

Q3_2021 FINANCIAL RESULTS



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GROUP PRESENTATION & HIGHLIGHTS 3Q

HIGHLIGHTS Q3

- **Solid top line momentum confirmed by 3Q results:** the quarterly performance show exceptional results in terms of net sales growth (+ 47,2% respect 3Q 2020) and EBITDA margin (Euro 5,3 million compared to Euro 2,7 million in 3Q 2020);
- **Net Sales Revenues far above expectations: + 21.2%** increase respect to the same period of the previous year (49.3 million Euro compared to 40.7 million as of 30 September 2020);
- **Domestic Sales grew 24.2%** as consequence of the progressive re-opening and reduction of Covid-related restrictions, the support of digital tools and an effective multichannel marketing strategy, reaching 35,4 million Euro compared to 28.5 million as of 30 September 2020;
- **Revenues from International sales: + 14,1%** compared to the same period of the previous year (13,9 Euro million compared to 12,2 million as of 30 September 2020), confirming the strong and progressive recovery in turnover as previously announced;
- **Adjusted EBITDA 31,8% of total revenues** (+ 28.6% respect 30 September 2020);
- **Euro 9,8 million of Cash flow generated from operating activities** (Euro 5,9 million as September 30, 2020)
- **Net Financial Position:** improvement of + 1,5 million Euro respect to 30 December 2020) after dividend pay-out of 6.5 million Euro (4.4 million Euro in 2020);
- **Continuous excellent commercial performances:** In values ApportAL® grew +77.2%, UltraMag® +51.1%, Cetilar® +21% and SiderAL® of +20,7% compared to Q3 of the previous year;

HIGHLIGHTS Q3

- **Iron Market Leadership improved:** as reported by FederSalus, based on August IQVIA data related to the food supplement market, SiderAL® Forte was again **the top seller nutritional supplement in Italy**, with a 16,9% increase compared to the same period last year; as at September 30 2021 SiderAL® market share is of 54,5% in value (53,5% as at September 30, 2020) and 47,8% in volume (45,7%);
- **New scientific achievements:** in July, EFSA issued its positive opinion for authorising the classification of Lipocet as Novel Food; In August, the patent for the Cetylated fatty acid (CFA) formulas was granted in China;
- **R&D activities:** 6 new studies have been published in September and numerous studies (both clinical and pre-clinical) are in progress in new therapeutic areas;
- **KEY EVENTS AFTER SEPTEMBER 30, 2021:**
 - ✓ finalization of the agreement with American Taiwan Biopharm Co. (ATB) for the distribution of Cetilar® Cream in Malesia and Singapore and SiderAL® Forte e SiderAL® Folic in Vietnam;
 - ✓ finalization of the agreement with Argon Drug Store for the distribution of SiderAL® Gocce Int., SiderAL® Bimbi, SiderAL® Forte e SiderAL® Folic in Gordania;
 - ✓ the Indian Patents Office has granted a process patent for the production of Cetylated Fatty Acids(CFAs), the innovative functional ingredient contained in all the products in the Cetilar® line;
 - ✓ the subsidiary Alesco S.r.l., has been granted a patent by the Italian Patents & Trademarks Office for a new functional ingredient, Sucrosomial® Berberine (UltraBerb™).



ECONOMIC AND FINANCIAL DATA

HIGHLIGHTS Q3 2021

+21%

NET REVENUES
€ 49,3 M

+29%

EBITDA ADJUSTED
€ 15,8 M
(32,1% MARGIN ON NET REVENUES)

+32%

NET RESULT EXCL. NON-RECURRING ITEMS
€ 10,4 M
(21,2% MARGIN ON NET REVENUES)

