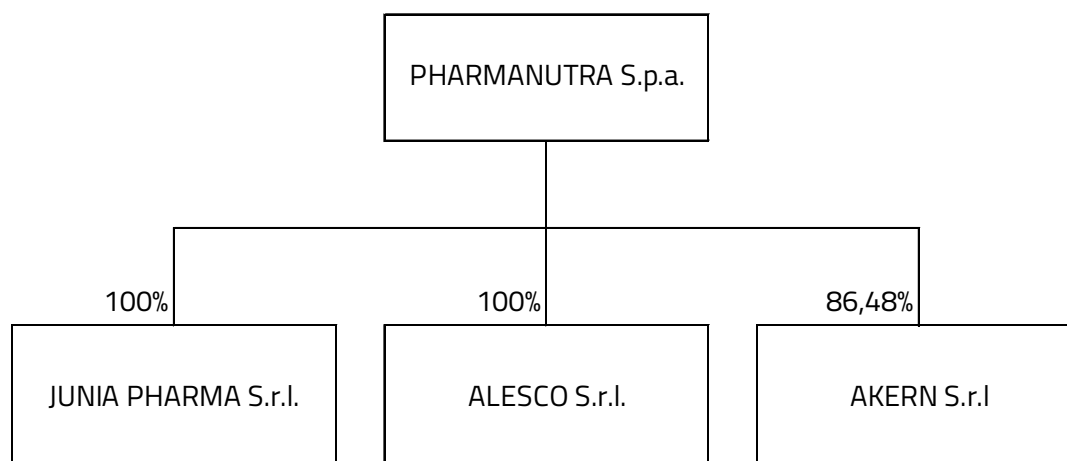
INCOME STATEMENT FIGURES (€/millions)	2022	%	2021	%	Changes
REVENUES	60.5	100.0%	49.7	100.0%	21.9%
REVENUES FROM SALES	60.3	99.6%	49.3	99.3%	22.2%
EBITDA	19.1	31.5%	15.8	31.8%	20.7%
NET RESULT	12.8	21.2%	10.9	21.9%	17.9%
NET RESULT excl. non-recurring items *	12.8	21.2%	10.4	21.0%	23.1%
EPS - NET EARNINGS PER SHARE (Euro)	1.33		1.12		18.0%

BALANCE SHEET FIGURES (€/millions)	2022	2021	Changes
NET INVESTED CAPITAL	41.8	17.0	24.7
NFP (positive cash)	7.3	28.1	(20.7)
SHAREHOLDERS' EQUITY	(49.1)	(45.1)	4.0

\* The Net Result excluding the non-recurring components 2021 is net of the tax credit obtained on the costs incurred in 2021 for the transition to the Euronext Star market (Euro 457 thousand)

## 1.2 THE PHARMANUTRA GROUP

Pharmanutra S.p.A. (hereinafter also "Pharmanutra" or the "Parent Company") is a company with registered office in Italy, in Via delle Lenze 216/B, Pisa, which holds controlling interests in the group of companies (the "Group" or also the "Pharmanutra Group") shown in the following diagram:



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 directly and independently developing and marketing a line of its own branded products, managed through a structure of agents who present the products directly to the medical class; it now has the know-how to manage all stages from the design, formulation and registration of a new product, to marketing and sales, and even training of 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.

Akern S.r.l. (hereinafter also referred to as "Akern") is an Italian company established in 1980 with the purpose of research, development and production of medical instrumentation and software for monitoring body composition using bioimpedance techniques. It joined the group in July following the parent company's purchase of shares representing 86.48% of the capital. The acquisition of the remaining shares representing 13.52% of the capital is planned by the end of the fiscal year.

### **1.3 CONSOLIDATED POSITION AS AT 30 September 2022**

The Group's resilience to the general uncertainty caused by the geopolitical situation related to the ongoing conflict between Russia and Ukraine and the inflationary pressures that have occurred since the beginning of the year, with increases in the cost of energy and raw materials, which have been mitigated thanks to the operational efficiencies implemented and the increase in sales prices, without significant effects on margins, was also confirmed in the third quarter of 2022.

On 26 July 2022, the first closing was finalised for the acquisition of a total stake of 86.48% of Akern's share capital, of which 72.96% was held by Red Lions S.p.A. and 13.52% by Jacopo Talluri, against the payment of a total consideration of Euro 10,783,200.

The second closing, 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. A deferred, incentive earn-out to the sellers

of up to a maximum of 3 million Euro, subject to the achievement of Akern's incremental EBITDA and industry margin targets in 2022, 2023 and 2024, is also envisaged.

In the Interim Management Statement as of 30 September 2022, therefore, Akern S.r.l. ("Akern") was consolidated as of 1 July 2022.

On 15 September 2022, the new Cetilar® Oro and ApportAL® Vital were launched on the market. Officially unveiled at the PharmaNutra 2022 National Convention, the new food supplements are a major extension of the Cetilar® and ApportAL® ranges.

Cetilar® Oro is a nutritional supplement based on Cetylated Esters (CFAs), as well as the leading oral formulation in the Cetilar® range, until now exclusively including topical products for the reduction of musculo-skeletal pain in cases of trauma, contractures, strains, contusions or sprains. Cetilar® Oro is an absolute first for the market of products dedicated to muscle and joint well-being. It is the only orodispersible food supplement made up of a mixture of Cetylated Fatty Acids (CFAs), an exclusive PharmaNutra patent.

The new ApportAL® Vital will be marketed by Junia Pharma, which is involved in the development and distribution of pediatric-specific medical devices and nutritional supplements. Like the already well-known and popular nutritional supplement ApportAL®, the Vital version contains 19 nutrients, including vitamins, Sucrosomial® minerals, amino acids, royal jelly, and coenzyme Q10, and is particularly recommended for when the body needs to recover rapidly from bouts of fatigue, weakness and tiredness and can assist with convalescence and lack of appetite, not to mention its positive effects on immune defences.

In the same month, the opening of the new online store dedicated to the SiderAL® range on the TMall Global China cross-border e-commerce platform kicked off the sale of the full range of adult to infant Sucrosomial® Iron-based nutritional supplements also on the Chinese market. This was a strategic step for the internationalisation goals of PharmaNutra Group and its nutraceutical technologies: the project was developed in partnership with Adiacent (Sesa Group), a leading Italian agency in China in the life science sector. Cross-border e-commerce systems are a fast-growing component of China's economy and make up an increasingly large percentage of foreign trade. These distribution systems allow international companies to sell their products on the Chinese market without necessarily having a physical presence or direct distributor in China, but relying on the logistics network of large e-commerce platforms. This system enables Chinese consumers to easily and directly purchase high-quality goods with the guarantee of brand authenticity and delivery within 2 days of ordering. In addition, cross-border e-commerce offers the ability to buy on a global scale while making transactions locally. From the companies' point

of view, this system allows them to reach a new and very large audience of consumers, with a business model line with their cultural and purchasing habits.

