

PHARMANUTRA S.P.A.: CONSOLIDATED FINANCIAL REPORT AS AT 30th SEPTEMBER 2020. THE GROUP IS STILL GROWING.

The turnover growth trend shows no sign of stopping, thanks to the increase in sales volumes in Italy and consolidation of the Group's presence on foreign markets. The PharmaNutra Group is ready for its move to the STAR market.

€40.7 m revenue from sales (+11% compared to 30/09/2019)

€12.3 m EBITDA Restated* (+35% compared to 30/09/2019)

€8.9 m net income for the period net of the non-recurring item (+53% compared to 30/09/2019)**

Positive net financial position of €14.1 m

Pisa, 9th November 2020 – **PharmaNutra S.p.A.**, nutraceutical company, leader in the iron nutritional supplements sector listed on the AIM Italia Market (Ticker: PHN), communicates that the Board of Directors has examined and approved the consolidated financial report as at 30th September 2020, drafted to be included into the Information Prospectus being prepared and related to the listing transaction for the Pharmanutra S.p.A. shares on the *Mercato Telematico Azionario* (MTA) – STAR segment being decided, and in compliance with IFRS international accounting standards.

The consolidated report of the PharmaNutra Group dated 30/09/2020 highlights the following figures:

Amounts in millions of euro	30/09/2020	%	30/09/2019	%	CHANGE	2019	%
ECONOMIC DATA							
REVENUE	42,3	100%	36,8	100%	15%	54,2	100%
REVENUE FROM SALES	40,7	96%	36,6	99%	11%	53,6	99%
RESTATED EBITDA	12,1	29%	9,1	25%	33%	13,2	25%
RESTATED EBITDA RESTATED*	12,3	29%	9,1	25%	35%	13,2	25%
NET INCOME	11,4	27%	5,8	16%	96%	8,5	16%
NET INCOME NON-RECURRING ITEMS**	8,9	22%	5,8	16%	53%	8,5	16%
BALANCE SHEET DATA							
NET INVESTED CAPITAL	20,8		17,4			14,6	
NET FINANCIAL POSITION	(14,1)		(8,0)			(13,6)	
EQUITY	35,0		25,4			28,1	

* The Restated EBITDA as of 30th September 2020 is net of non-recurring revenues amounting to 1 million related to a contractual indemnity, and costs for a total €1.2 million, of which €767 thousand related to finalising the agreement with the

Revenue Office for access to the Patent Box preferential tax regime and €474 thousand in costs sustained to launch operations preparing the group's passage towards MTA market -Star segment listing.

** Net income non-recurring items as of 30th September do not include the tax benefit from formalising the tax facilitation agreement related to excluding a part of income from use of the so-called "intellectual property" (Patent Box) from taxable income for each year, for the years from 2016 to 2019, for a total of €3.4 million and revenues net of non-recurring costs for €943 thousand.

ANALYSIS OF THE RESULTS AS AT 30th SEPTEMBER 2020

Sales revenue as at 30th September 2020 recorded a total growth of 11% compared to the same period in the previous year. Sales on foreign markets increased 38%, with a 30% incidence on total turnover (in the previous year that incidence was 24%), whereas sales on the Italian market increased 3% and represent about 70% (about 76% as at 30.9.2019) of total turnover. In volume terms, the sales of finished products as at 30th September 2020 reached 6,269 thousand units increasing about 30%, compared to 4,807 thousand units in the previous year.

The turnover of SiderAL[®] products in Italy went to €20.5 million from €19 million at 30th September 2019 (+ about 7.5%) weighing about 75% of the finished product turnover. The share held on the Italian iron-based food supplement market went from 53% in the first half of 2020 to 53.4%¹.

The turnover related to Cetilar[®] products amounted to €3.4 million (unvaried compared to 30th September 2019) with a market volume share of 2.01% against 1.87% on 30th June 2020 and 1.96% in the previous year².

ApportAL[®] showed a 14% increase, going from €1.5 million as at 30th September 2019 to €1.7 million as at 30th September 2020.

