

INTERIM MANAGEMENT REPORT

30th September 2023

PharmaNutra S.p.A.

Headquarters

REA (Economic Administrative Index)

PISA Companies Register

Share capital

Tax no. | VAT | Co. Reg. of Pisa

Via Campodavola, 1 - 56122 PISA PI

PI-146259

01679440501

Euro 1,123,097.70 fully paid-in

01679440501

Our history

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

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 more than 100 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 **over 70 countries** in Europe, Asia, Africa and America, through a network of **over 40 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.

To support new growth strategies, **PharmaNutra España** and **PharmaNutra USA** were established in 2023

2000

ALESCO

Establishment of a new company specialised in nutraceutical raw materials.

2003

PHARMANUTRA

PharmaNutra is founded, for the development of medical devices and nutraceutical products.

2010

JUNIA PHARMA

Establishment of a new company focusing on the paediatric sector.

2022

AKERN

PharmaNutra started and completed the acquisition of 100% of the shares in Akern S.r.l.

2023

NEW STRATEGIES FOR GROWTH

Incorporation of PharmaNutra USA and PharmaNutra España.

CORPORATE BODIES

Board of Directors

Andrea Lacorte (Chairman)

Roberto Lacorte (Vice Chairman)

Carlo Volpi (Director)

Germano Tarantino (Director)

Alessandro Calzolari (Independent Director)

Marida Zaffaroni (Independent Director)

Giovanna Zanotti (Independent Director)

Board of Statutory Auditors

Giuseppe Rotunno (Chairman of the Board of Statutory Auditors)

Michele Luigi Giordano (Standing Auditor)

Debora Mazzacherini (Standing Auditor)

Alessandro Lini (Substitute Auditor)

Elena Pro (Substitute Auditor)

Independent auditors

BDO Italia S.p.A.

INTRODUCTION

PharmaNutra S.p.A., whose shares are traded on the STAR Segment of the Mercato Telematico Azionario ("MTA"), organised and managed by Borsa Italiana as of 15 December 2020, operates in the nutraceutical and pharmaceutical sector with the objective of improving people's well-being. Based on continuous research and development, it has introduced new nutritional concepts and new active ingredients to the market. It manufactures products using innovative technologies, paying particular attention to the protection of intellectual property.

The Board of Directors of PharmaNutra S.p.A. resolved to draft the Group's condensed consolidated financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The amounts in the accounting statements, tables and explanatory notes are expressed in thousands of Euro, unless otherwise stated.

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INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2023

1.1 MAIN CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET DATA

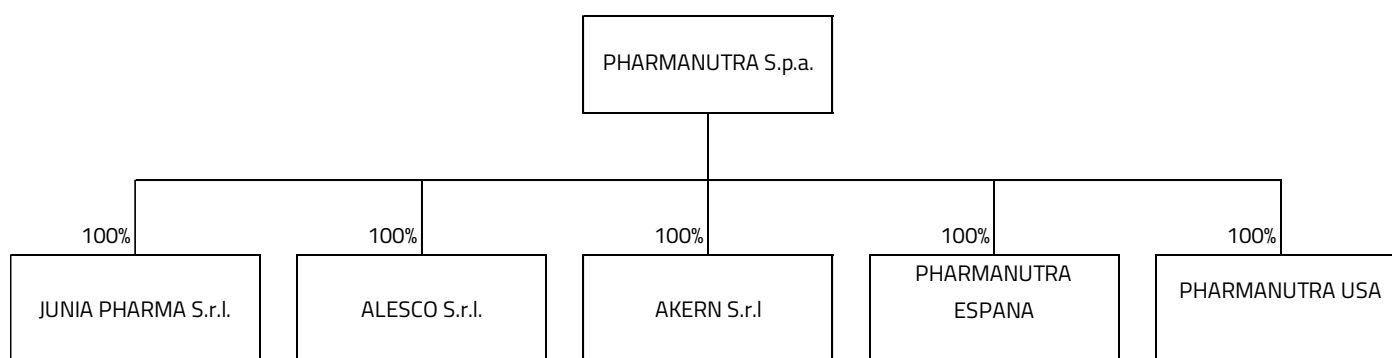
INCOME STATEMENT FIGURES (€/millions)	2023	%	2022	%	Changes
REVENUES	72.2	100.0%	60.5	100.0%	19.2%
REVENUES FROM SALES	71.4	99.0%	60.3	99.6%	18.5%
EBITDA	19.0	26.4%	19.1	31.5%	-0.3%
NET RESULT	9.7	13.5%	12.8	21.2%	-24.2%
NET RESULT excl. non-recurring items *	11.7	16.3%	12.8	21.2%	-8.6%
EPS - NET RESULT PER SHARE (Euro)	1.01		1.33		-24.1%
EPS - NET RESULT PER SHARE excl. non-recurring items (Euro)*	1.21		1.33		-8.5%

BALANCE SHEET FIGURES (€/millions)	2023	2022	Changes
NET INVESTED CAPITAL	61.2	40.3	20.9
NET FINANCIAL POSITION	(9.9)	10.6	(20.5)
SHAREHOLDERS' EQUITY	(51.3)	(51.0)	0.3

* the Net Result and Net earnings per share excluding non-recurring items as at 30/09/2023 do not include the allocation made to the Provision for Taxes for the amount of 2 million euro, which represents the estimate 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.

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 Campodavola 1, Pisa, which holds controlling investments 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 Pharmaceutical Sales Representatives 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.

The Company continuously invests in research and development in order to further strengthen its results in the pertaining industry.

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 2022.

Pharmanutra USA (hereinafter also referred to as "PHN USA") was established in December 2022 to market Pharmanutra® branded products on the American market through direct territorial sales and selected ecommerce channels. The company has a capital of USD 300,000 and operational headquarters in Florida.

PharmaNutra España (hereinafter also referred to as "PHN ESP") was established in March 2023 with its headquarters in Barcelona and capital of 50,000 euro. It will be in charge of the distribution of the Cetilar® and Cetilar® Nutrition line products in the Spanish market through selected online sales channels and a dedicated sales network.

1.3 CONSOLIDATED POSITION AS AT 30 SEPTEMBER 2023

The Group's performance confirms the forecasts in terms of both revenue growth (+18.5% year-on-year) and slight reduction of margins due to operating costs related to the start-up of new development projects (Cetilar®

Nutrition, PHN USA, PHN ESP, China) . Excluding the operating costs related to the start-up of the new initiative (about 3 million Euro), the incidence of EBITDA as at 30 September 2023 on revenues is in line with that reported in the same period of the previous year.