One treasury share was purchased during the quarter as part of the share buyback program approved by the Ordinary Shareholders' Meeting on 26 April 2021. The purpose of the program is to enable the Company to take advantage of the opportunity to make a capital expenditures, in cases where the market price trend of PHN shares, including for factors external to the Company, is not able to adequately express the value of the same, and thus to provide the Company with a useful capital expenditures opportunity for any purpose permitted by current regulations. At 30 September 2022, Pharmanutra holds 34,720 treasury shares equal to 0.36% of the share capital.

Distance working (aka *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.

## Performance in the third quarter of 2022

### Income Statement

<b>CONSOLIDATED OPERATING INCOME</b>						
<b>STATEMENT (€/1000)</b>	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>Δ 22/21</b>	<b>Δ %</b>
<b>REVENUES</b>	<b>60,542</b>	<b>100.0%</b>	<b>49,672</b>	<b>100.0%</b>	<b>10,870</b>	<b>21.9%</b>
Net revenues	60,270	99.6%	49,306	99.3%	10,964	22.2%
Other revenues	272	0.5%	366	0.7%	(94)	-25.7%
<b>OPERATING COSTS</b>	<b>41,447</b>	<b>68.5%</b>	<b>33,856</b>	<b>68.2%</b>	<b>7,591</b>	<b>22.4%</b>
Purchases of raw materials, consum. and supplies	3,230	5.3%	2,315	4.7%	915	39.5%
Change in inventories	(1,150)	-1.9%	(510)	-1.0%	(640)	125.5%
Costs for services	35,425	58.5%	28,441	57.3%	6,984	24.6%
Personnel costs	3,498	5.8%	3,121	6.3%	377	12.1%
Other operating costs	444	0.7%	489	1.0%	(45)	-9.2%
<b>GROSS OPERATING MARGIN (EBITDA)</b>	<b>19,095</b>	<b>31.5%</b>	<b>15,816</b>	<b>31.8%</b>	<b>3,279</b>	<b>20.7%</b>
Amortisation, depreciation and write-downs	973	1.6%	885	1.8%	88	9.9%
<b>OPERATING MARGIN (EBIT)</b>	<b>18,122</b>	<b>29.9%</b>	<b>14,931</b>	<b>30.1%</b>	<b>3,191</b>	<b>21.4%</b>
<b>FINANCIAL INCOME (EXPENSE) BALANCE</b>	<b>338</b>	<b>0.6%</b>	<b>89</b>	<b>0.2%</b>	<b>249</b>	<b>279.8%</b>
Financial income	466	0.8%	106	0.2%	360	n.m
Financial charges	(128)	-0.2%	(17)	0.0%	(111)	n.m
<b>PRE-TAX RESULT</b>	<b>18,460</b>	<b>30.2%</b>	<b>15,020</b>	<b>30.2%</b>	<b>3,440</b>	<b>21.9%</b>
Taxes	(5,594)	-9.2%	(4,134)	-8.3%	(1,460)	34.4%
<b>Net result of third parties</b>	<b>(27)</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>(27)</b>	<b>n.m</b>
<b>Group net income</b>	<b>12,839</b>	<b>21.2%</b>	<b>10,886</b>	<b>21.9%</b>	<b>1,953</b>	<b>17.9%</b>



Consolidated net revenues at 30 September 2022 amounted to Euro 60.3 million, an increase of Euro 10.9 million (+21.9%) compared to the same period of the previous year.

Revenues generated on the Italian market (BL1) amounted to Euro 42.5 million (Euro 35.4 million at 30 September 2021), an increase of 20%, with a 70.5% ratio to total revenues, compared to 71.8% in the same period of the previous year. The increase derives from higher sales of finished products, while sales of raw materials recorded a decrease of around Euro 200 thousand compared to the same period of the previous year.

Consolidated net sales revenues in foreign markets (BL2) amounted to Euro 16.9 million versus Euro 13.9 million as at 30 September 2021 a net increase of Euro 3 million (+21.4%). The change from the previous quarter can be attributed to the dynamics of foreign orders, which were particularly concentrated in the first six months of 2022.

Net revenues generated by Akern in the period under consolidation amounted to Euro 0.9 million, of which Euro 0.1 million was generated by foreign markets.

Sales volumes of finished products as at 30 September 2022, amounting to approximately 8.4 million units increased by 26.9% if compared to the volumes at 30 September 2021 (6.6 million units).

**Operating expenses** at 30 September 2022, amounting to Euro 41.4 million (+22.4% compared to 30 September 2021), increased due to the increase in revenues.

As a result of the above, the Pharmanutra Group's **EBITDA** amounted to Euro 19.1 million (Euro 15.8 million as at 30 September 2021), representing a margin of 31.5% on total revenues and an increase of 20.7% compared to 30 September 2021.

The **Net result** for the period amounts to Euro 12.8 million compared with Euro 10.9 million as at 30 September 2021.

**Net earnings per share** as at 30 September 2022 amounted to Euro 1.33 compared to Euro 1.12 in the same period last year.

## **Balance sheet**

OPERATING BALANCE SHEET (€/1000)	30 September 2022	31 December 2021
TRADE RECEIVABLES	23,347	16,673
INVENTORIES	4,440	2,865
TRADE PAYABLES	(11,342)	(9,751)
<b>OPERATING WORKING CAPITAL</b>	<b>16,445</b>	<b>9,787</b>
OTHER RECEIVABLES	4,262	2,042
OTHER PAYABLES	(6,504)	(6,177)
<b>NET WORKING CAPITAL</b>	<b>14,203</b>	<b>5,652</b>
INTANGIBLE ASSETS	19,876	5,500
TANGIBLE ASSETS	14,122	8,372
FINANCIAL ASSETS	1,165	1,490
<b>TOTAL FIXED ASSETS</b>	<b>35,163</b>	<b>15,362</b>
PROVISIONS AND OTHER M/L-TERM LIABILITIES	(7,616)	(3,996)
<b>TOTAL USES</b>	<b>41,750</b>	<b>17,018</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>49,068</b>	<b>45,082</b>
NON-CURRENT FINANCIAL LIABILITIES	14,877	5,530
CURRENT FINANCIAL LIABILITIES	3,297	820
NON-CURRENT FINANCIAL ASSETS	(934)	(475)
CURRENT FINANCIAL ASSETS	(4,715)	(4,530)
LIQUID FUNDS	(19,843)	(29,409)
<b>NET FINANCIAL POSITION</b>	<b>(7,318)</b>	<b>(28,064)</b>
<b>TOTAL SOURCES</b>	<b>41,750</b>	<b>17,018</b>

The change in Operating Working Capital is a consequence of the higher business volumes carried out by the Group during the period in question and the stock management policies implemented to continue to achieve operating efficiencies.

