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Oggetto : FIRST HALF 2023 RESULTS

<i>Testo del comunicato</i>

Vedi allegato.

PHARMANUTRA S.P.A.: THE BOD APPROVED THE FIRST HALF FINANCIAL REPORT AS AT 30 JUNE 2023

Strong growth in sales revenue and confirmed expected margin trend due to the investments in the Group's new development projects

- Sales revenue €49.6 M (+25% compared to 30/06/2022)
- Gross Operating Margin €14.1 M (+13.2% compared to 30/06/2022)
- Adjusted net result for the period €9.2 M (+12.2% compared to 30/06/2022)
- Net Financial Position €10.0 M (-€20.7 M compared to 31/12/2022)

Pisa, 11 September 2023 – The Board of Directors of [PharmaNutra S.p.A.](#) (MTA; Ticker PHN), a company specialising in mineral-based nutritional supplements and medical devices for muscles and joints, today has approved the First Half Financial Report as at 30 June 2023 (subject to limited audit).

Roberto Lacorte, Vice Chairman of PharmaNutra S.p.A., stated: *'PharmaNutra's second quarter closed with a performance perfectly in line with the first three months of the year, in terms of parameters, and with everything the company has always expressed, since it was established. This is an extremely significant result, achieved at a particular time, when PharmaNutra is making significant investments to support very important growth drivers, which will mark a change of pace and size for the company in the future. All this is possible thanks to the spending capacity, i.e. the finance accumulated to date, and the profitability guaranteed on a daily basis by the core businesses in which our company is successfully engaged.'*

ANALYSIS OF CONSOLIDATED RESULTS FOR THE FIRST HALF OF 2023

ECONOMIC DATA (€/million)	2023	%	2022	%	Change
REVENUES	50,2	100,0%	39,9	100,0%	25,8%
SALES REVENUES	49,6	98,8%	39,7	99,5%	25,0%
EBITDA MARGIN	14,1	28,0%	12,4	31,1%	13,2%
NET RESULT OF THE PERIOD	7,2	14,4%	8,2	20,6%	-12,1%
NET RESULT OF THE PERIOD excluding non recurring items*	9,2	18,4%	8,2	20,6%	12,1%
EPS - EARNING PER SHARE (Euro)	0,75		0,85		-12,0%
EPS - EARNING PER SHARE excl. Non rec. items (Euro) *	0,96		0,85		12,3%

BALANCE SHEET & EQUITY (€/million)	2023	2022	Change
NET INVESTED CAPITAL	58,7	40,3	18,4
NET FINANCIAL POSITION	(10,0)	10,6	(20,7)
EQUITY	(48,7)	(50,9)	(2,2)

* the Net Result of the period and Net earnings per share excluding non-recurring items as at 30/06/2023 do not include the accrual made to the Provision for Taxes for the amount of Euro 2 million, which represents the estimated amount related to the definition of the tax periods between 2017 and 2021 with the aim of adhering to the institute of cooperative compliance provided for by Italian Legislative Decree no. 128 of 5 August 2015.

The Group's growth for the first half of 2023 confirmed the values already shown in the first quarter, with sales revenues increasing by 25% compared to the same period of the previous year. The process of setting up the business activities of the subsidiaries PharmaNutra España, PharmaNutra USA and the new Cetilar® Nutrition line continued, resulting, as expected, in a reduction in margins due to the start-up costs incurred. On the financial side, there was a temporary drawdown of liquidity, which, together with the provision of a mortgage loan to cover the investment for the construction of the new headquarters, led to a reduction in the net financial position.

After having defined the 2016 tax period by means of a deed formalised in March, the Parent Company began discussing with the Provincial Directorate of the Inland Revenue Agency at the Pisa office to also settle the tax periods from 2017 to 2021 with the aim, already informally anticipated to the tax supervisory authorities, of adhering to the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015. This discussion will address the same type of remarks already considered for the 2016 tax period and, although it follows a general audit carried out by the tax

authorities, it will not point out any additional types of tax remarks for the Company. To this end, in the financial statements as at 31 December 2022, a provision of Euro 1.4 million had been accrued to the tax provision. The checks carried out as part of the dialogue process with the Inland Revenue revealed the need to make a further allowance to the tax provision, which was estimated at Euro 2 million.