With reference to the American market, the operational and commercial structure of PHN USA was finalised with the opening of the office in Miami (Florida), the appointment of a Country Manager and an Operation Manager, as well as the hiring of a Sales Regional Manager who will coordinate the sales network currently consisting of 8 Sales Executives. The entire sales network visited PharmaNutra's headquarters in Italy at the end of September for a week of scientific training and mutual exchange of knowledge of the markets and their peculiarities. The first sales made upon the return of the sales force demonstrate the effectiveness of the model implemented. The products to be marketed are the SiderAL® line, a nutritional supplement containing Sucrosomial Iron®, the Cetilar® line, dedicated to the wellbeing of muscles and joints, based on Cetylated Esters (CFA) and available in Cream, Patch, Tape and Gold versions, and finally Apportal®, a complete nutritional supplement containing 19 nutrients. The company's e-commerce site for online sales went live at the beginning of October, joining the other sales channels represented by doctors, patients, pharmacies and hospitals.

The invitations to cross-examination notified by the Provincial Directorate of Pisa of the Revenue Agency for the tax periods from 2017 to 2021 were defined, through appeal to the institute of special voluntary repentance pursuant to law 197/2022. The total amount paid amounts to approximately Euro 3.5 million and will be paid in 4 installments by 31 December 2023.

The Directors believe that the definition made is of great importance since it eliminates the risk of potential future disputes and consequent tax liabilities and lays the foundations for achieving the objective, already informally anticipated to the tax control bodies, of joining the institute of the collaborative compliance required by Legislative Decree no. 128 of 5 August 2015. Adherence to the collaborative compliance institute will represent a fundamental step in the creation of value for the Group's stakeholders as it will allow preventive and constant dialogue with the tax authorities, abandoning the current system which provides for assessments following the submission of the declarations aimed at sanctioning any irregularities thereof. The preventive and constant dialogue with the financial administration ensures the taxpayer immediate preventive fiscal certainty, 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, through the certainty of the tax rate, a more correct planning of investments and their expected return.

Performance in the third quarter of 2023

Income Statement

CONSOLIDATED INCOME STATEMENT (€/1000)	2023	%	2022	%	Δ 23/22	Δ %
REVENUES	72.190	100.0%	60.542	100.0%	11.648	19.2%
Net revenues	71.434	99.0%	60.270	99.6%	11.164	18.5%
Other revenues	756	1.1%	272	0.5%	484	177.9%
OPERATING COSTS	53.160	73.6%	41.447	68.5%	11.713	28.3%
Purchases of raw materials, consum. and supplies	3.986	5.5%	3.230	5.3%	756	23.4%
Change in inventories	(2.366)	-3.3%	(1.150)	-1.9%	(1.216)	105.7%
Costs for services	46.276	64.1%	35.425	58.5%	10.851	30.6%
Personnel costs	4.662	6.5%	3.498	5.8%	1.164	33.3%
Other operating costs	602	0.8%	444	0.7%	158	35.6%
GROSS OPERATING MARGIN (EBITDA)	19.030	26.4%	19.095	31.5%	(65)	-0.3%
Amortisation, depreciation and write-downs	1.265	1.8%	973	1.6%	292	30.0%
OPERATING MARGIN (EBIT)	17.765	24.6%	18.122	29.9%	(357)	-2.0%
FINANCIAL INCOME (EXPENSE) BALANCE	(69)	-0.1%	338	0.6%	(407)	-120.4%
Financial income	557	0.8%	466	0.8%	91	19.5%
Financial charges	(626)	-0.9%	(128)	-0.2%	(498)	389.1%
PRE-TAX RESULT	17.696	24.5%	18.460	30.5%	(764)	-4.1%
Taxes	(7.965)	-11.0%	(5.594)	-9.2%	(2.371)	42.4%
Net result of third parties		24.5%	(27)	0.0%	27	0.0%
Group net income	9.731	13.5%	12.839	21.2%	(3.108)	-24.2%

Consolidated net revenues at 30 September 2023 amounted to 71.4 million euro, an increase of 11.2 million euro (+18.5%) compared to the same period of the previous year.

Revenues generated on the Italian market amounted to 47.1 million euro (42.5 million euro as at 30 September 2022), an increase of 11%, with a 66% ratio to total revenues, compared to 70% in the same period last year. The increase in revenues derives from higher sales of finished products and the consolidation of Akern for 3.6 million euro, while sales of raw materials remained substantially in line with the same period of the previous year.

Consolidated net sales revenues in foreign markets amounted to 20.7 million euro versus 16.9 million euro as at 30 September 2022, recording a net increase of 3.8 million euro (+22%). As a result of the above, the ratio of revenues from foreign markets to total revenues increased from 28% as at 30 September 2022 to 29% as at 30 September 2023. The contribution to revenues from new business is still marginal; the first units were sold in the USA during the last week of September, while marketing in Spain was constrained by issues related to obtaining

authorisations, which have now been resolved. China and Nutrition line are gradually increasing their sales volumes.

Sales volumes of finished products as at 30 September 2023, amounting to approximately 9.1 million units increased by about 8.5% if compared to the volumes at 30 September 2022 (8.4 million units).

Operating expenses as at 30 September 2023, amounting to approximately 53.2 million euro (approximately +28% compared to 30 September 2022), increase naturally as a consequence of the increase in revenue and for the operating expenses related to the start-up of new projects (3.0 million euro), in particular recruiting costs, personnel costs, administrative and commercial consulting and marketing costs.

The Taxes item includes the provision of 2 million euro as already mentioned.

As a result of the above, the Pharmanutra Group's **Gross Operating Profit (EBITDA)** amounted to 19.0 million euro (19.1 million euro as at 30 September 2022), equivalent to a 26.4% margin on total revenue, a decrease of approximately 4% compared to 30 September 2022. Excluding the effect of start-up costs of new initiatives, the Gross Operating Profit for the nine months ended 30 September 2023 amounts to Euro 20,4 milioni (about +9% compared to same period of the previous year) and in line with that recorded in the same period of the previous year, indicating the Group's recurring business solidity.

The **Net result** for the period amounts to 9.7 million euro compared to 12.8 million euro as at 30 September 2022.

The **Net result for the period excluding non-recurring items**, including the allowance to tax provision mentioned above, amounted to 11.7 million euro.

The **Net result per share** was 1.01 euro compared to 1.33 euro as at 30 September 2022.

The **Net Result per share excluding non-recurring items** at 30 September 2023 were 1.23 euro per share compared to 1.33 euro per share as at 30 September 2022.