The increase in the item Other receivables is due to the VAT credit accrued on the advancement of the construction costs of the new headquarters and the recording of deferrals on costs relating to marketing activities whose reference period extends beyond 30 September 2022.

It should be noted that pending clarification on the possibility of renewing the agreement to take advantage of the tax benefit represented by the Patent Box, which expires on 31 December 2020, no benefit related to the Patent Box was recorded.

The increase in the item Tangible fixed assets is due to the costs of building the new headquarters, whilst the increase in the item Intangible fixed assets is due the recognition of goodwill arising from the consolidation process

of Akern (Euro 12.7 million). In this regard, it should be noted that as of 30 September 2022, preliminary checks were conducted on the recoverability of the amount in question, which showed no need for adjustments.

The change in the item Provisions and other M/L liabilities derives from the recognition of the liability relative to the Earn out contractually foreseen to the sellers of Akern in the amount of Euro 3 million, accounted for at the outcome of the preliminary verifications carried out, from the allocation to the Provision for severance indemnities of the amount accrued by the Executive Directors as resolved by the General Shareholders' Meeting of 27 April 2020, and from the utilisation of the Provision for sundry risks and disputes following the out-of-court settlement of certain lawsuits in progress with former whistleblowers.

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-downs.
- 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.

The table below shows the changes in financial position:

Net Financial Position (€/1000)	30 September 2022	31 December 2021
Cash	(15)	(18)
Liquid funds	(19,828)	(29,391)
<b>Total cash and cash equivalents</b>	<b>(19,843)</b>	<b>(29,409)</b>
Current financial assets	(4,715)	(4,530)
Current financial liabilities: due to banks	250	254
Current portion of non-current debt	2,790	305
Current financial payables for rights of use	257	261
<b>Net current financial indebtedness FA</b>	<b>(1,418)</b>	<b>(3,710)</b>
<b>Net current financial (assets)/indebtedness</b>	<b>(21,261)</b>	<b>(33,119)</b>
Non-current financial assets	(747)	(254)
Deposits paid	(187)	(221)
Non-current bank payables	14,416	5,000
Derivative financial instruments		4
Non-current financial payables for rights of use	461	526
<b>Non-current financial indebtedness</b>	<b>13,943</b>	<b>5,055</b>
<b>Net financial position</b>	<b>(7,318)</b>	<b>(28,064)</b>

The **Net Financial Position** at 30 September 2022 was a positive Euro 7.3 million compared to Euro 28.1 million at 31 December 2021. Cash generated from operations during the period amounted to Euro 5.6 million; investments of Euro 17.2 million were made including Euro 10.8 million for the purchase of 86.48% of Akern shares and Euro 5.5 million for the construction of the new headquarters. The acquisition of the Akern shares was financed through the disbursement of two medium/long-term unsecured loans in the amount of Euro 6 million each by Credem S.p.A. and BPM S.p.A. Treasury shares in the amount of Euro 2.2 million were repurchased.

See the consolidated Statement of Cash Flows for further details.

## 1.4 Pharmanutra Group's Business Lines

The Pharmanutra Group's distribution and sales model consists of the following business Lines:

- **Direct Business Line (BL1):** 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.

- **Indirect Business Line (BL2):** 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.
- **Akern Business Line:** The business model involves the sale of instrumentation and software for body bioimpedance analysis in Italy and foreign markets through agents, distributors and online sales.

Consolidated net revenues at 30 September 2022 (Euro 60.3 million) increased by 22.2% compared to the same period last year (Euro 49.3 million).

Revenues by area of				Incidence		
	€/1000	2022	2021	Δ%	2022	2021
BL1		41,350	34,023	21.5%	68.6%	69.0%
BL2		16,092	13,453	19.6%	26.7%	27.3%
<b>Total Finished Products</b>		<b>57,441</b>	<b>47,477</b>	<b>21.0%</b>	<b>95.3%</b>	<b>96.3%</b>
BL1		1,127	1,369	-17.7%	58.6%	74.9%
BL2		796	460	73.0%	41.4%	25.2%
<b>Total raw material</b>		<b>1,923</b>	<b>1,829</b>	<b>5.1%</b>	<b>3.2%</b>	<b>3.7%</b>
Akern Italy		802	0	n.s.	88.5%	0.0%
Akern Foreign markets		104	0	n.s.	11.5%	0.0%
<b>Total Akern</b>		<b>906</b>	<b>0</b>	<b>n.s.</b>	<b>1.5%</b>	<b>0.0%</b>
<b>Total</b>		<b>60,270</b>	<b>49,306</b>	<b>22.2%</b>	<b>100%</b>	<b>100%</b>



The breakdown of revenues into the Group's business areas shows that, as at 30 September 2022, revenues from sales of finished products increased by 21.5% in the Italian market (BL1) and by 19.6% in foreign markets (BL2) compared to 30 September of the previous year. BL2 revenue performance is influenced by the time distribution of orders from foreign distributors, which during 2022 were concentrated in the first two quarters and particularly in the first quarter.

Revenues from the sale of proprietary and non-proprietary raw materials to companies in the food, pharmaceutical and nutraceutical industry, as well as to nutraceutical product production plants working on behalf of third parties (Alesco outgroup), managed by the subsidiary Alesco, showed an overall increase of 5.1% with an increase in sales on foreign markets and a reduction in the Italian market.

Revenues related to the Akern business line amounted to Euro 906 thousand, of which Euro 802 thousand related to the Italian market and Euro 104 thousand to foreign markets.

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

Revenues by Business Line				Incidence	
€/1000	2022	2021	Δ%	2022	2021
Total BL1	42,477	35,392	20.0%	70.5%	71.8%
Total BL2	16,888	13,913	21.4%	28.0%	28.2%
Akern	906	0	n.s.	1.5%	0.0%
<b>Total</b>	<b>60,270</b>	<b>49,306</b>	<b>22.2%</b>	<b>100%</b>	<b>100%</b>

Overall, revenues from sales on the BL1 line increased by about 20%, reaching Euro 42.5 million (Euro 35.4 million in the previous year), and represent 70.5% of total revenues.