Adhering to the collaborative compliance program is a fundamental step in the creation of value for the Group's stakeholders, since it allows for a prior and constant dialogue with the tax authorities, abandoning the current system that envisages assessments after the tax return is submitted aimed at sanctioning any irregularities it may contain. The prior and constant communication with the tax authorities provides the taxpayer with immediate tax certainty prior to the tax return, prevents the risk of tax disputes and eliminates the risk of administrative and criminal sanctions, integrates and strengthens the corporate governance and internal control system, making it possible to correctly plan investments and their expected return because of the certainty of the tax rate.

Revenues from sales

Consolidated sales revenue in the first half of 2023 increased by 25% compared to the corresponding period of the previous year and amounted to Euro 49.6 million (Euro 39.7 million as at 30 June 2022).

Revenues - Italy

Revenues from sales on the Italian market increased by 22.6% to Euro 35.5 million (Euro 28.9 million as at 30 June 2022). They include Euro 2.3 million generated by Akern, which was not consolidated as at 30 June 2022.

Revenues - Foreign markets

Revenues from sales in foreign markets amounted to Euro 14.2 million (Euro 10.8 million in the first half of the previous year), an increase of 31.5%, and accounted for 28.5% of total revenues compared to 27.1% in the first half of the previous year. The result achieved is in line with expectations, and the Group already

has orders in hand for the whole of the third and fourth quarters. Akern's revenues generated in foreign markets in the period amounted to Euro 0.4 million.

TURNOVER BY PRODUCT LINE

The first half of 2023 shows growth in sales of Sideral®, Cetilar® and Ultramag® and a more restrained growth of Apportal® due to seasonality.

Total F. P. Revenues breakdown by Trademark				Incidence %	
€/000	2023	2022	Δ%	2023	2022
Sideral	34.814	28.913	20,4%	72%	76%
Cetilar	4.897	3.866	26,7%	10%	10%
Apportal	4.058	3.766	7,7%	8%	10%
Ultramag	580	425	36,5%	1%	1%
Other	1.355	1.322	2,5%	3%	3%
Akern	2.691	0	n.s.	6%	0%
Total	48.395	38.292	26,4%	100%	100%

SiderAL® line, the market leader in iron-based supplements, shows a growth of 20.4% compared to 30 June 2022, reaching a value market share of 53.5%¹ in the iron-based supplements market.

Sales of the Cetilar® line show an increase of approximately 26.7% compared to the first half of 2022.

Operating Costs for the first half of 2023 amounted to Euro 36.2 million, an increase of 31.5% compared to 30 June 2022 (Euro 27.5 million), attributable to the costs incurred for the start-up of the business of the subsidiaries PharmaNutra USA and PharmaNutra ESPAÑA, in particular recruiting, administrative and commercial advisory service and personnel costs, and higher marketing investments made to support the Group's brands.

¹ Source: Iqvia data, June 2023

PharmaNutra Group's **EBITDA** for the half year closed at 30 June 2023 was Euro 14.1 million (Euro 12.4 million in the first half of 2022), corresponding roughly to a 28% margin on revenues, and an approximate increase of 13.2% compared to the same period of the previous year.

The **Net result for the period** amounted to Euro 7.2 million for the first half of 2023 (Euro 8.2 million as at 30 June 2022).

The **Net result for the period excluding non-recurring items**, represented by the accrual to tax provision mentioned above, amounted to Euro 9.2 million.

The **Net result per share** for the first half of 2023 was Euro 0.75 compared to Euro 0.85 as at 30 June 2022.

The **Net result per share excluding non-recurring items** for the first half of 2023 was Euro 0.96 compared to Euro 0.85 as at 30 June 2022.