Balance sheet

CONSOLIDATED BALANCE SHEET (€/1000)	30/09/2023	31/12/2022
TRADE RECEIVABLES	24.576	21.647
INVENTORIES	7.839	5.261
TRADE PAYABLES	(15.208)	(16.882)
OPERATING WORKING CAPITAL	17.207	10.026
OTHER RECEIVABLES	6.679	4.958
OTHER PAYABLES	(7.427)	(5.292)
NET WORKING CAPITAL	16.459	9.692
INTANGIBLE ASSETS	22.596	21.560
TANGIBLE ASSETS	27.015	17.055
NON CURRENT ASSETS	3.556	1.310
TOTAL ASSETS	53.167	39.925
PROVISIONS AND OTHER L/T LIAB.	(8.456)	(9.307)
NET INVESTED CAPITAL	61.170	40.310
NET EQUITY	51.267	50.948
NON CURRENT FINANCIAL LIAB.	21.006	14.110
CURRENT FINANCIAL LIAB.	3.894	3.616
NON CURRENT FINANCIAL ASSETS	(277)	(1.503)
CURRENT FINANCIAL ASSETS	(5.145)	(4.810)
CASH AND CASH EQUIVALENTS	(9.575)	(22.051)
NET FINANCIAL POSITION	9.903	(10.638)
TOTAL FUNDS	61.170	40.310

The change in operating working capital compared to 31 December 2022 is attributable to the higher sales volumes realised in the period, the increase in inventories due to the production cost management policies implemented, and the timing dynamics of cash in and out. The increase in the item Other receivables is due to the recognition of deferrals related to marketing activities whose accrual extends beyond 30 September 2023, the recognition of the receivable related to the indemnity to be received from pre-listing shareholders and the current portion of purchased tax credits.

The increase in the item Other payables is related to the recognition of taxes on the result of the period.

The increase in the Intangible Fixed Assets item derives from capitalised costs related to patents and trademarks resulting from research activities while Tangible Fixed Assets increased as a result of current capital expenditures

and to the construction of the new headquarters. The increase in Financial Fixed Assets is attributable to tax credits acquired as capital expenditures using a portion of the Group's liquidity.

The item Current financial assets refers to a temporary use of part of the Group's liquid funds with the subscription of financial instruments as part of the individual management mandate granted to Azimut Capital Management.

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.
- Operating Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables.
- 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.
- 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:

CONSOLIDATED NET FINANCIAL POSITION €/1000	30/09/2023	31/12/2022
Cash	(16)	(21)
Bank deposits	(9.559)	(22.030)
Cash and cash equivalents	(9.575)	(22.051)
Current financial assets	(5.145)	(4.810)
Current financial liabilities: due to banks	0	0
Current part of non current liabilities	3.497	3.365
Current fin. liabilities for rights of use	397	251
Current financial indebtedness net of fin. assets	(1.251)	(1.194)
Net Current Financial Indebtedness/(Availability)	(10.826)	(23.245)
Non current financial assets	0	(1.259)
Deposits paid	(277)	(244)
Non current bank debts	20.037	13.612
Non current fin. liabilities for rights of use	969	498
Non current financial indebtedness	20.729	12.607
Net Financial Position	9.903	(10.638)

The **Net financial position** as of 30 September 2023 was negative in the amount of 9.9 million euro, compared to a positive balance of 10.6 million euro as of 31 December 2022. The operating cash flow for the period amounted to 3.2 million euro; capital expenditures for 12.3 million euro were made, treasury shares were repurchased for the amount of 1.6 million euro and tax credits for 4.3 million euro were purchased.

The increase in the item Non-current bank payables derives from a mortgage loan with progress draws disbursed in May by Banco BPM S.p.A. The amount of the loan is 12 million euro, of which 9 million euro was disbursed when the contract was signed. The loan expires on 30 June 2038 and will be repaid in 60 quarterly instalments of which 4 are interest-only. It is secured by a first mortgage and is subject to an annual financial covenant. The interest rate is variable and based on the quarterly Euribor rate plus a spread of 1.45 b.p.

The reduction in Non-current Financial Assets resulted from the collection of the insurance policy taken out cover the Directors' termination indemnity provision, which was liquidated following the expiry of the Executive Directors' term of office.

For more details on changes in the Net Financial Position, please refer to the Consolidated Cash Flow Statement.

1.4 Pharmanutra Group's Business Lines

PharmaNutra Group's distribution and sales model consists of the following two business Lines:

- **Direct Business Line (LB1):** it is characterised by direct presence in the reference markets in which the Group operates; the logic that governs this model is to ensure complete control of the territory through an organisational structure of pharmaceutical 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, used for 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 plants that manufacture on behalf of third parties and, within the Group, supplying and selling products and raw materials to Pharmanutra and Junia Pharma.

- **Indirect Business Line (LB2):** the business model is common to all three companies and is mainly used in foreign markets. It is characterised by the marketing of finished products (Pharmanutra and Junia Pharma) and raw materials (Alesco) through local partners which, under long-term exclusive distribution contracts, distribute and sell the products in their own markets.
- **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 2023 (71.4 million euro) increased by 18.5% compared to the same period last year (60.3 million euro).

Revenues by area of activity				Incidence	
	€/1,000	2023	2022	Δ%	2023
LB1	46.259	41.352	11.9%	64.8%	68.6%
LB2	19.806	16.092	23.1%	27.7%	26.7%
Total Finished Products	66.064	57.443	15.0%	92.5%	95.3%
Alesco Outgroup – Italy	893	1.127	-20.7%	50.7%	58.7%
Alesco Outgroup – Rest of the World	870	795	9.5%	49.3%	41.4%
Total Raw Material	1.763	1.922	-8.2%	2.5%	3.2%
Akern Italy	3.168	802	n.s.	87.8%	1.3%
Akern Foreign markets	439	104	n.s.	12.2%	0.2%
Total Akern	3.606	905	n.s.	5.1%	1.5%
Total	71.434	60.270	18.5%	100%	100%

Revenues from sales of finished products increased by about 12% on the Italian market (LB1) and by about 23% on foreign markets (LB2) compared to 30 September of the previous year.

Revenues relating to the selling 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, show an overall decrease of 159 thousand euro due to lower sales on the Italian market.

Revenues related to the Akern business line amounted to 3.6 million euro, of which 3.2 million euro related to the Italian market and 439 thousand euro to foreign markets. Please note that Akern was subject to consolidation as of 1 July 2022.

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

Revenues by Business Line				Incidence	
	€/1,000	2023	2022	Δ%	2023
Total LB1	47.152	42.479	11.0%	66.0%	70.5%
Total LB2	20.676	16.886	22.4%	28.9%	28.0%
Akern	3.606	905	n.s.	5.1%	1.5%
Total	71.434	60.270	18.5%	100%	100%

Overall, revenues from sales on the LB1 line increased by about 11%, and amounted to 47.2 million euro (42 million euro in the previous year), and represent 66% of total revenues.

At 30 September 2023, revenues from the LB2 line amounted to 20.7 million euro (16.9 million euro at 30 September 2022), accounting for about 29% of total revenues.