Revenues from the BL2 line as of 30 September 2022 amounted to Euro 16.9 million (Euro 13.9 million as of 30 September 2021), representing 28% of total revenues.

Revenues by geographic				Incidence	
€/1000	2022	2021	Δ%	2022	2021
Europe	9,447	7,717	22.4%	55.6%	55.5%
Middle East	6,170	4,487	37.5%	36.3%	32.3%
Africa	268	1,065	-74.9%	1.6%	7.7%
Far East	510	475	7.4%	3.0%	3.4%
Other	596	169	252.1%	3.5%	1.2%
<b>Total</b>	<b>16,991</b>	<b>13,913</b>	<b>22.1%</b>	<b>100%</b>	<b>100%</b>

Europe remains the market with the highest impact on foreign revenues. The reduction in Africa is attributable to the dynamics of issuing purchase orders by distributors. Revenues on foreign markets are represented almost exclusively by the SiderAL® line.

The analysis of revenues from finished products by product line (Trademark) shown in the table below, highlights the growth of all the main product lines, and in particular of Apportal thanks to its characteristics as an energy tonic and restorative supplement.

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

In terms of volumes, sales of finished products at 30 September 2022 amounted to 8,397 thousand units, an increase of approximately 27% compared to 6,620 thousand units in the corresponding period of the previous year.

F.P. Volumes				Incidence	
	Units/1,000	2022	2021	Δ%	2022
BL1	2,970	2,553	16.3%	35.4%	38.6%
BL2	5,427	4,067	33.5%	64.6%	61.4%
<b>Total</b>	<b>8,397</b>	<b>6,620</b>	<b>26.9%</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 the food supplements market and an in-depth analysis of the main reference markets in Italy for the product lines being more relevant in terms of turnover.

### Supplement market

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.

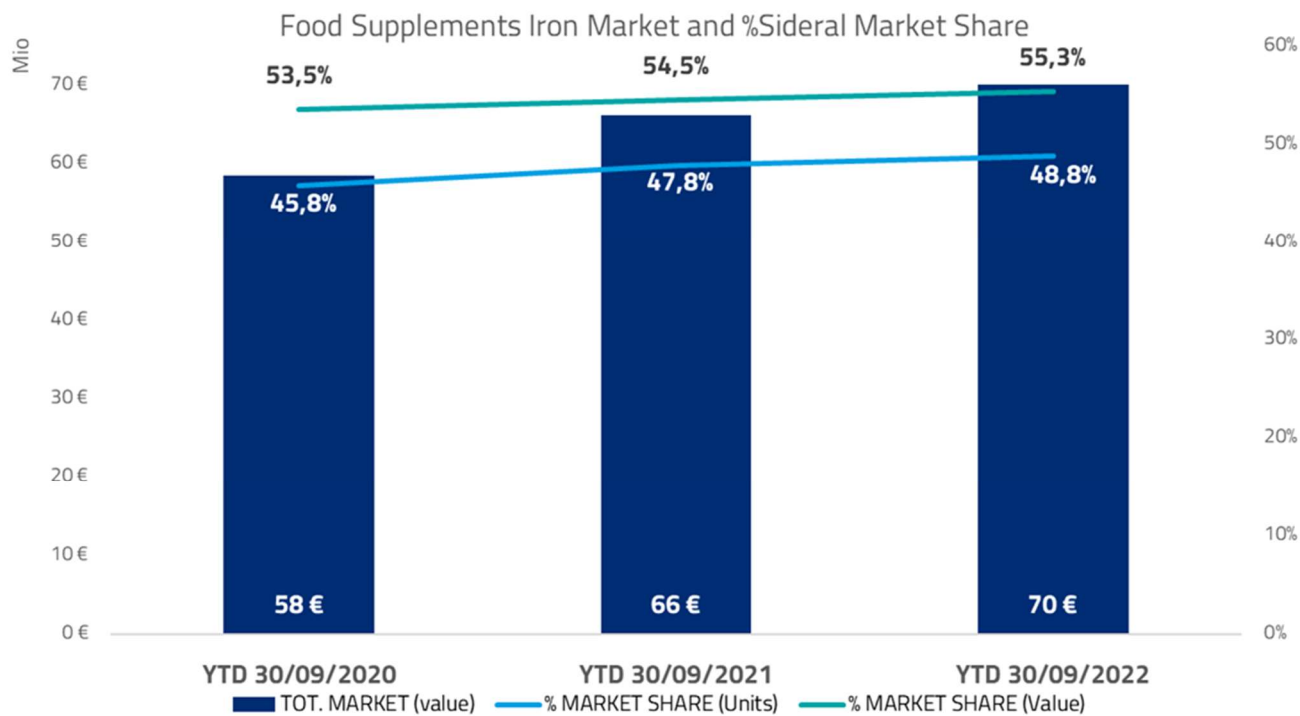
Below is an analysis of the reference markets in Italy of the two most important product lines in terms of turnover, the Sideral® line and the Cetilar® line.

#### 1.5.1 Iron market

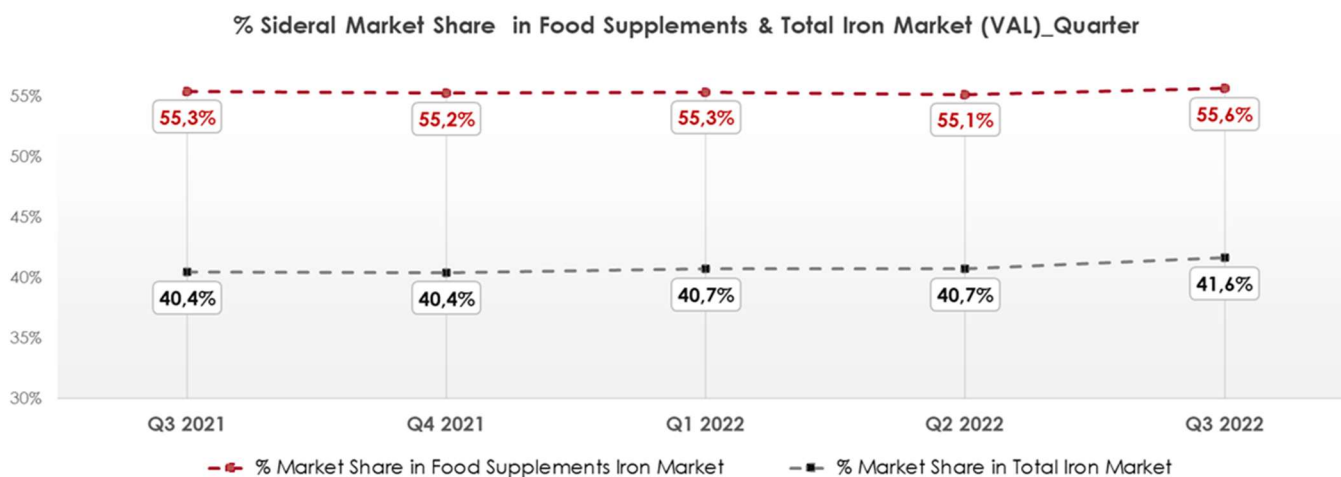
Pharmanutra Group operates in the iron-based supplements market (Food Supplements and Drugs) with the Sideral® product line, in which it confirmed its leadership position in the first nine months of 2022 with a market share in value of approximately 55.3% and 48.8% in volumes<sup>1</sup>.