These results prove the effectiveness of actions taken by the Company to contrast the effect of the Covid-19 pandemic. They generated better performances than the Business Plan targets, despite a turnover slightly lower than expectations. In addition, confirm the excellent Group strategy to promote ongoing research and development and clinical study activities on the products themselves, generating an increased awareness of their effectiveness among medical professionals and increased perception of quality by consumers.

¹ Source IQVIA

² Source IQVIA

As in the previous half year, the income statement as at 30th September 2020 also benefits from the lesser costs linked to marketing and commercial activities, with a more limited effect than targets as some sports and commercial events were cancelled due to the Covid-19 pandemic.

The **EBITDA** of the PharmaNutra Group has reached around 12.1 million Euro (9.1 million Euro as of 30th September 2019), equal to a margin of 28.6% of total revenue, showing a growth of 32.7% compared to 30th September 2019.

Net income for the period reached €11.4 million, (€5.8 million as of 30th September 2019). Excluding the net effect resulting from non-recurrent components, including the tax benefit related to finalising the agreement that excluded that part of income resulting from using intellectual property (Patent Box) from the taxable income of each fiscal year for fiscal years 2016-2019, for €3.4 million, net Profit for the period would amount to €8.9 million.

The **Net Financial Position** as of 30th September 2020 is positive at 14.1 million euro compared to the 13.6 million euro as of 31st December 2019, further testimony to the strength of the Group.

Andrea Lacorte, President of PharmaNutra S.p.A., commented: *"Results achieved are consistent with the growth recorded in the previous months and very positive despite the complex global socio-economic situation caused by the Covid-19 pandemic. PharmaNutra figures and trends confirm their growth thanks to both a solid commercial strategy and continual investments in research and development, which have enabled the Group to position itself in the top 12 nutraceutical companies in Italy and consolidate its reputation with the medical class and consumers. All guaranteed by a very solid financial structure which, along with market results, enables us to look to the future positively".*

Roberto Lacorte, Vice President of PharmaNutra S.p.A., added: *"These results strengthen the Group's long term strategic growth prospects. We can undoubtedly confidently continue to implement our growth plan: to consolidate the national distribution network, develop new products and expand foreign reference markets. Period figures confirm the Group's commercial and financial solidity. It has all it takes for an imminent step towards the STAR segment of the MTA market".*

KEY EVENTS OCCURRING IN THE PERIOD

February 2020: The Group communicates that it has signed new agreements with Casa Marzam S.A. and with Zentiva K.S. to distribute its Sucrosomial® iron-based products in Mexico, the Czech Republic and Slovakia.

March 2020: PharmaNutra launched the new multi-channel campaign “Fatti trovare pronto (Make sure you’re ready)” dedicated to ApportAL®. In the same month, the Group was granted the Cetilar® patent in the USA, and acknowledged a new patent linked to the Sucrosomial Technology® in India.

In the same month, the Group implemented innovative communication systems (e-detailing) supporting commercial activities to provide doctors and pharmacists with information remotely. Those digital solutions, strategic in the lockdown period, have enabled the Company to continue its activities and represent a communication and sales instrument that will flank traditional information methods in the near future.

April 2020: Pfizer invests in Sucrosomial® Technology. The innovative Sucrosomial® Magnesium developed by the PharmaNutra Group is one of the main ingredients of the new Multicentrum My Mag launched by Pfizer. The product has been available in Italy since April.

Moreover, despite the spread of the COVID-19, new distribution agreements were signed for both SiderAL® and Cetilar® products in Bulgaria, Romania, Hungary, South Korea and Mexico, with leading pharmaceutical companies in the single Countries.

May 2020: the products Cetilar® Crema, Cetilar® Patch and ApportAL® obtained Play Sure Doping Free certification. This certification adds value to companies undertaking to promote clean sport, through actions to guarantee products with no substance considered potentially “doping”.

June 2020: PharmaNutra signed an agreement related to the Patent Box preferential tax regime with the Revenue Office. The agreement signed is for the 2016-2020 five-year period.