Akern's revenues accounted for approximately 5% of total revenues.

Revenues by geographic area				Incidence	
€/1,000	2023	2022	Δ%	2023	2022
Europe	12.945	9.174	41.1%	61.3%	54.0%
Middle East	6.069	6.170	-1.6%	28.7%	36.3%
South America	1.061	629	68.9%	5.0%	3.7%
Far East	594	510	16.4%	2.8%	3.0%
Other	445	507	-12.2%	2.1%	3.0%
Total	21.114	16.990	24.3%	100%	100%

Europe remains the market with the highest impact on foreign revenues. The increase in South America stems from the start of the commercialisation of products following contracts signed in previous years. The changes in the other areas are attributable to the time dynamics required for the distributors to formalise purchase orders.

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, shows a year-on-year decrease in Apportal® sales, in line with the general trend in the topical products market, owing to the gradual fading of the effects of Covid 19.

Sideral® sales by quantity decreased by 0.8% compared to the previous quarter, compared to a 3% decrease in the iron food supplement market and a 4.3% decrease in the overall market.

F.P. Revenues by Product Line				Incidence	
€/1,000	2023	2022	Δ%	2023	2022
Sideral	50.316	42.872	17.4%	72.2%	73.5%
Cetilar	7.125	5.820	22.4%	10.2%	10.0%
Apportal	6.104	6.312	-3.3%	8.8%	10.8%
Ultramag	776	647	19.9%	1.1%	1.1%
Other	1.745	1.791	-2.6%	2.5%	3.1%
Akern	3.606	905	n.s.	5.2%	1.6%
Total	69.671	58.347	19.4%	100%	100%

In terms of volumes, sales of finished products as at 30 September 2023 amounted to 9,107 thousand units, an increase of approximately 8.5% compared to 8,397 thousand units in the corresponding period of the previous year.

F.P. Volumes				Incidence	
Units/1,000	2023	2022	Δ%	2023	2022
LB1	3.300	2.970	11.1%	36.2%	35.4%
LB2	5.807	5.427	7.0%	63.8%	64.6%
Total	9.107	8.397	8.5%	100%	100%

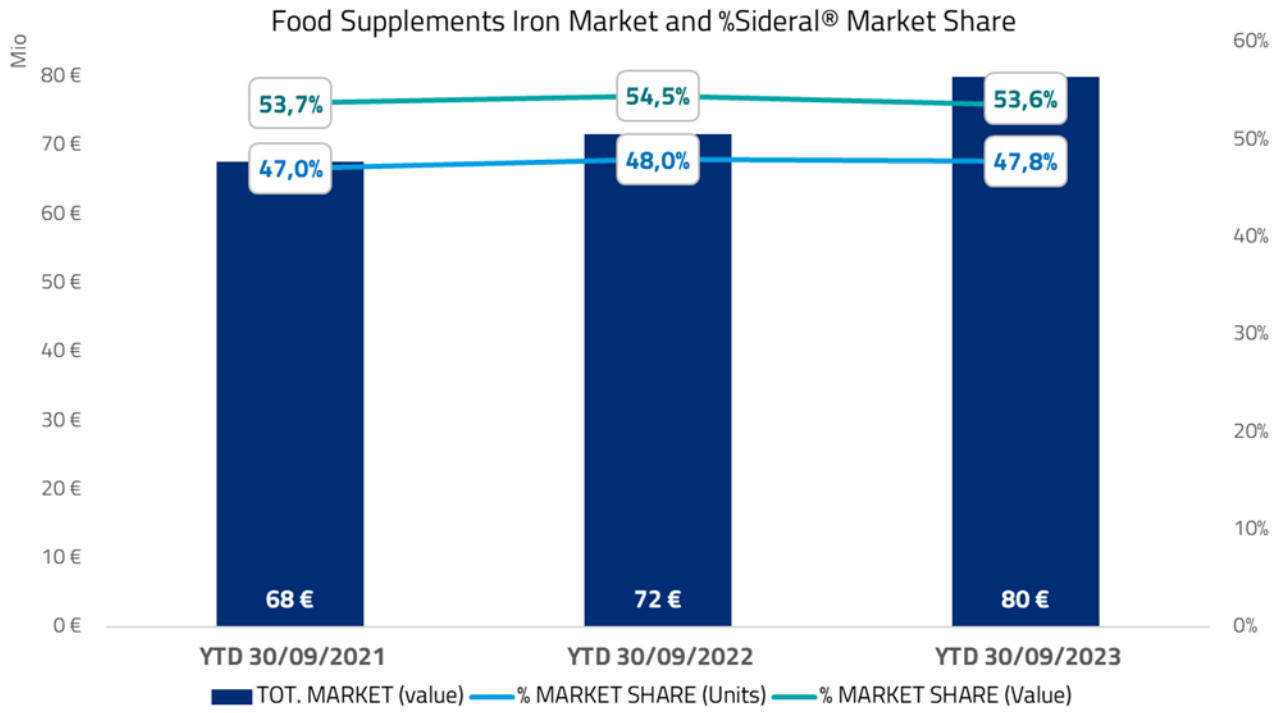
1.5 Reference markets in which the Group operates

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 9 months of 2023 with a market share in value of approximately 53.6% and 47.8% in volumes¹.



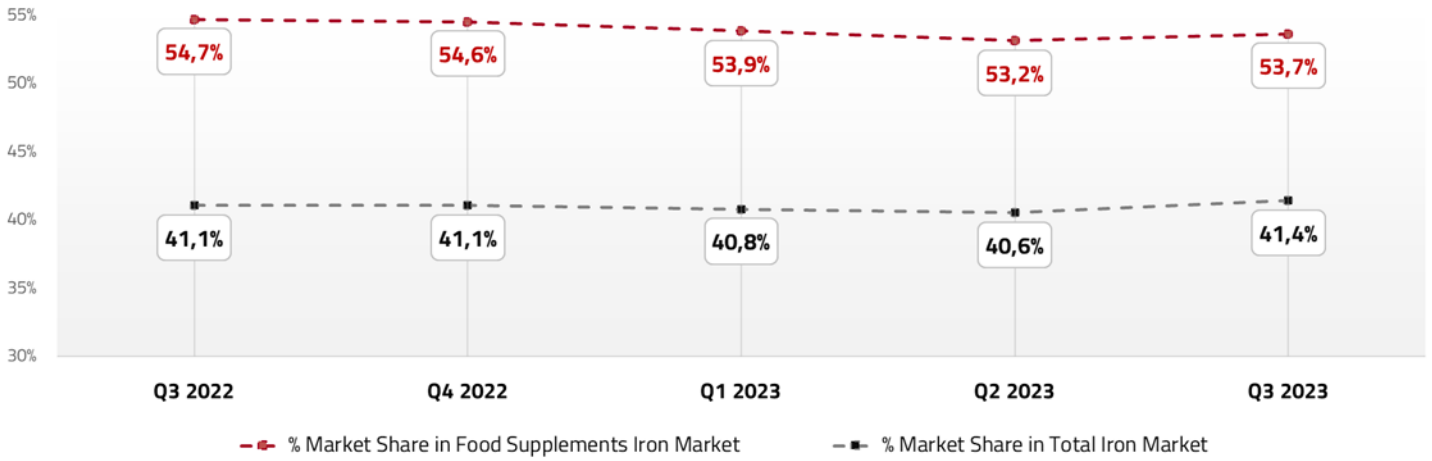
If the total market consisting of both food supplements and pharmaceuticals (Total Iron Market) is taken into account, the market share as at 30 September 2023 increases from 40.5% to 40.9% (in terms of value) and from 21.4% to 22.3% (in terms of units), compared to the same period last year.