The market share at 30 September 2022 continued its upward trend both in terms of values, rising from 54.5% to 55.3%, and in terms of units, rising from 47.8% to 48.8%, compared to the same period last year.

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



The graph below show the quarterly trend in Sideral®'s market share (expressed in value) in relation to the market for iron-based supplements only (Food Supplements Iron Market) and the total market consisting of both food supplements and pharmaceuticals (Total Iron Market)<sup>2</sup>.

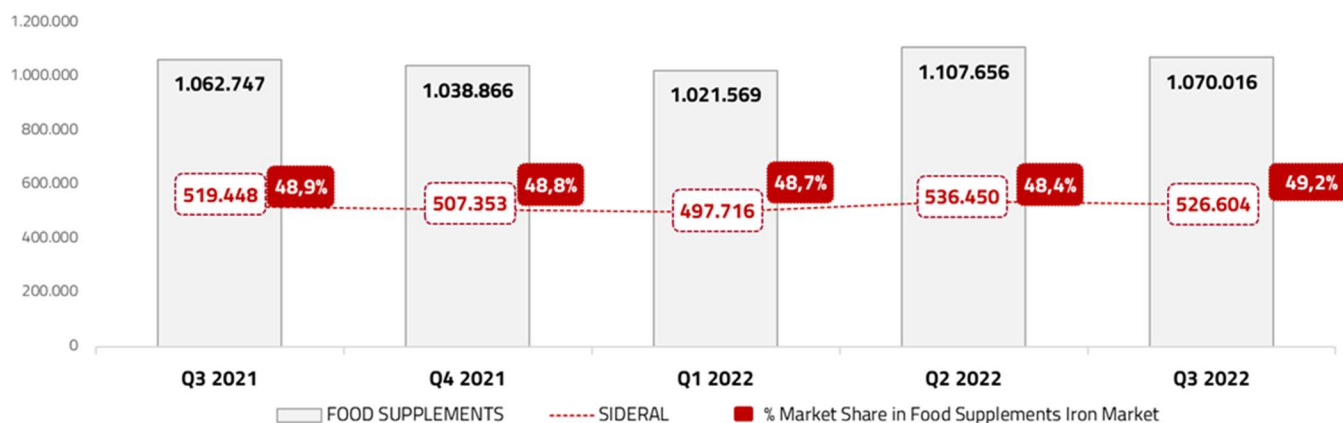


It is worth noting that the Sideral® product line also has a significant market share in the overall market, amounting to 41.6% of the overall market.

The development of Sideral® in terms of units in the iron-based supplement market is shown in the graph below.