The **Net Financial Position** as at 30 June 2023 showed a negative balance of Euro 10 million compared to the positive balance (net cash) of Euro 10.6 million as at 31 December 2022, after paying dividends of Euro 7.7 million and purchasing treasury shares for Euro 1.6 million; capital expenditures in the half year amounted to about Euro 10 million, of which about Euro 7 million related to the progress of construction work of the Group's new headquarters. Cash generated by operations in the period amounted to Euro 0.2 million due to the cash drawdown generated by the implementation of inventory management policies, costs incurred in the half-year whose competence extends to the following half-year, the purchase of tax credits, and the payment of medium/long-term emoluments to the Executive Directors following the expiry of their term of office.

The change in the net financial position compared to 31 December 2022 was also affected by the approval of a mortgage loan based on the progress of the construction to cover the investment for the realization of the new headquarters, of which the amount of Euro 9 million was disbursed.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

The process of developing new markets continued with the signing, in January, of new sales agreements for the distribution of products from the SiderAL® and Cetilar® lines in the Indonesian Republic, Kuwait and Mexico. In April, three new agreements were formalised for the distribution of SiderAL® line products in Benelux, Chile and Uruguay, Guatemala, Panama, El Salvador and Costa Rica.

In February, a sponsorship agreement with Ferrari-AF Corse was announced, thanks to which the Cetilar® brand will be present on two official Ferrari 499P prototypes participating in the World Endurance Championship. In the same month, the Group's first Investor Day was held, which was an occasion for sharing the Group's strategic horizons for the coming years and illustrating the main drivers on which development will be based.

The outlined growth strategies were implemented in March, with the establishment of PharmaNutra España and the launch of the new product line dedicated to sports nutrition: Cetilar® Nutrition.

In the same month, the dispute with the Italian Inland Revenue concerning tax year 2016 was settled with the payment of Euro 797 thousand. This amount will be subject to reimbursement by the pre-existing shareholders at the date of listing on the AIM market (July 2017) for taxes, penalties and interest paid on the basis of the statements and guarantees made by them in the admission document, Section 1, chapter 16, paragraph 16.1.

In May, the partnership with the Spanish driver Fernando Alonso was renewed and a mortgage loan based on the progress of the construction of the new headquarter was finalised with Banco BPM S.p.A. for the amount of Euro 12 million, of which Euro 9 million was disbursed at the signing of the contract.

In June, the Parent Company invested a portion of its liquidity, amounting to Euro 4.3 million, by purchasing tax credits from the so-called "superbonus", "ecobonus" and other building tax relief measures, in the various forms of tax relief obtained in connection with the interventions referred to in articles 119-121 of Italian Decree-Law No. 34/2020, converted by Law No. 77/2020, as later amended and supplemented ("Relaunch Decree"), Italian Decree-Law No. 63/2013, converted by Law No. 90/2013,

articles 14, 16, 16-*bis* and 16-*ter*, and Italian Law No. 160/2019 article 1, paragraph 219, as later amended and supplemented.

27,382 treasury shares were purchased during the half year, equal to a value of Euro 1.6 million, as part of the share buyback program approved by the Ordinary Shareholders' Meeting on 26 April 2021 and 27 April 2022. As at 30 June 2023, PharmaNutra holds 65,381 treasury shares equal to 0.68% of the share capital.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FIRST HALF OF 2023

In July, the 2022 Sustainability Report was published. The document is available at <https://www.pharmanutra.it/it/sostenibilita> and - in addition to representing the progress made and the objectives achieved - outlines the medium-term sustainability strategy.

At the end of August, the Food Standards Agency (FSA) and Food Standards Scotland (FSS) - the Food Safety Agencies of England, Wales, Northern Ireland and Scotland, respectively - have officially issued their approval for the UK Novel Food classification application of Lipocet, an oral formulation based on cetylated fatty acids (CFAs), the same active ingredient used in the Cetilar® range of products.

Today the Board of Directors approved the "Policy for the Management of Dialogue with all Shareholders of PharmaNutra S.p.A.", available to the public at the company's registered office and on the website www.pharmanutra.it (Section "Governance/Corporate Documents").

FORESEEABLE BUSINESS OUTLOOK

The solid base represented by a double-digit organic growth trend in terms of revenues and margins, coupled with strong financial consistency and the generation of significant cash flows from operations, is the basis for the implementation of new growth strategies to exploit significant market opportunities that are expected to pay off in the medium term.