The graph below shows the quarterly trend in Sideral® market share (expressed in value) compared to the iron-based supplement market only (Food Supplements Iron Market) and the total market (Total Iron Market)².

¹ Source: IQVIA data

² Source: IQVIA data

% Sideral Market Share in Food Supplements & Total Iron Market (VAL)_Quarter

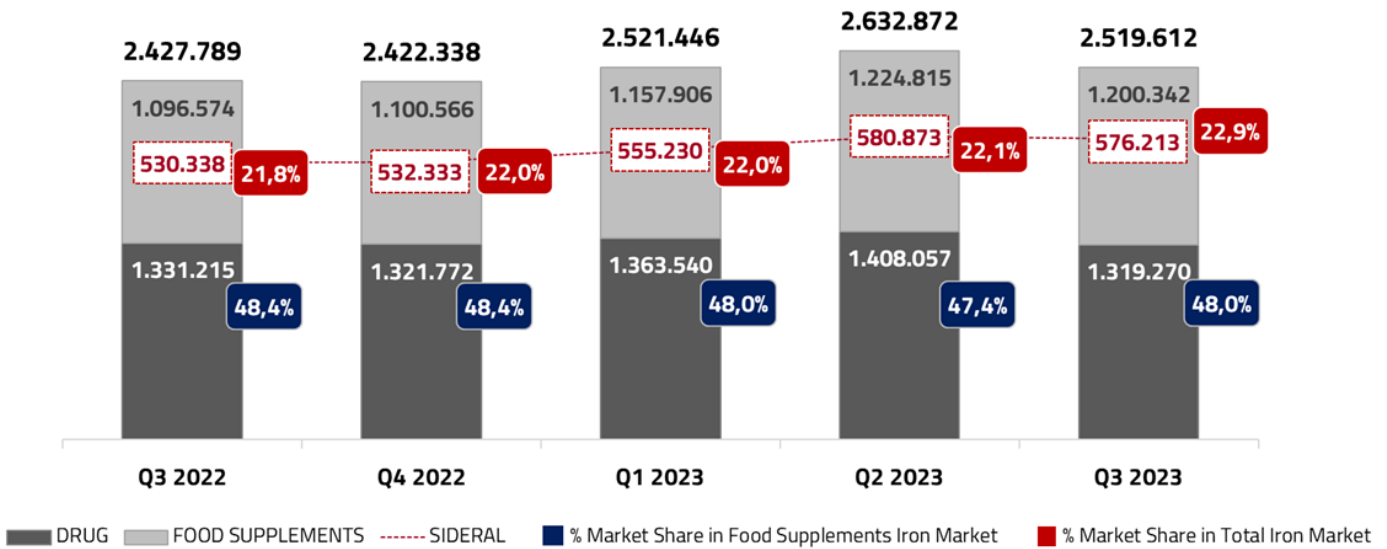


It is worth noting that the Sideral® product line also has a significant market share in the overall market, amounting to 41.4%.

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

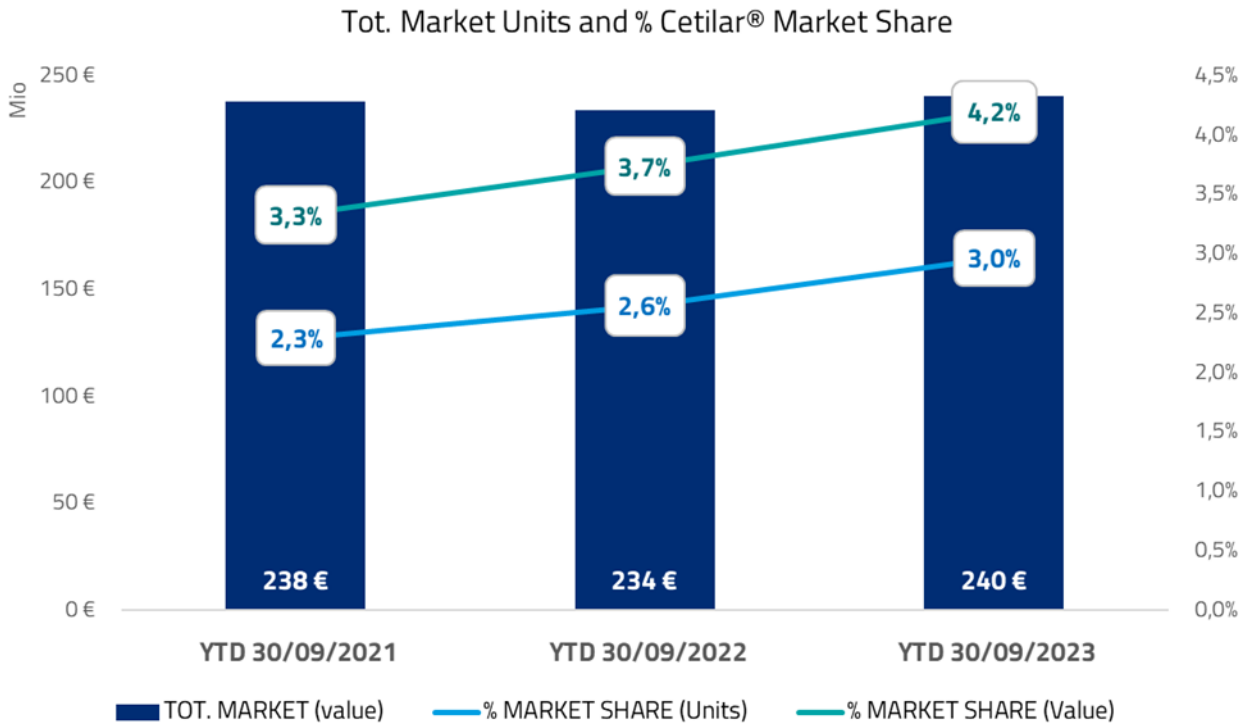
While quantities sold in the overall market fell by -4.3% compared to the previous quarter (-3% for food supplements), sales of Sideral® fell only by 0.8%, indicating its leading position on the market.