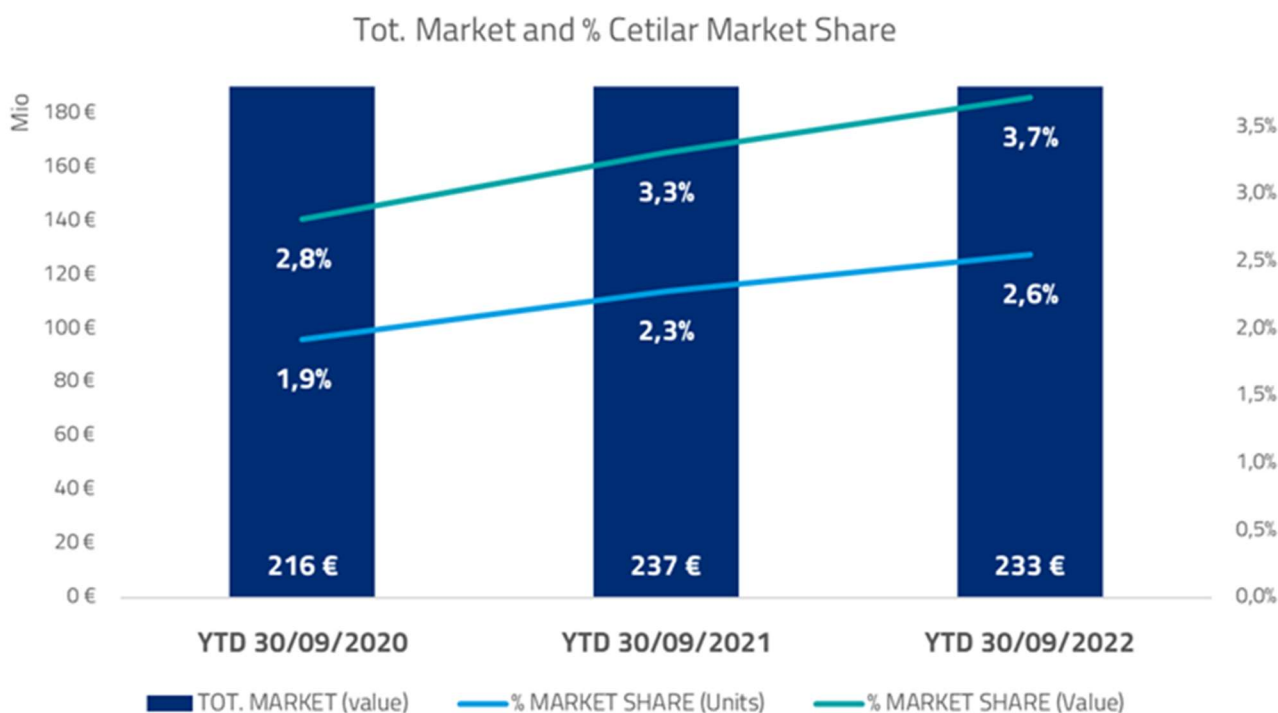
<sup>2</sup> Source: IQVIA data

Trend Sideral in Food Supplements Iron Market (UN)\_Quarter



### 1.5.2 Market for topical painkillers

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

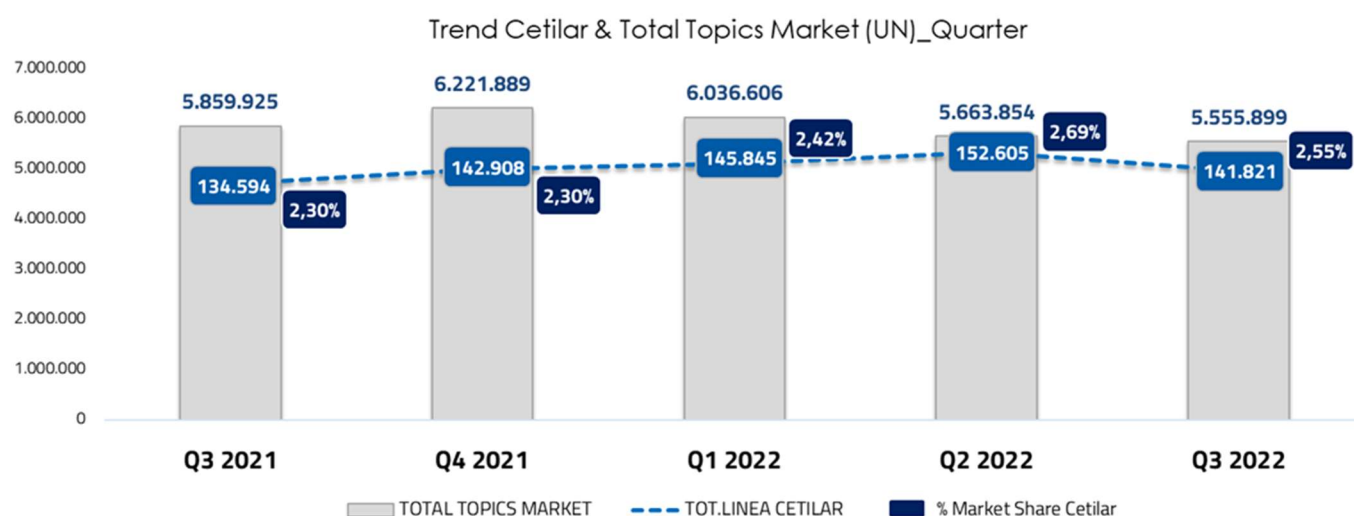


Against a backdrop of a declining market (-5% in terms of units and -2% in terms of value) in the period January-September 2022 compared to the same period of the previous year and in a highly fragmented competitive scenario, the market share of the Cetilar® range increased both in terms of value and units from 3.3% to 3.7% in terms of value and from 2.3% to 2.6% in terms of volume<sup>3</sup>.

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



The graph below shows the trend by quarter from July 2021 to September 2022 of the overall market for topical products and the Cetilar® line.



## 1.6 Significant events after the end of the period

No significant events have occurred subsequent to 30 September 2022.

## 1.7 Business outlook

The results recorded during the first nine months of 2022, 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.

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 55% 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 continues to 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 process of integrating Akern has begun, from which synergistic benefits are expected to develop the company's presence on the Italian and foreign markets, owing to Pharmanutra's sales network and foreign distributors, increase sales of the Group's products, and set the stage for the launch of new product lines.

Against the background of general uncertainty during this period, the 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.

Pisa, 07 November 2022

For the Board of Directors

The Chairman

(Andrea Lacorte)

# **CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2022 AND EXPLANATORY NOTES**

## Consolidated Balance Sheet

€/1000	30 September 2022	31 December 2021
<b>NON-CURRENT ASSETS</b>	<b>36,097</b>	<b>15,837</b>
Property, plant and equipment	14,122	8,372
Intangible assets	19,876	5,500
Investments	4	254
Non-current financial assets	187	221
Other non-current assets	747	254
Deferred tax assets	1,161	1,236
<b>CURRENT ASSETS</b>	<b>56,607</b>	<b>55,519</b>
Inventories	4,440	2,865
Cash and cash equivalents	19,843	29,409
Current financial assets	4,715	4,530
Trade receivables	23,347	16,673
Other current assets	2,506	1,099
Tax receivables	1,756	943
<b>TOTAL ASSETS</b>	<b>92,704</b>	<b>71,356</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>49,068</b>	<b>45,082</b>
Share capital	1,123	1,123
Legal reserve	225	225
Equity shares	(2,159)	
Other reserves	36,871	29,949
IAS 19 reserve	207	56
OCI Fair Value Reserve	(163)	28
FTA reserve	(70)	(70)
Result for the period	12,839	13,771
SHAREHOLDERS' EQUITY	48,873	45,082
Equity attributable to minorities	195	
<b>NON-CURRENT LIABILITIES</b>	<b>22,493</b>	<b>9,526</b>
Non-current financial liabilities	14,877	5,530
Provisions for risks and charges	4,053	1,475
Provisions for employee and director	3,563	2,521
<b>CURRENT LIABILITIES</b>	<b>21,143</b>	<b>16,748</b>
Current financial liabilities	3,297	820
Trade payables	11,343	9,751
Other current liabilities	3,017	2,748
Tax payables	3,486	3,429
<b>TOTAL LIABILITIES</b>	<b>92,704</b>	<b>71,356</b>

## Consolidated Income Statement

€/1000	NOTES	2022	2021
<b>TOTAL REVENUE</b>		<b>60,542</b>	<b>49,672</b>
Net revenues	2.1.1	60,270	49,306
Other revenues	2.1.2	272	366
<b>OPERATING COSTS</b>		<b>41,447</b>	<b>33,856</b>
Purchases of raw materials, consumables and supplies	2.2.1	3,230	2,315
Change in inventories	2.2.2	(1,150)	(510)
Costs for services	2.2.3	35,425	28,441
Personnel costs	2.2.4	3,498	3,121
Other operating costs	2.2.5	444	489
<b>EBITDA</b>		<b>19,095</b>	<b>15,816</b>
Amortisation, depreciation and write-downs	2.3	973	885
<b>OPERATING RESULT</b>		<b>18,122</b>	<b>14,931</b>
<b>FINANCIAL INCOME (EXPENSE) BALANCE</b>		<b>338</b>	<b>89</b>
Financial income	2.4.1	466	106
Financial charges	2.4.2	(128)	(17)
<b>PRE-TAX RESULT</b>		<b>18,460</b>	<b>15,020</b>
Taxes	2.5	(5,594)	(4,134)
<b>Net result of third parties</b>		<b>(27)</b>	
<b>Group net income</b>		<b>12,839</b>	<b>10,886</b>
<b>Net earnings per share (Euro)</b>		<b>1.33</b>	<b>1.12</b>