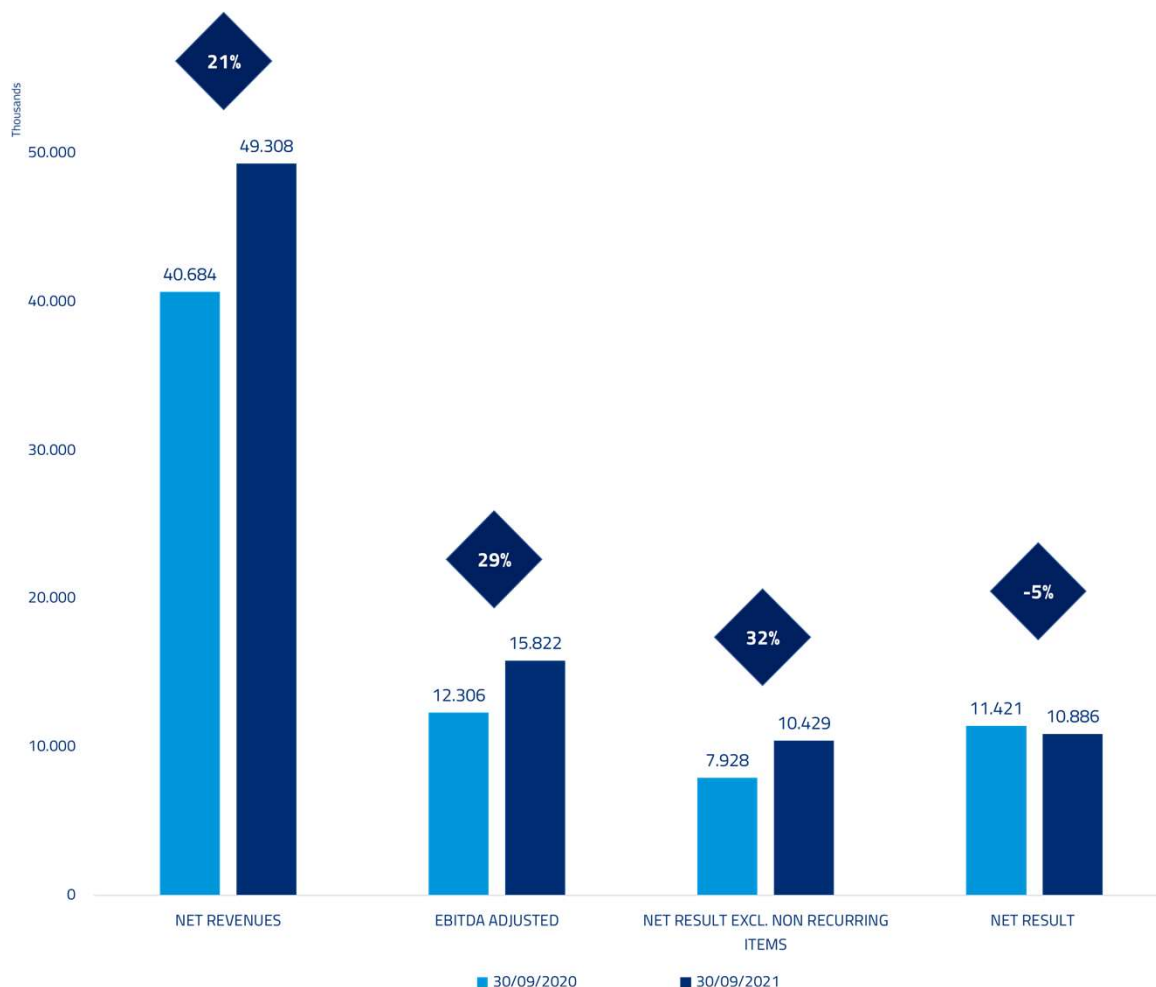
€20,9
Mio

POSITIVE
NET FINANCIAL POSITION
(€ +1,5 M COMPARED
TO 31/12 2020)

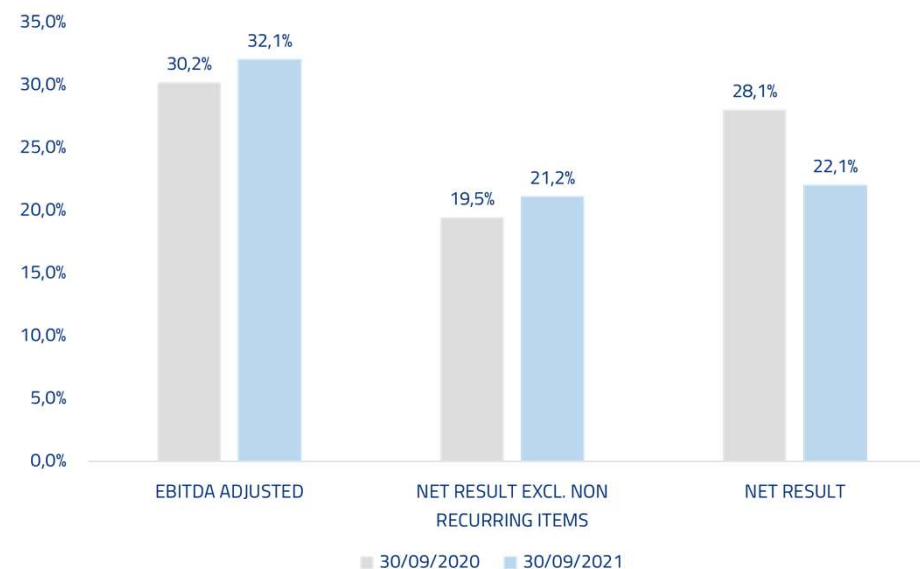
1,08

EPS
EXCL. NON-RECURRING ITEMS
(+31,7% COMPARED TO 3Q 2020)

ECONOMIC RESULTS



EBITDA Adjusted and Net Result Adjusted on Net Revenues



3Q 2021 Ebitda Adjusted shows an higher marginality% compared to Q3 2020 due to the increase in revenues.