Trend Sideral® and Total Iron Market (UN)_Quarter



1.5.2 Market for topical painkillers

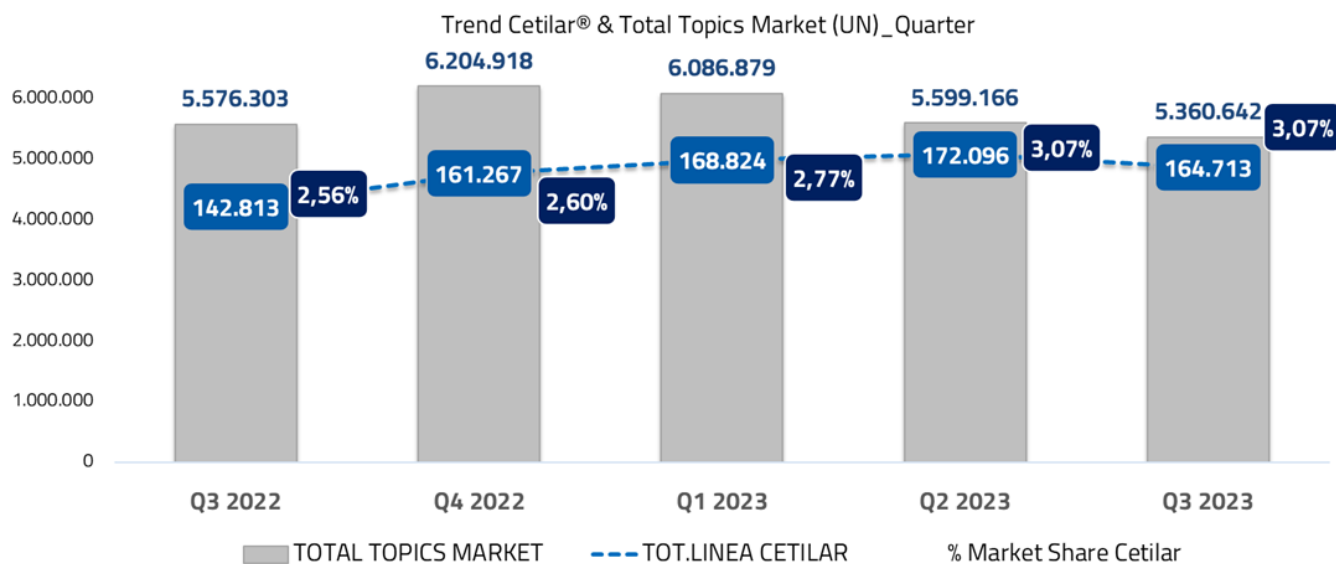
The following chart shows the trend of Cetilar's market share (expressed in value and units) in relation to the reference market.



Against a market environment that was down in terms of units (-2%) and up slightly in value (+3%) in the January-September 2023 period compared to the same period of the previous year, and in a highly fragmented competitive scenario, the Cetilar® line's market share increased both in terms of value and units, rising from 3.7% to 4.2% in value and from 2.6% to 3.0% in volume³.

The graph below shows the quarterly trend from July 2022 to September 2023 of the overall market for topical products and the Cetilar® line.

³ Source: IQVIA data



1.6 Significant events after the end of the period

On 5 October, the Group's new headquarters were inaugurated. The new headquarters occupy a total area of more than 5,300 square metres, of which 2,200 square metres are dedicated to production, 1,600 square metres to executive offices, and about 1,500 square metres to additional services. Moreover, there are more than 10,000 square metres of outdoor space.

The building is a concrete commitment to sustainability, with several green areas, relaxation and social areas, not to mention a gym, all designed for the well-being of the workers. This reflects the company's philosophy which has always maintained its focus on people, combining flexibility, efficiency, research, innovation and quality.

This is a highly strategic capital expenditure for the Group's development, with which it has been possible to internalise the production of proprietary raw materials and research activities, which will be carried out in one of the most innovative nutritional research and development laboratories in Europe, so that new product development times will be reduced.

An agreement was signed in October with the Tuscan Regional Directorate of the Italian Revenue Agency to access the facilitated taxation regime provided by the former Patent Box for the 2019–2023 five-year period, referring to the direct exploitation of technical know-how and patents that had not been included in the previous agreement.

Calculations are being prepared to determine the size of the resulting tax benefit.

1.7 Business outlook

The solid base represented by a double-digit growth trend in terms of revenues, coupled with the constant marginality of the Group's recurring business, will allow the Group to focus on the commercial development of the new line of food supplements designed specifically for sports enthusiasts (Cetilar® Nutrition), the marketing of which began at the end of the first quarter through a dedicated network of sales agents and the e-commerce channel, the development of the operations of Pharmanutra USA, through which the distribution of all the Group's main products in the USA has just begun, and the development of the operations of Pharmanutra España for the marketing of the Cetilar® (cream, patch, tape and gold) and Cetilar® Nutrition line products on the Spanish market.

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

The current international tensions and the unpredictable developments of the scenarios related to the conflict between Russia and Ukraine and the conflict in the Middle East create a generalised macroeconomic uncertainty that could affect the achievement of corporate objectives.

Pisa, 6 November 2023

For the Board of Directors

The Chairman

(Andrea Lacorte)

**CONSOLIDATED FINANCIAL STATEMENTS AS AT 30
SEPTEMBER 2023 AND EXPLANATORY NOTES**

Consolidated Balance Sheet

€/1000	30/09/2023	31/12/2022
NON CURRENT ASSETS	53.444	41.428
Buildings, plant and equipment	27.015	17.055
Intangible assets	22.596	21.560
Investments	4	4
Non current financial assets	277	244
Other non current assets	2.216	1.259
Deferred tax assets	1.336	1.306
CURRENT ASSETS	53.814	58.727
Inventories	7.839	5.261
Cash and cash equivalents	9.575	22.051
Current financial assets	5.145	4.810
Trade receivables	24.576	21.647
Other current assets	5.873	2.881
Tax receivables	806	2.077
TOTAL ASSETS	107.258	100.155
NET EQUITY	51.267	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	275	226
Fair value OCI reserve	(239)	(115)
FTA Reserve	12	12
Result of the period	9.731	15.048
Group Equity	51.267	50.948
Third parties equity		
NON CURRENT LIABILITIES	29.462	23.417
Non current financial liabilities	21.006	14.110
Provision for non current risks and charges	6.452	5.414
Provision for employees and directors bene	2.004	3.893
CURRENT LIABILITIES	26.529	25.790
Current financial liabilities	3.894	3.616
Trade payables	15.216	16.885
Other current liabilities	3.920	3.765
Tax payables	3.499	1.524
TOTAL LIABILITIES & EQUITY	107.258	100.155