## Comprehensive consolidated income statement

€/1000	2022	2021
Result for the period	12.839	10.886
Gains (losses) from IAS adoption which will be reversed to P&L		
Gains (losses) from IAS adoption which will not be reversed to P&L	(40)	67
<b>Comprehensive result of the period</b>	<b>12.799</b>	<b>10.953</b>



## Statement of changes in Consolidated shareholders' equity

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

€/1000	Share capital	Treasury Shares	Legal reserve	Other reserves	FTA reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
<b>Balance as at 1.1.21</b>	<b>1.123</b>		<b>225</b>	<b>22.363</b>	<b>(70)</b>	<b>67</b>	<b>(50)</b>	<b>14.072</b>	<b>37.730</b>
Other changes						17	50		67
Dividends paid				(6.486)					(6.486)
Allocation of the result				14.072				(14.072)	-
Result of the period								10.886	10.886
<b>Balance as at 30.9.21</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>CONSOLIDATED CASH FLOW (€/1000) - INDIRECT METHOD</b>	<b>2022</b>	<b>2021</b>
<b>Net result before minority interest</b>	<b>12.646</b>	<b>10.886</b>
<b>NON MONETARY COSTS/REVENUES</b>		
Amortization, depreciation and write offs	920	885
Allowance to provision for employee and directors benefits	568	453
<b>CHANGE IN OPERATING ASSETS AND LIABILITIES</b>		
Change in provision for non current risks and charges	(425)	193
Change in provision for employee and directors benefits	252	(93)
Change in inventories	(1.044)	(509)
Change in trade receivables	(6.477)	(4.089)
Change in other current assets	(1.361)	(1.797)
Change in tax receivables	(731)	1.295
Change in other current liabilities	22	(881)
Change in trade payables	1.294	917
Change in tax payables	(130)	2.534
<b>CASH FLOW FROM OPERATIONS</b>	<b>5.534</b>	<b>9.794</b>
Investments in intangible assets, buildings, plant and machinery	(7.105)	(2.108)
Net cash flow from business combination *	(10.114)	0
Disposal of intangible assets, buildings, plant and machinery	218	83
Sale of financial assets	250	0
Change in insurance TFM receivable	(493)	(254)
Change in deferred tax assets	(17)	198
<b>CASH FLOW FROM INVESTMENTS</b>	<b>(17.261)</b>	<b>(2.081)</b>
Other changes in Net Equity	151	67
Treasury shares purchases	(2.159)	0
Dividends paid	(6.852)	(6.486)
Financial assets increase	(94)	(43)
Financial assets decrease	68	0
Fin.liabilities increase	11.551	5.380
Fin. liabilities decrease	(284)	(635)
ROU fin. liabilities increase	2	160
ROU fin. liabilities decrease	(211)	0
<b>CASH FLOW FROM FINANCING</b>	<b>2.172</b>	<b>(1.557)</b>
<b>TOTAL CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(9.555)</b>	<b>6.156</b>
Cash and cash equivalent at the beginning of the period	29.409	16.455
Cash and equivalents at the end of the period	19.854	22.611
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(9.555)</b>	<b>6.156</b>

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

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

# EXPLANATORY NOTES TO CONSOLIDATED ACCOUNTING STATEMENTS

## 1. CRITERIA FOR DRAFTING AND CONSOLIDATION PRINCIPLES

This Interim Management Report as at 30 September 2022 (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 2021, except for the new standards and interpretations effective from 1st January 2022 and are required to be, which did not have a material impact on the period.

It should be noted that following the acquisition of control of Akern in July, it was consolidated as of 1 July 2022 in the consolidated financial statements as of 30 September 2022. On the basis of the preliminary verifications performed, the recognition of the cost of the equity investment took into account the earn-out, contractually provided for in favour of the sellers, for a maximum amount of up to Euro 3 million, based on the achievement of Akern's incremental EBITDA and industrial margin targets for the years 2022, 2023 and 2024. The consolidation process showed goodwill of Euro 12.7 million, which was subjected to a preliminary impairment test that showed no need for adjustments.

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

The Interim Report was approved by Pharmanutra Board of Directors on 07 November 2022 and on the same date the same body authorised its publication.

## 2. COMMENTS ON THE MAIN ITEMS

### 2.1 REVENUES

#### 2.1.1 Net revenues

Net revenues at 30 September 2022 increased by Euro 11 million compared to the same period last year. As shown in the table below, the increase in revenues is due to higher sales on both the Italian and foreign markets, as well as the contribution from the consolidation of Akern as of 1 July 2022.

	2022	2021	Change
BL1 REVENUES	42,477	35,392	7,085
BL2 REVENUES	16,887	13,914	2,973
BL AKN REVENUES	906		906
<b>TOTAL SALES</b>	<b>60,270</b>	<b>49,306</b>	<b>10,964</b>

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

€/1000	2022	2021	Change	Δ%	Incidence 2022	Incidence 2021
Italy	41,350	34,023	7,326			
<b>Total BL1</b>	<b>41,350</b>	<b>34,023</b>	<b>7,326</b>	<b>21.5%</b>	<b>68.6%</b>	<b>69.0%</b>
Europe	9,231	7,609	1,622	21.3%		
Middle East	6,007	4,401	1,606	36.5%		
Far East	231	377	(146)	-38.8%		
Africa	268	1,065	(798)	-74.9%		
Other	355	-	355	n.s.		
<b>Total BL2</b>	<b>16,093</b>	<b>13,453</b>	<b>2,639</b>	<b>19.6%</b>	<b>26.7%</b>	<b>27.3%</b>
<b>Raw materials - Italy</b>	<b>1,127</b>	<b>1,369</b>	<b>(242)</b>	<b>-17.7%</b>	<b>1.9%</b>	<b>2.8%</b>
<b>Raw materials - Abroad</b>	<b>795</b>	<b>460</b>	<b>335</b>	<b>72.8%</b>	<b>1.3%</b>	<b>0.9%</b>
<b>Akern Italy</b>	<b>802</b>	<b>-</b>	<b>802</b>	<b>n.s.</b>	<b>1.3%</b>	<b>0.0%</b>
<b>Akern Foreign markets</b>	<b>104</b>	<b>-</b>	<b>104</b>	<b>n.s.</b>	<b>0.2%</b>	<b>0.0%</b>
<b>Total net revenues</b>	<b>60,270</b>	<b>49,306</b>	<b>10,964</b>	<b>22.2%</b>	<b>100%</b>	<b>100%</b>