3Q 2020 Ebitda Adjusted is net of non-recurring items relating to a contractual indemnity (€ 1 million) and non-recurring items related to listing and administrative consultancy costs of € 1,2 million.

3Q 2021 Net Result excluding non-recurring items doesn't include € 457k of tax benefit obtained on the costs incurred for translisting to the MTA market. In 3Q 2020 non-recurring revenues of € 1 million are excluded with the related provision of € 750k; are excluded non-recurring costs of € 1,2 million (and the related tax effect) and € 4.4 million of lower taxes due to the formalization of the *Patent Box*.

Profit and Loss

PROFIT AND LOSS (€/000)	30/09/2021	30/09/2020	Management Adjustments	30/09/2020 Adjusted
A) REVENUES	49.681	42.347	(1.049)	41.298
Net Revenues	49.308	40.684	-	40.684
Other revenues	373	1.663	(1.049)	614
<i>of which non recurring other revenues</i>	-	1.049	(1.049)	-
B) OPERATING EXPENSES	33.859	30.234	(1.242)	28.992
Cost of goods sold and logistics	1.805	1.592	-	1.592
Selling expenses	28.441	24.972	(1.242)	23.730
<i>of which non recurring selling expenses</i>	-	1.242	(1.242)	-
Personnel expenses	3.122	2.583	-	2.583
Other operating expenses	491	1.087	-	1.087
(A-B) EBITDA	15.822	12.113	193	12.306
C) Amort., depr. and write offs	885	1.684	(750)	934
<i>of which non recurring write offs</i>	-	750	(750)	-
(A-B-C) EBIT	14.937	10.429	943	11.372
D) NET FINANCIAL INCOME/(EXPENSES)	83	68	-	68
Financial income	97	122	-	122
Financial expenses	(14)	(54)	-	(54)
E) NON RECURRING INCOME/(EXPENSES)	-	-	(943)	(943)
Non recurring Income/(Expenses)	-	-	(943)	(943)
EBT	15.020	10.497	-	10.497
Current taxes	(4.134)	(2.507)	-	(2.507)
Previous years taxes	-	3.431	-	3.431
NET RESULT	10.886	11.421	-	11.421

REVENUES

Other revenues

The 3Q 2020 includes an amount of € 1 million for an indemnity related to a distribution agreement that has not been renewed from the producer.

OPERATING EXPENSES

Selling expenses

Increase in sales force network expenses is due to higher commissions on sale as a results of the increase in sales volumes.

Increase in Marketing expenses explained by the resumption of activities and sporting events following the slackening of the anti Covid-19 restrictive measures.