September 2020: the subsidiary Alesco obtained exclusive distribution of Atura plant proteins for the Italian market, enriching its portfolio with natural, top quality raw materials and expanding its presence in a fast-growing niche market.

That same period, the PharmaNutra Group strengthened its non-European presence thanks to a new trade agreement signed with the pharmaceutical company Drogueria Inti to distribute SiderAL® (Sucrosomial® Iron) products in Bolivia.

On 21st September, the Board of Directors approved the launch of the Company's share listing process on the *Mercato Telematico Azionario* organized by Borsa Italiana S.p.A. (Italian Stock Exchange) ("MTA"), STAR segment.

On 23rd September 2020, the reference shareholders and chief executive officers of the parent company finalised transactions to each transfer 80,000 Company shares (as a whole representing 2.48% of the Company's share capital); as part of the process creating the conditions, including the float required by regulations applicable, to start trading on the STAR segment of the *Mercato Telematico Azionario*.

On 25th September 2020, the Board of Directors of the Parent appointed Ms Marida Zaffaroni and Ms Giovanna Zanotti as new members of the Board of Directors, pursuant to art. 2386 Italian civil code. They replace directors Messrs Giovanni Bucarelli and Simone Strocchi, who - as part of the MTA Star listing process, and in order to facilitate the entry of directors holding the independence and gender requirements required by laws applicable for listed companies – resigned.

KEY EVENTS OCCURRING AFTER CLOSURE AS AT 30th SEPTEMBER 2020

On 13th October 2020, the ordinary and extraordinary shareholders' meetings of Pharmanutra: (i) approved the project to be admitted to trade on the *Mercato Telematico Azionario*, (ii) appointed the independent auditor for the years 2020 – 2027 and (iii) co-opted two members to the Board of Directors. The extraordinary Shareholder's Meeting approved new articles of association text, effective from the date trading starts on the *Mercato Telematico Azionario*, possibly STAR segment.

On 23rd October 2020, the Board of Directors of Pharmanutra, as part of its passage to the MTA – possibly STAR segment, made a number of resolutions on governance concerning (i) setting up board committees required by regulations in force, (ii) adoption of new internal procedures consistent with the requirements of the MTA market - possibly STAR segment, (iii) appointment of the Director assigned to the internal control and risk management system, appointment of the Head of *internal audit* and the *Lead Independent Director*.

On 27th October 2020, still as part of the passage towards the MTA market – possibly STAR segment - the shareholders' agreement in force (signed on 12th July 2017 during the AIM Italia admission process) was amended.

At the start of November, PharmaNutra launched a new Cetilar® product, Cetilar Tape with menthol. It is an innovative inelastic, versatile adhesive strip, easy to apply to any part of the body, based on menthol and cetylated fatty acids (CFA) of plant origin, guaranteeing a prolonged benefit for joints, muscles and tendons thanks to its slow release action.

UPDATE ON MANAGEMENT OF THE COVID-19 EMERGENCY

Group activities continued as normal; there were no critical operating issues of any kind.

The Group, in fact, did not use any kind of social safety net benefit of those made available by the Authorities for the Covid-19 emergency.

Restrictive measures issued affected the prescription activities of doctors and the possibility to practice sports, causing a slowdown in Italian market sales in the second quarter, especially referred to Cetilar® line products. Both the iron-based food supplement market and the bone-joint problems one are the Group's main reference markets. In the third quarter 2020, they showed an increase in volumes compared to the previous quarter and there has been an increase in market share held by the SiderAL® and the Cetilar® lines in their respective markets.

To contain the effects of the Covid19 epidemic, cost containment measures were adopted; in particular, on marketing and commercial costs. These enabled better economic results than those established in the Group's Business Plan.

FORESEEABLE MANAGEMENT OUTLOOK AND COVID-19 EMERGENCY

Despite the uncertainties linked to how the Covid-19 epidemic evolves, as its results are not currently foreseeable, Directors believe that financial year 2020 will also see a growth in turnover, though less than in previous years. Italian market sales volumes for October were consistent with targets and orders from foreign markets for deliveries related to the third and fourth quarters have all been confirmed. In addition to the above, it is felt that the cost savings obtained due to the pandemic, together with the Patent Box tax benefit, will lead to results consistent with expectations.