Consolidated Income Statement

€/1000	NOTE	2023	2022
TOTAL REVENUES		72.190	60.542
Net revenues	2.1.1	71.434	60.270
Other revenues	2.1.2	756	272
OPERATING EXPENSES		53.160	41.447
Purchases of raw material, cons. and supplies	2.2.1	3.986	3.230
Change in inventories	2.2.2	(2.366)	(1.150)
Expense for services	2.2.3	46.276	35.425
Employee expenses	2.2.5	4.662	3.498
Other operating expenses	2.2.6	602	444
EBITDA		19.030	19.095
Amortization, depreciation and write offs	2.3	1.265	973
EBIT		17.765	18.122
FINANCIAL INCOME/(EXPENSES) BALANCE		(69)	338
Financial income	2.4.1	557	466
Financial expenses	2.4.2	(626)	(128)
PRE TAX RESULT		17.696	18.460
Income taxes	2.5	(7.965)	(5.594)
Third parties result			(27)
Net result of the Group		9.731	12.839
Utile netto per azione (Euro)		1,01	1,33

Comprehensive consolidated income statement

€/1,000	2023	2022
Result for the period	9.731	12.839
Gains (losses) from IAS application that will be recognised in the P&L		
Gains (losses) from IAS application that will not be recognised in the P&L	(75)	(40)
Overall result for the period	9.656	12.799

Statement of changes in Consolidated 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 as at 1/1/23	1.123	(2.362)	225	36.791	12	(115)	226		15.048	50.948
Other changes	-	(1.621)		-		(124)	49			(1.696)
Dividends paid				(7.714)						(7.714)
Allocation of result				15.048					(15.048)	-
Result of the period									9.731	9.731
Exchange differences	-							(2)		(2)
Balance as at 30/9/23	1.123	(3.983)	225	44.125	12	(239)	275	(2)	9.731	51.267

€/1000	Share capital	Treasury Shares	Legal reserve	Other reserves	FTA reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Minorities reserves	Third Parties Equity	Total
Balance as at 1/1/22	1.123		225	29.949	(70)	28	56	13.771			45.082
Other changes	-	(2.159)	-	(921)	31	(191)	111		(1)		(3.130)
Change in cons. area	-		-	924	(32)		40		169		1.101
Dividends paid				(6.852)							(6.852)
Allocation of the result				13.771				(13.771)			-
Result of the period								12.839		27	12.866
Balance as at 30/9/22	1.123	(2.159)	225	36.872	(71)	(163)	207	12.839	168	27	49.068

Consolidated cash flow statement

CONSOLIDATED CASH FLOW (€/1000)- INDIRECT METHOD	2023	2022
Net result before minority interests	9.731	12.839
NON MONETARY COST/REVENUES		
Depreciation and write offs	1.265	973
Allowance to provisions for employee and director benefits	653	575
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provision for non current risk and charges	1.038	2.578
Change in provision for employee and director benefit	(2.542)	467
Change in inventories	(2.578)	(1.575)
Change in trade receivables	(3.078)	(6.841)
Change in other current assets	(2.992)	(1.407)
Change in tax receivables	1.271	(813)
Change in other current liabilities	152	280
Change in trade payables	(1.669)	1.592
Change in tax payables	1.975	57
CASH FLOW FROM OPERATIONS	3.226	8.725
Investments in intangible, property, plant and equipment	(12.260)	(21.485)
Disposal of intangibles, property, plant and equipment	150	552
Net investments in financial assets	0	250
Change in other assets	(957)	(493)
Change in deferred tax assets	(30)	75
CASH FLOW FROM INVESTMENTS	(13.097)	(21.101)
Other increase/(decrease) in equity	(77)	151
Treasury shares purchases	(1.621)	(2.159)
Dividends distribution	(7.714)	(6.852)
Financial assets increase	(1.690)	(219)
Financial assets decrease	567	68
Financial liabilities increase	10.171	12.174
Financial liabilities decrease	(2.858)	(284)
Financial ROU liabilities increase	863	142
Financial ROU liabilities decrease	(246)	(211)
CASH FLOW FROM FINANCING	(2.605)	2.810
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(12.476)	(9.566)
Cash and cash equivalents at the beginning of the period	22.051	29.409
Cash and cash equivalents at the end of the period	9.575	19.843
CHANGE IN CASH AND CASH EQUIVALENTS	(12.476)	(9.566)

EXPLANATORY NOTES TO CONSOLIDATED ACCOUNTING STATEMENTS

1. CRITERIA FOR DRAFTING AND CONSOLIDATION PRINCIPLES

This Interim Management Report as at 30 September 2023 (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 Article 154-ter, paragraph 5, of Italian Legislative Decree No. 58 of 24 February 1998.

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 2022, except for the new standards and interpretations effective from 1st January 2023 and are required to be, which did not have a material impact on the period.

It should be noted that compared to 31 December 2022, the companies Pharmanutra España and Pharmanutra USA, incorporated in March 2023 and December 2022, respectively, were included in the scope of consolidation.

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

The Interim Report was approved by Pharmanutra Board of Directors on 6 November 2023 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

At 30 September 2023, net revenue increased by 11.2 million euro compared to the same period of the previous year. As shown in the table below, the increase in revenue is attributable to higher sales on both the Italian and foreign markets, as well as the contribution from the consolidation of Akern, which was consolidated in July 2022.

	2023	2022	Variation
LB1 revenues	47.148	42.477	4.671
LB2 revenues	20.679	16.887	3.792
LB Akern revenues	3.607	906	2.701
Total revenues	71.434	60.270	11.164

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

€/1000	2023	2022	Change	Δ%	Incidence 2023	Incidence 2022
Italy	46.259	41.351	4.908			
Total LB1	46.259	41.351	4.908	11,9%	64,8%	68,6%
Europe	12.365	8.957	3.407	38,0%		
Middle East	5.736	6.007	(271)	-4,5%		
South America	1.061	629	433	68,8%		
Far East	582	231	351	151,9%		
Other	62	268	(206)	-76,9%		
Total LB2	19.806	16.092	3.714	23,1%	27,7%	26,7%
Raw Materials domestic market	893	1.127	(234)	-20,7%	1,3%	1,9%
Raw Materials foreign market	870	795	75	9,5%	1,2%	1,3%
Akern Italy	3.168	802	2.366	295,2%	4,4%	1,3%
Akern Foreign markets	439	104	335	322,1%	0,6%	0,2%
Total net revenues	71.434	60.270	11.164	18,5%	100%	100%

2.1.2 Other revenues and income

	2023	2022	Change
Tax Credits	96	7	89
Contractual indemnities	21	2	19
Refunds and recovery of expenses	33	43	-10
Contingent assets	178	130	48
Other revenues and income	428	90	338
Total Other revenues and income	756	272	484

2.2 OPERATING COSTS

2.2.1 Purchases of raw materials, consumables and supplies

Purchases are broken down in the following table:

	2023	2022	Variation
Raw and semifinished materials	2.325	1.642	683
Consumables	463	399	64
Finished products	1.198	1.189	9
Total raw materials, semif., consumables and finished prod.	3.986	3.230	756

The increase in the purchase costs of raw materials, supplies and consumables is related to production cost efficiency policies and higher business volumes compared to 30 September 2022.