2020 Non-recurring items are related to listing and administrative consultancy costs of € 1,2 million

TAXES

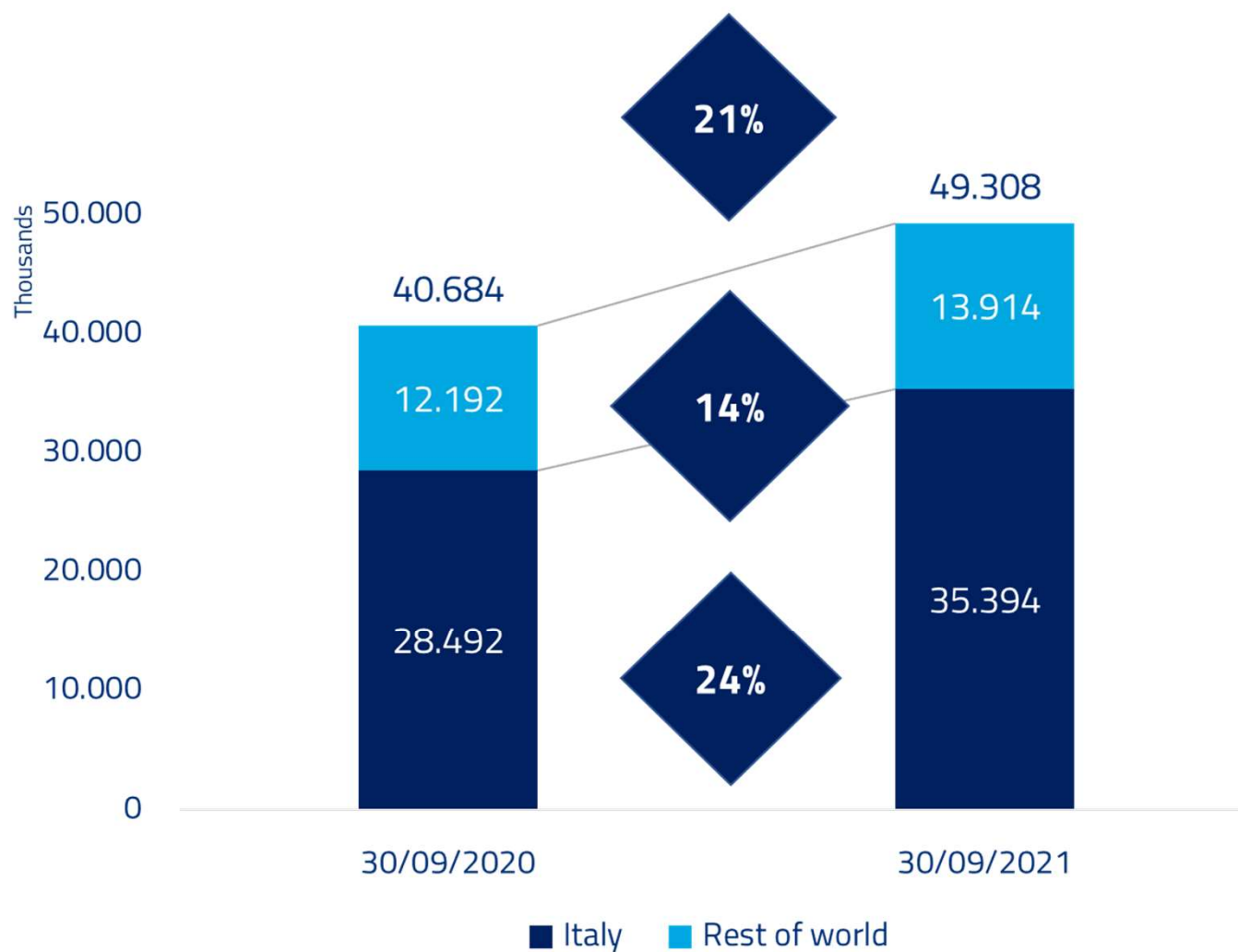
Previous years taxes

Referred to the tax benefit related to