During the second half of 2023, the Group's strategy will focus on the commercial development of the new line of food supplements designed specifically for those who take part in sporting activities (Cetilar®

Nutrition), which were launched at the end of the first quarter through a dedicated network of agents and the e-commerce channel, the start of operations of PharmaNutra USA, through which the distribution of all the Group's main products in the US will begin, and the start of operations of PharmaNutra España to market the Cetilar® (cream, patch, tape and oro) and Cetilar® Nutrition line products in the country.

Akern's integration process will continue to create synergies that are expected to contribute to the development of the subsidiary's and the Group's business volume.

The new headquarter is scheduled to be completed by the end of summer 2023. Thanks to this investment, the Group will have its own research centre and a factory for the production of proprietary raw materials with a significant reduction in research time and the possibility of directly controlling the most important part of the production process.

The investments planned to support the projects described will result in a moderate reduction in margins for the next two financial years.

Discussions will continue with the Inland Revenue for the settlement of tax periods not yet defined with the aim of accessing the cooperative compliance program.

The current international tensions and unpredictable developments in the scenarios linked to the conflict between Russia and Ukraine generate widespread macroeconomic uncertainty that could affect the achievement of the company objectives.

The First half financial report as at 30 June 2023, 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.

STATEMENT OF THE MANAGER RESPONSIBLE FOR PREPARING THE FINANCIAL REPORTS

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

and accounting records.

FINANCIAL STATEMENTS (subject to limited audit)

Annex 1 – Consolidated Balance Sheet

Appendix 2 - Consolidated Income Statement and Consolidated Comprehensive Income Statement

Annex 3 - Consolidated statement of changes in Shareholders' equity

Annex 4 – Consolidated Cash Flow Statement (indirect method)

CONSOLIDATED BALANCE SHEET

€/1000	30/06/2023	31/12/2022
NON CURRENT ASSETS	50.871	41.428
Buildings, plant and equipment	25.156	17.055
Intangible assets	22.274	21.560
Investments	4	4
Non current financial assets	291	244
Other non current assets	2.114	1.259
Deferred tax assets	1.032	1.306
CURRENT ASSETS	54.334	58.727
Inventories	7.338	5.261
Cash and cash equivalents	10.313	22.051
Current financial assets	5.070	4.810
Trade receivables	24.654	21.647
Other current assets	6.265	2.881
Tax receivables	694	2.077
TOTAL ASSETS	105.205	100.155
NET EQUITY	48.712	50.948
Share Capital	1.123	1.123
Statutory Reserve	225	225
Treasury shares	(3.983)	(2.362)
Other reserves	44.125	36.791
IAS 19 Reserve	227	226
Fair value OCI reserve	(242)	(115)
FTA Reserve	12	12
Result of the period	7.232	15.048
Group Equity	48.712	50.948
Third parties equity		
NON CURRENT LIABILITIES	31.015	23.417
Non current financial liabilities	22.037	14.110
Provision for non curr. risks and charges	7.341	5.414
Provision for empl. and directors benefit	1.637	3.893
CURRENT LIABILITIES	25.478	25.790
Current financial liabilities	3.669	3.616
Trade payables	16.267	16.885
Other current liabilities	3.522	3.765
Tax payables	2.020	1.524
TOTAL LIABILITIES & EQUITY	105.205	100.155

CONSOLIDATED PROFIT AND LOSS

€/1000	2023	2022
TOTAL REVENUES	50.247	39.930
Net revenues	49.632	39.711
Other revenues	615	219
OPERATING EXPENSES	36.193	27.515
Purchases of raw material, cons. and supplies	3.213	1.894
Change in inventories	(1.925)	(349)
Expense for services	31.144	23.392
Employee expenses	3.296	2.309
Other operating expenses	465	269
EBITDA	14.054	12.415
Amortization, depreciation and write offs	854	594
EBIT	13.200	11.821
FINANCIAL INCOME/(EXPENSES) BALANCE	7	-
Financial income	362	49
Financial expenses	(355)	(49)
PRE TAX RESULT	13.207	11.821
Income taxes	(5.975)	(3.589)
Third parties result		
Net result of the Group	7.232	8.232
Net income per share (Euro)	0,75	0,85