## 2.1.2 Other revenues and income

	2022	2021	Change
Tax Credits	7		7
Contractual indemnities	2	77	-75
Refunds and recovery of expenses	43	16	27
Contingent assets	130	241	-111
Other revenues and income	90	32	58
<b>Total Other revenues and income</b>	<b>272</b>	<b>366</b>	<b>-94</b>

## 2.2 OPERATING COSTS

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

Purchases are broken down in the following table:

	2022	2021	Change
Costs for raw materials and semi-fin. goods	1,642	680	962
Costs for consumables	399	337	62
Costs for the purchase of fin. goods	1,189	1,298	-109
<b>Total purchases of raw materials,</b>	<b>3,230</b>	<b>2,315</b>	<b>915</b>

### 2.2.2 Change in inventories

	2022	2021	Change
Change in raw materials	-277	-221	-56
Change in finished product inventories	-776	-350	-426
Change in semi-finished products	-219		-219
All. write-down provision Inventories	122	61	61
<b>Change in inventories</b>	<b>-1,150</b>	<b>-510</b>	<b>-640</b>

The increase in finished goods inventories results from procurement planning implemented in accordance with production cost management and sales forecasts.

The item change in inventories of semi-finished goods results from the consolidation of Akern.

The final value of inventories is adjusted by the inventory write-down provision of Euro 333 thousand (Euro 232 thousand at 31 December 2021).

### 2.2.3 Costs for services

	2022	2021	Change
Marketing and advertising costs	8,143	5,551	2,592
Production and logistics	9,952	8,865	1,087
General service costs	3,123	1,934	1,189
Research and development costs	362	194	168
Costs for IT services	249	212	37
Commercial costs and commercial network	7,374	7,164	210
Corporate bodies	6,027	4,362	1,665
Rental and leasing costs	21	7	14
Financial costs	174	152	22
<b>Total costs for services</b>	<b>35,425</b>	<b>28,441</b>	<b>6,984</b>

The increase in the item Marketing and advertising costs is generated by the initiatives undertaken to support the group's brands. 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. The increase in General Services Costs resulted from higher costs related to the increased volume of business and higher travel costs, which had been contained during 2021 due to the restrictions adopted to contain the Covid-19 outbreak.

#### 2.2.4 Personnel costs

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

	2022	2021	Change
Wages and salaries	2,559	2,237	322
Social security charges	789	694	95
Severance Indemnity	143	167	-24
Other personnel costs	7	23	-16
<b>Total personnel costs</b>	<b>3,498</b>	<b>3,121</b>	<b>377</b>

The increase compared to the figure at 30 September 2021 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	2022	2021	Change
Executives	2	2	0
White	77	57	20
Blue collars	3	2	1
<b>Total</b>	<b>82</b>	<b>61</b>	<b>21</b>

As at 30 September 2022, the number of employees was 86 compared to 64 at 30 September 2021.

### 2.2.5 Other operating costs

	2022	2021	Change
Capital losses	34	19	15
Sundry tax charges	58	58	0
Loss on receivables	23		23
Membership fees	34	29	5
Charitable donations and social security	113	91	22
Other costs	182	292	-110
<b>Total other operating costs</b>	<b>444</b>	<b>489</b>	<b>-45</b>

### 2.3 AMORTISATION, DEPRECIATION AND PROVISIONS

	2022	2021	Change
Amortisation of intangible fixed assets	250	232	18
Depreciation of tangible fixed assets	556	508	48
Allowance to provision for doubtful accounts	134	116	18
Allowance to provision for doubtful accounts	33	29	4
<b>Total amortisation, depreciation and write-downs</b>	<b>973</b>	<b>885</b>	<b>88</b>

### 2.4 FINANCIAL INCOME/CHARGES

#### 2.4.1 Financial income

	2022	2021	Change
Interest income	78	66	12
Dividends	0	29	-29
Exchange gains	2	2	0
Other financial income	386	9	377
<b>Total financial income</b>	<b>466</b>	<b>106</b>	<b>360</b>

The item Other financial income includes the gain realised on the sale of the equity investment held by the Parent Company in Red Lions S.p.A. following the acquisition of Akern.

#### 2.4.2 Financial charges

	2022	2021	Change
Other financial charges	-64	-6	-58
Interest expense	-31	-11	-20
Realised exchange losses	-33		-33
<b>Total financial charges</b>	<b>-128</b>	<b>-17</b>	<b>-111</b>

#### 2.5 INCOME TAXES

	2022	2021	Change
Direct taxes on business income	5,603	4,392	1,211
Deferred tax assets	-9	199	-208
Other taxes and duties		-457	457
<b>Total taxes</b>	<b>5,594</b>	<b>4,134</b>	<b>1,460</b>

Taxes are accrued on an accrual basis and have been determined on the basis of current rates and regulations.

#### 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 2022 towards 31 December 2021 is as follows:



	30 September 2022	31 December 2021
A Cash and cash equivalents	(19,843)	(29,409)
B Cash equivalents		
C Other current financial assets	(4,715)	(4,530)
<b>D Liquidity (A+B+C)</b>	<b>(24,558)</b>	<b>(33,939)</b>
1) E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	507	515
F Current portion of non-current financial debt	2,790	305
<b>G Current financial debt (E+F)</b>	<b>3,297</b>	<b>820</b>
of which guaranteed	77	77
of which not guaranteed	3,220	743
<b>H Net current financial debt (G-D)</b>	<b>(21,261)</b>	<b>(33,119)</b>
2) I Non-current financial debt (excluding current portion and debt instruments)	14,877	5,526
J Debt instruments		4
K Trade payables and other non-current payables		
<b>L Non-current financial debt (I+J+K)</b>	<b>14,877</b>	<b>5,530</b>
of which guaranteed	0	0
of which not guaranteed	14,877	5,530
<b>M Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)</b>	<b>(6,384)</b>	<b>(27,589)</b>
3) N Other current and non-current financial assets	(934)	(475)
<b>O Net financial debt (M-N)</b>	<b>(7,318)</b>	<b>(28,064)</b>

- 1) It includes the following items of the financial statements: Current financial liabilities (Bank overdrafts Euro 250 thousand, Financial payables for rights of use Euro 294 thousand).
- 2) It includes the following debt items of the financial statements: Non-current financial liabilities (M/L-term loans Euro 14,416 thousand, Financial payables for non-current rights of use Euro 438 thousand);
- 3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid Euro 187 thousand) and Other non-current assets (Insurance for Directors' termination indemnity Euro 747 thousand).

Pisa, 07 November 2022

For the Board of Directors

The Chairman

(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 2022 corresponds to the documented results, books and accounting records.

Pisa, 07 November 2022

PharmaNutra S.p.A.

Executive in charge for drafting  
the financial statements

Francesco Sarti