the *Patent Box* ruling concluded in June 2020 and regarding the years 2016-2019.

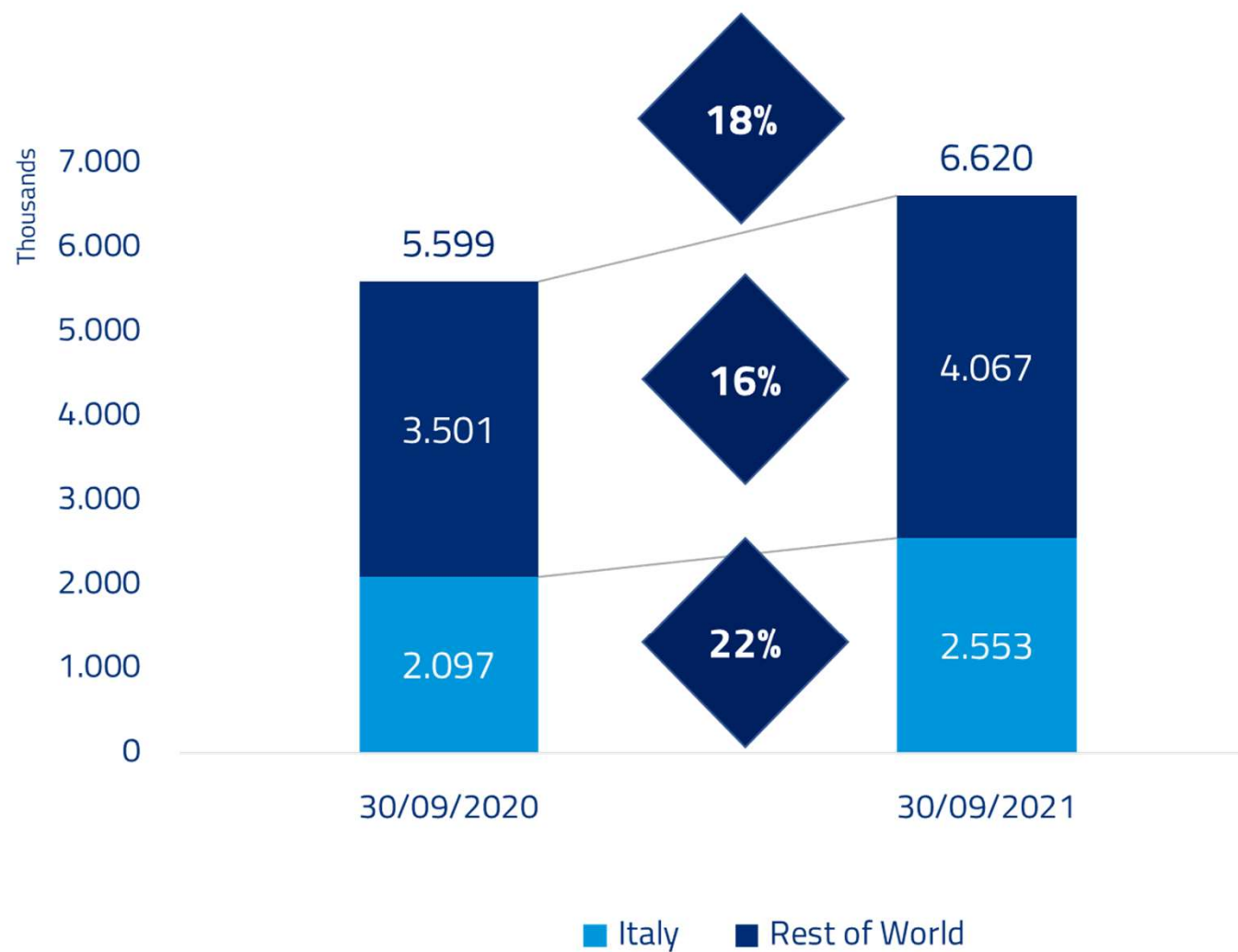
2020 current taxes are net of € 1 million related to the patent box benefit of the year.