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

€/1000	2023	2022
Result for the period	7.232	8.232
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	(126)	18
Comprehensive result of the period	7.106	8.250

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

€/1000	Share Capital	Treasury Shares	Legal reserve	Other reserves	FTA Reserve	OCI Fair value reserve	IAS 19 Reserve	Currency conversion Reserve	Result of the period	Total
Balance 01/01/2023	1.123	(2.362)	225	36.791	12	(115)	226		15.048	50.948
Other changes	-	(1.621)		-		(127)	1			(1.747)
Dividends paid				(7.714)						(7.714)
Allocation of result				15.048					(15.048)	-
Result of the period									7.232	7.232
Exchange differences	-							(7)		(7)
Balance as at 30/6/23	1.123	(3.983)	225	44.125	12	(242)	227	(7)	7.232	48.712

€/1000	Share capital	Treasury Shares	Legal reserve	Other reserves	FTA reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
Balance 01/01/2022	1.123		225	29.949	(70)	28	56	13.771	45.082
Other changes		(2.159)		4		(114)	128		(2.141)
Dividends paid				(6.873)					(6.873)
Allocation of the result				13.771				(13.771)	-
Result of the period								8.232	8.232
Balance as at 30/6/22	1.123	(2.159)	225	36.852	(70)	(86)	184	8.232	44.301

CONSOLIDATED CASH FLOW STATEMENT - INDIRECT METHOD

CONSOLIDATED CASH FLOW (€/1000) - INDIRECT METHOD	2023	2022
Net result before minority interests	7.232	8.232
NON MONETARY COST/REVENUES		
Depreciation and write offs	854	594
Allowance to provisions for employee and director benefits	410	384
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provision for non current risk and charges	1.927	(469)
Change in provision for employee and director benefit	(2.666)	128
Change in inventories	(2.077)	(369)
Change in trade receivables	(3.126)	(4.415)
Change in other current assets	(3.384)	(1.465)
Change in tax receivables	1.383	(652)
Change in other current liabilities	(241)	(69)
Change in trade payables	(618)	671
Change in tax payables	496	3.176
CASH FLOW FROM OPERATIONS	190	5.746
Investments in intangible, property, plant and equipment	(9.761)	(5.499)
Disposal of intangibles, property, plant and equipment	211	160
Change in other assets	(855)	(493)
Change in deferred tax assets	274	145
CASH FLOW FROM INVESTMENTS	(10.131)	(5.687)
Other increase/(decrease) in equity	(133)	18
Treasury shares purchases	(1.621)	(2.159)
Dividends distribution	(7.714)	(6.873)
Financial assets increase	(423)	(371)
Financial assets decrease	113	121
Financial liabilities increase	12.280	6.000
Financial liabilities decrease	(4.919)	(503)
Financial ROU liabilities increase	808	2
Financial ROU liabilities decrease	(188)	(86)
CASH FLOW FROM FINANCING	(1.797)	(3.851)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(11.738)	(3.792)
Cash and cash equivalents at the beginning of the period	22.051	29.409
Cash and cash equivalents at the end of the period	10.313	25.617
CHANGE IN CASH AND CASH EQUIVALENTS	(11.738)	(3.792)

PharmaNutra S.p.A.

Founded 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. PharmaNutra is a leader in the production of iron-based nutritional supplements under the SiderAL® brand, where it holds important patents on Sucrosomial® Technology, and is considered one of the emerging top players in the medical device sector dedicated to restoring joint capacity thanks to the Cetilar® brand. The effectiveness of the products is demonstrated by a number of scientific evidences, including more than 120 publications. In Italy, the sales activity is carried out through a network of over 160 Commercial Scientific Agents serving the medical class and dedicated to the exclusive marketing of products to pharmacies and parapharmacies throughout the national territory. Sales abroad are guaranteed in over 71 countries through 45 partners selected among the leading pharmaceutical companies. Over the years, the Group has developed a precise strategy in 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

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