The PharmaNutra Group is operating in full compliance with safety procedures and protocols issued by the Italian Government. It is well aware that only strict compliance with rules can allow us to get over this situation as quickly as possible.

The following Group accounting prospectus are attached to this document, drawn up in accordance with the International Accounting Principle IFRS

Appendix 1. - Consolidated Balance Sheet Prospectus

Appendix 2. - Consolidated Income Statement Prospectus

Appendix 3. - Changes in Consolidated Equity Prospectus

Appendix 4. - Consolidated Financial Statement Prospectus

The consolidated financial report as at 30th September 2020, together with the audit report, will be made available to the public on the PharmaNutra S.p.A. website www.pharmanutra.it in the "Investor Relations" section.

Pharmanutra Group - Consolidated Balance Sheet

LIABILITIES AND EQUITY (€/000)	30/09/20	31/12/19
NON-CURRENT ASSETS	10.790	11.639
Tangible assets	4.737	4.857
Intangible assets	4.996	4.728
Investments	254	254
Non-current financial assets	218	218
Other non-current financial assets	-	918
Deferred tax assets	585	664
CURRENT ASSETS	37.386	37.225
Inventories	2.360	1.853
Cash and cash equivalents	12.186	13.751
Current financial assets	4.188	5.076
Trade receivables	15.367	15.028
Other current assets	1.718	922
Tax assets	1.567	595
TOTAL ASSETS	48.176	48.864
LIABILITIES AND EQUITY	30/09/20	31/12/19
EQUITY:	34.974	28.134
Share capital	1.123	1.123
Legal reserve	225	225
Other reserves	22.362	18.352
Reserve IAS 19	(106)	(59)
Financial Instruments Reserve (FVOCI)	26	109
FTA reserve	(70)	(70)
Profit (loss) for the period	11.414	8.454
Capital and reserve attributable to non-controlling interest	-	-
Profit (loss) attributable to non-controlling interests	-	-
NON-CURRENT LIABILITIES	2.925	4.457
Non-current financial liabilities	829	1.543
Provisions for liabilities and charges	1.024	686
Post-employment benefits	1.072	2.228
CURRENT LIABILITIES	10.277	16.273
Current financial liabilities	1.634	4.860
Trade payables	6.867	8.165
Other current liabilities	1.150	2.137
Taxes payable	626	1.111
TOTAL LIABILITIES AND EQUITY	48.176	48.864

Pharmanutra Group - Consolidated Income Statement

INCOME STATEMENT (€/000)	30/09/20	30/09/19
A) REVENUE	42.347	36.751
Net revenue	40.684	36.591
Other revenue	1.663	160
B) OPERATING COSTS	30.241	27.628
Purchases of raw and ancillary materials and consumables	2.097	1.934
Changes in inventories	(506)	74
Service costs	24.973	22.740
Personnel expenses	2.585	2.390
Other operating costs	1.092	489
(A-B) EBITDA	12.106	9.123
C) Amortisation, depreciation and impairments	1.687	722
(A-B-C) EBIT	10.419	8.401
D) FINANCIAL INCOME [EXPENSE]	70	3
Financial income	123	51
Financial expense	(53)	(48)
PRE-TAX PROFIT (A-B-C+D)	10.489	8.404
Income tax	925	(2.571)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholders	11.414	5.833

Pharmanutra Group - Overall Consolidated Income Statement

OVERALL INCOME STATEMENT PROSPECTUS (€/000)	30/09/20	30/09/19
PROFIT (LOSS) FOR THE PERIOD	11.414	5.833
Profit (loss) from applying IAS	(121)	(47)
PROFIT (LOSS) FOR THE OVERALL PERIOD	11.293	5.786