Net income excl. non recurring items (€/000)	30/09/2021	30/09/2020
Net Result	10.886	11.421
Non recurring net expenses	-	943
2020 <i>Patent Box</i> benefit	-	(1.005)
Tax benefit Art.1 L. 27/12/17 n.205	(457)	-
Previous years taxes	-	(3.431)
Net income excl. non recurring items	10.429	7.928

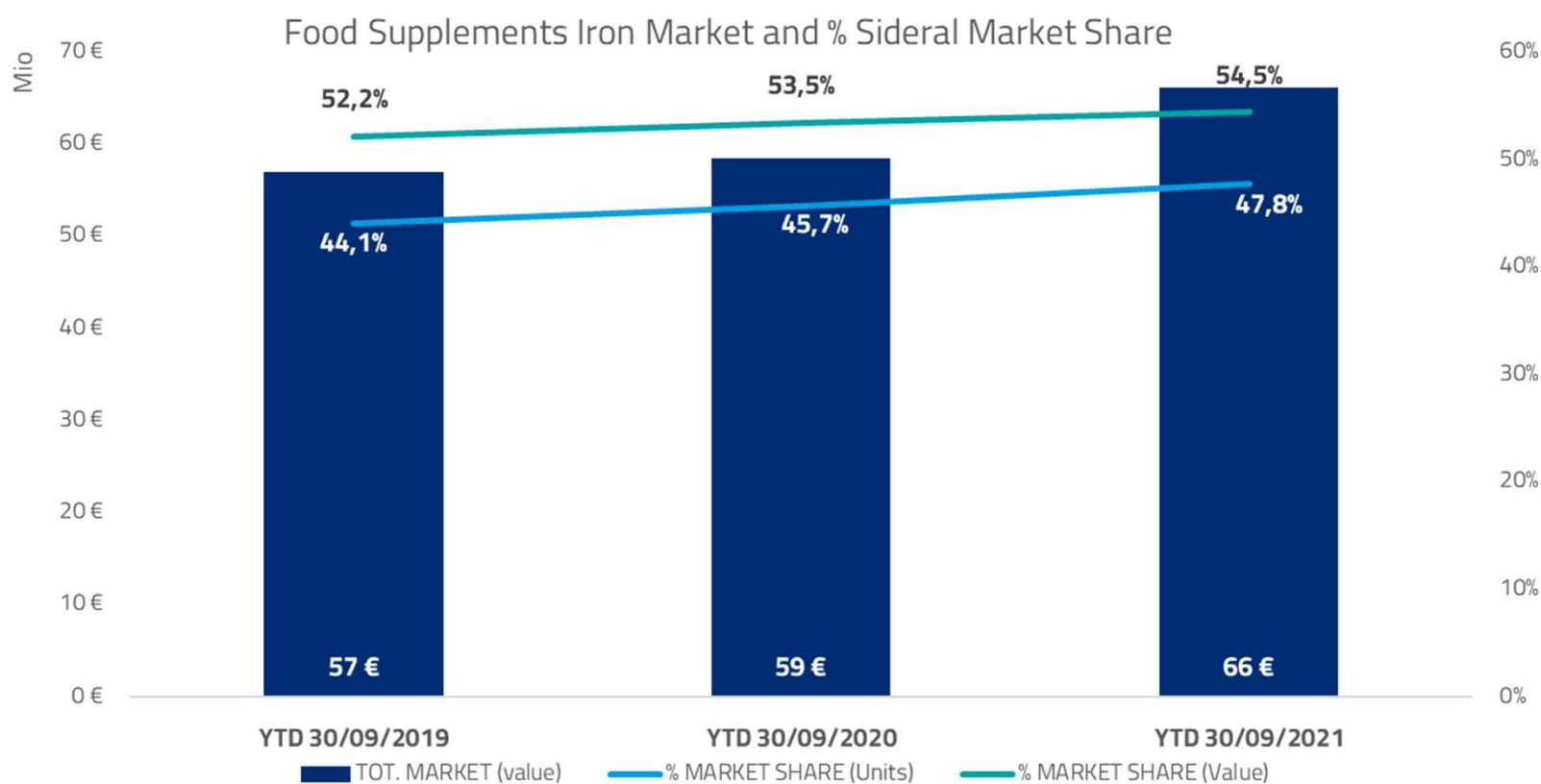
NET REVENUES



UNITS SOLD



IRON SUPPLEMENTS SIDERAL® MARKET SHARE IN ITALY

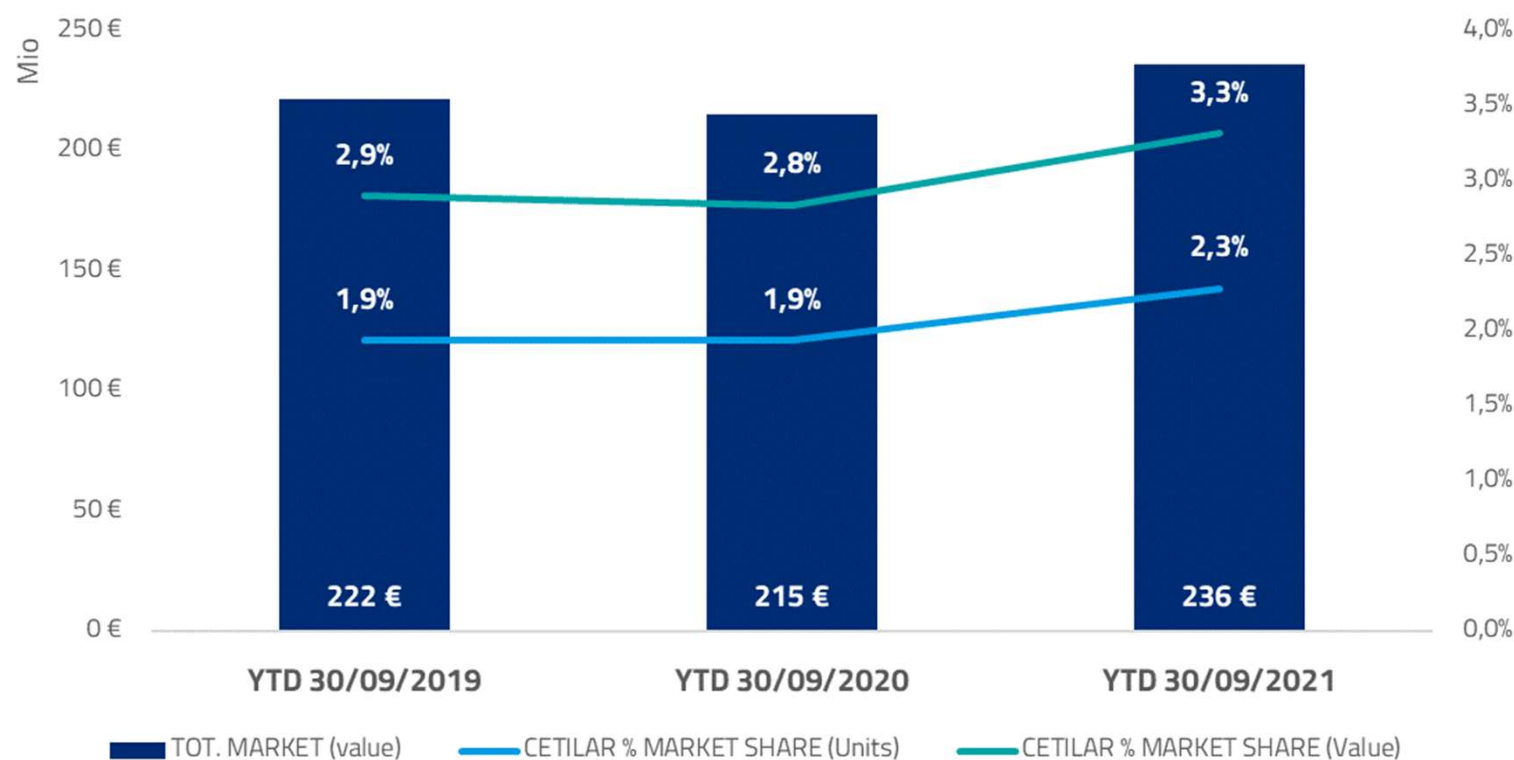


*Excluding products that
contain only lactoferrin*

Source IQVIA

ANTI-INFLAMMATORY TOPICAL CREAM CETILAR® MARKET SHARE IN ITALY

Tot. Market Units and % Cetilar Market Share



CONSOLIDATED BALANCE SHEET

Amounts in €/000	30/09/2021	31/12/2020	30/09/2020	Δ 3Q 21 vs FY20	Δ 3Q 21 vs 3Q 20
Trade receivables	18.997	15.053	13.636	3.944	5.361
Inventories	2.403	1.894	2.076	509	327
Trade Payables	(8.092)	(7.175)	(5.705)	(917)	(2.387)
Operating Working Capital	13.308	9.772	10.007	3.536	3.301
Other receivables	3.157	2.646	2.694	511	463
Other Payables	(4.519)	(2.859)	(3.160)	(1.660)	(1.359)
Net Working Capital	11.946	9.559	9.541	2.387	2.405
Intangible assets	5.317	5.181	4.995	136	322
Tangible assets	5.948	4.799	5.002	1.149	946
Financial assets	907	1.105	771	(198)	136
Total Fixed Assets	12.172	11.085	10.768	1.087	1.404
Provisions and other L/T liabilities	(2.826)	(2.273)	(2.944)	(553)	118
NET INVESTED CAPITAL	21.292	18.371	17.365	2.921	3.927
Net Equity	42.197	37.730	25.388	4.467	16.809
Non current financial liabilities	5.590	562	1.940	5.028	3.650
Current financial liabilities	978	1.101	2.910	(123)	(1.932)
Non current financial assets	(475)	(218)	(1.271)	(257)	796
Current financial assets	(4.387)	(4.349)	(4.847)	(38)	460
Cash and cash equivalents	(22.611)	(16.455)	(6.755)	(6.156)	(15.856)
Net Financial Position	(20.905)	(19.359)	(8.023)	(1.546)	(12.882)
TOTAL SOURCES	21.292	18.371	17.365	2.921	3.927

NET INVESTED CAPITAL

Operating Working Capital

The increase of the OWC reflects the increase of the revenues