2.2.2 Change in inventories

	2023	2022	Variation
Change in raw mat. inventories	101	-277	378
Change in semifin. prod. inventories	-80	-219	139
Change in F.P. inventories	-2.483	-776	-1.707
Inventories write off accrual	96	122	-26
Change in inventories	-2.366	-1.150	-1.216

The change in inventories as at 30.09.23 results from production planning in accordance with implemented company strategies.

The final value of inventories is adjusted by the inventory write-down provision of 279 thousand euro (400 thousand euro at 31 December 2022).

2.2.3 Costs for services

	2023	2022	Variation
Marketing	10.610	8.143	2.467
Production and logistic	14.035	9.952	4.083
Other general expenses	4.916	3.123	1.793
R&D	727	362	365
Information technology	348	249	99
Commercial and sales network	8.570	7.374	1.196
Corporate bodies	6.809	6.027	782
Rent and leases	104	21	83
Financial services	157	174	-17
Total services expenses	46.276	35.425	10.851

The increase in the Cost of Services for Production and Logistics and Commercial Costs is due to the higher revenues generated during the period and to the increased production volumes. Commercial costs include PHN USA and PHN ESP sales network costs and Cetilar® Nutrition costs amounting to approximately 800 thousand euro.

The increase in the General Services item derives from costs (consulting, travel, legal, etc.) incurred for the start-up of the subsidiaries PHN España and PHN USA, for the launch of the Cetilar® Nutrition line, and for cross-border internet marketing with China. The increase in Marketing and advertising costs relates to new projects for approximately 1.4 million euro. The increase in the item Corporate Bodies occurred as a result of the higher remuneration approved by the Shareholders' Meeting on 26 April 2023.

2.2.4 Personnel costs

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

	2023	2022	Variation
Wages and salaries	3.405	2.559	846
Social contributions	1.065	789	276
Leaving Indemnity accrual	175	143	32
Other personnel expenses	17	7	10
Total Personnel expenses	4.662	3.498	1.164

The item includes all expenses for employees, including accrued holidays and additional months' pay as well related social security charges, in addition to the provision for severance indemnity and other contractual costs.

The increase compared to 30 September 2022 is the result of recruitment during the period for the gradual adaptation of the organisational structure to increasing business volumes and the consolidation of Akern (20 employees) and foreign subsidiaries

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

Units	2023	2022	Change
Executives	3	2	1
White collars	89	77	12
Blue collars	4	3	1
Total	96	82	14

As at 30 September 2023, the number of employees was 109 compared to 86 at 30 September 2022.

2.2.5 Other operating costs

	2023	2022	Variation
Capital losses	17	34	-17
Sundry tax charges	97	58	39
Losses on receivables		23	-23
Membership fees	34	34	0
Charitable donations	118	113	5
Other expenses	336	182	154
Total other operating expenses	602	444	158

2.3 AMORTISATION, DEPRECIATION AND PROVISIONS

	2023	2022	Variation
Amortization of intangible assets	316	250	66
Tangible assets depreciation	800	556	244
Accrual to doubtful accounts prov.	112	134	-22
Non ded. accrual for doubtful acc.	37	33	4
Total amort., depr. and accruals	1.265	973	292

2.4 FINANCIAL INCOME/CHARGES

2.4.1 Financial income

	2023	2022	Change
Interest income	223	78	145
Interest income on late payments	1		1
Exchange gains	44	2	42
Other financial income	289	386	-97
Total financial income	557	466	91

2.4.2 Financial charges

	2023	2022	Change
Other financial charges	-75	-64	-11
Interest expense	-536	-31	-505
Exchange losses	-15	-33	18
Total financial charges	-626	-128	-498

2.5 INCOME TAXES

	2023	2022	Variation
Current taxes	5.895	5.603	292
Deferred taxes	20	-9	29
Accrual to provision for tax	2.050		2.050
Total income taxes	7.965	5.594	2.371

Taxes are recognised on an accruals basis and have been determined in accordance with current rates and regulations. For the Provision for taxes, please refer to what has already been described above.

NET FINANCIAL POSITION

As required by the CONSOB circular dated 28 July 2006 and in accordance with the ESMA update with reference to the "Recommendations for the current uniformity of the European Commission's Regulation on Prospectuses", the Group's Net Financial Position as of 30 September 2023 compared to 31 December 2022 is as follows:

	30/09/2023	31/12/2022
A Cash and cash equivalents	(9,575)	(22,051)
B Cash equivalents		
C Other current financial assets	(5,145)	(4,810)
D Liquidity (A+B+C)	(14,720)	(26,861)
1) E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	397	251
F Current portion of non-current financial debt	3,497	3,365
G Current financial debt (E+F)	3,894	3,616
of which guaranteed	114	114
of which not guaranteed	3,780	3,502
H Net current financial debt (G-D)	(10,826)	(23,245)
2) I Non-current financial debt (excluding current portion and debt instruments)	21,006	14,110
J Debt instruments		
K Trade payables and other non-current payables		
L Non-current financial debt (I+J+K)	21,006	14,110
of which guaranteed	8,838	8,838
of which not guaranteed	12,168	5,272
M Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)	10,180	(9,135)
3) N Other current and non-current financial assets	(277)	(1,503)
O Net financial debt (M-N)	9,903	(10,638)

- 1) It includes the following items of the financial statements: Current financial liabilities (Financial payables for rights of use 397 thousand euro);
- 2) It includes the following items of the financial statements: Non-current financial liabilities (M/L-term loans 20,037 thousand euro, financial payables for non-current rights of use 969 thousand euro);
- 3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid 277 thousand euro).

Pisa, 6 November 2023

For the Board of Directors

The Chairman

(Andrea Lacorte)

Declaration pursuant to paragraph 2 Article 154 bis of the Italian Consolidated

Finance Act

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 2023 corresponds to the documented results, books and accounting records.

Pisa, 6 November 2023

PharmaNutra S.p.A.

Manager in charge for drafting
the financial statements

Francesco Sarti

PharmaNutra SpA

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Share Capital € 1.123.097,70 i.v.

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