PharmaNutra Group - Changes in Equity Prospectus

€/000	Share capital	Legal reserve	Other reserves	Actuarial reserve IAS 19	Financial Instruments Reserve (FVOCI)	FTA reserve	Profit (loss) for the period	Balance
Group Equity as at 31/12/2018	1.123	225	14.638	(8)	(23)	(70)	8.557	24.442
Allocation of results	-	-	8,557	-	-	-	(8,557)	-
Dividend distribution	-	-	(4,840)	-	-	-	-	(4,840)
Other changes	-	-	(2)	(155)	110	-	-	(47)
Profit (loss) for the period	-	-	-	-	-	-	5,833	5,833
Group Equity as at 30/9/2019	1.123	225	18.353	(163)	87	(70)	5.833	25.388
Group Equity as at 31/12/2019	1.123	225	18.352	(59)	109	(70)	8.454	28.134
Allocation of results	-	-	8,454	-	-	-	(8,454)	-
Dividend distribution	-	-	(4,453)	-	-	-	-	(4,453)
Other changes	-	-	9	(47)	(83)	-	-	(121)
Profit (loss) for the period	-	-	-	-	-	-	11,414	11,414
Group Equity as at 30/9/2020	1.123	225	22.362	(106)	26	(70)	11.414	34.974

PharmaNutra Group - Consolidated Financial Statement (indirect method)

FINANCIAL STATEMENT (€/000)	30/09/20	30/09/19	31/12/2019
Net profit including attributable to non-controlling interests	11.414	5.833	8.454
NON-MONETARY COSTS/REVENUE			
Amortisation, depreciation and impairments	1.687	719	973
Provisions to post-employment benefits	149	145	172
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Changes in provisions for liabilities and charges	182	193	148
Changes in post-employment benefits	(1.302)	373	361
Changes in inventories	(506)	74	297
Changes in trade receivables	(1.182)	(757)	(2.051)
Changes in other current assets	(793)	(745)	746
Changes in tax assets	(972)	1.247	930
Changes in other current liabilities	(989)	(643)	349
Changes in trade payables	(1.297)	(962)	1.498
Changes in taxes payable	(485)	1.017	106
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	5.906	6.494	11.983
Net investment in tangible and intangible assets	(834)	(4.926)	(4.863)
(Increase)/decrease in other non-current assets	997	(409)	(421)
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	163	(5.335)	(5.284)
Increase/(decrease) in equity	(127)	(47)	85
Dividend distribution	(4.453)	(4.840)	(4.840)
Increase/(decrease) in non-current financial liabilities	(714)	110	(287)
(Increase)/decrease in current financial assets	887	(3.983)	(4.212)
(Increase)/decrease in non-current financial assets	0	(10)	(10)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	(4.407)	(8.770)	(9.264)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	1.661	(7.611)	(2.565)
Opening cash and cash equivalents less current financial liabilities	8.891	11.456	11.456
Closing cash and cash equivalents less current financial liabilities	10.552	3.845	8.891
Total cash and cash equivalents	12.186	6.755	13.751
Total current financial liabilities	(1.634)	(2.910)	(4.860)
Closing cash and cash equivalents less current financial liabilities	10.552	3.845	8.891

PharmaNutra S.p.A.

Founded and led by the President Andrea Lacorte and Vice President Roberto Lacorte, PharmaNutra was established in 2003. It develops unique nutritional supplements and innovative nutritional devices, handling the entire production process, from proprietary raw materials to finished product. The efficacy of the products has been demonstrated with a wealth of scientific evidence, with 112 studies published involving more than 7000 subjects. The Group distributes and sells its products in Italy and abroad. In Italy, products are sold through a network of 140 Pharmaceutical Representatives serving doctors and also exclusively selling PharmaNutra products to pharmacies throughout Italy. Products are sold in over 50 countries abroad, through 34 partners selected from among the finest pharmaceutical companies. PharmaNutra leads the market in the production of iron-based nutritional supplements under the SiderAL® brand, where it boasts a number of important patents on Sucrosomial® technology. Over the years, the Group has developed a precise strategy for the management and production of intellectual property, founded on the integrated management of all the various elements: proprietary raw materials, patents, brands and clinical evidence.

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