Other Receivables

Increase due to accrual accounting of deferred costs related to marketing expenses

Other Payables

Increase due to the accrual for income taxes

SOURCES

Non current financial liabilities

A loan was obtained to partially cover the investment related to the construction of the new headquarters (€ 5 million).

Net financial position

NFP improves due to the increase in cash from operating activities.

CONSOLIDATED CASH FLOW

Cash Flow (€/000)	30/09/2021	31/12/2020	30/09/2020
Net Result	10.886	14.072	11.414
NON MONETARY EXPENSES			
Amortization, depreciation and w.o.	885	2.338	1.687
Accrual for employees benefits	167	203	149
CHANGES IN OPERATING ASSETS AND LIABILITIES			
Changes in operating working capital	(3.681)	(2.306)	(2.985)
Changes in other assets/liabilities	1.535	(2.514)	(4.357)
CASH FROM OPERATING ACTIVITIES	9.792	11.793	5.908
Capex	(1.530)	(1.329)	(834)
Changes in other non current assets	(56)	731	997
CASH FROM INVESTING ACTIVITIES	(1.586)	(598)	163
Dividend paid	(6.486)	(4.453)	(4.453)
Changes in financial liabilities	4.410	(4.736)	(3.941)
Changes in financial assets	(41)	727	887
Other changes	67	(29)	(127)
CASH FROM FINANCING ACTIVITIES	(2.050)	(8.491)	(7.634)
CHANGES IN LIQUIDITY	6.156	2.704	(1.563)
Cash and cash equivalents at the beginning of the period	16.455	13.751	13.751
Cash and cash equivalents at the end of the period	22.611	16.455	12.188

CASH FROM OPERATING ACTIVITIES

Amortization, depreciation & write off

2020 includes the write off of the indemnity related to the non renewal of a distribution agreement (€ 750 thousand)

Change in operating working capital

Increase in trade receivables due to higher revenues

Change in other assets/liabilities

Decrease in tax receivables due to the use of tax credit related to the Patent Box (1,1 million).

Increase due to the advance payment for the construction of the new headquarters (€ 1,4 million).

Increase in tax payables due to the accounting of the 2021 income taxes.

CASH FROM INVESTING ACTIVITIES

Capex

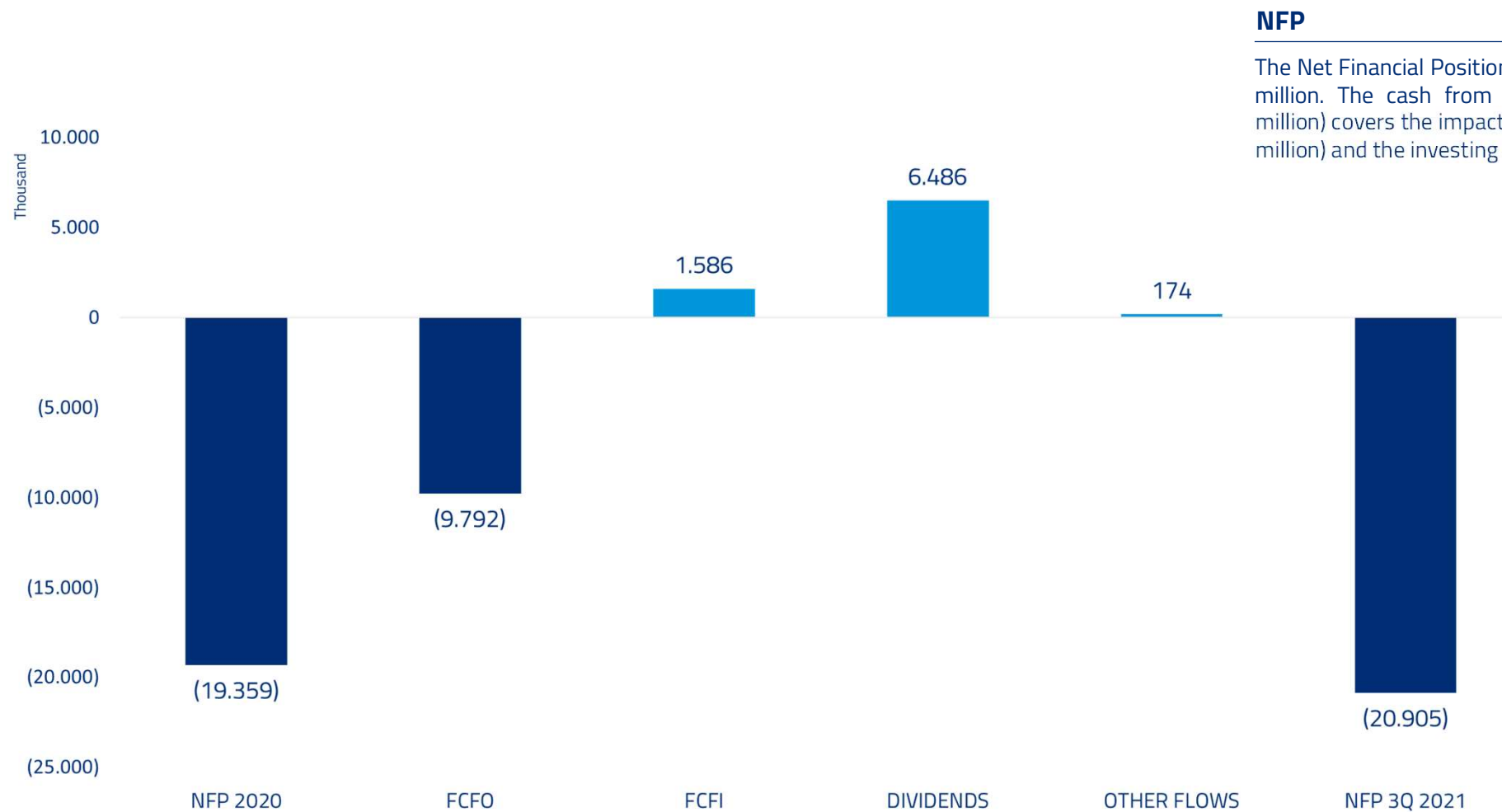
The increase refers to the purchase of cars supplied to the management and employees (€ 600k), to the renewal of some leases (€ 495k) and to the costs of the construction of the new headquarters (€ 494k).

CASH FROM FINANCING ACTIVITIES

Financial liabilities

The increase is due to the obtaining of a loan to partially cover the investment related to the construction of the new headquarter (€ 5 million).

NET FINANCIAL POSITION EVOLUTION



NFP

The Net Financial Position at 30.09.2021 is € 20.905 million. The cash from operating activities (€ 9.8 million) covers the impact of the dividends paid (€ 6.5 million) and the investing activities (€ 1.6 million).



OUTLOOK 2021

OUTLOOK 2021

- **Positive Outlook for 2021 is confirmed:** continuous growth of sales on the domestic market, together with the foreign orders backlog, will lead to a medium/high double-digit revenues growth compared to 2020. In addition, potential savings on operative expenses could determine a profitability better than expectations;
- In Italy, the strategy of the PharmaNutra Group is oriented to **strengthen its leadership on the Italian market of oral iron supplements** with SiderAL® products (current market share close to 54,5%), and to increase the market shares of Cetilar® products while continuing to develop sales of ApportAL® and UltraMag®; plans are in place to expand the sales network to 200 SSRs by the end of the year;
- **International growth drivers:** particular attention to European, US and Asian markets; business start-up in the new markets where distribution agreements were recently signed, enlargement of product portfolio with existing partners and finalization of new distribution agreements for SiderAL®;
- **M&A activities:** in progress the research for a target with complementary products and/or a sales network in Italy and abroad for Key Markets (UK, USA, France,..)
- **New scientific and clinical studies:** in addition to the last 6 studies already published, numerous researches (both clinical and pre-clinical) are underway in new therapeutic areas;



 PHARMANUTRA