

PHARMANUTRA:

THE BOARD OF DIRECTORS APPROVES THE DRAFT SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2017

THE GROUP ACHIEVED DOUBLE-DIGIT GROWTH

€37.8 MM REVENUE FROM SALES (+15.3% ON 2016)
€9.5 MM EBITDA (+26.3% ON 2016)
€6.0 MM NET PROFIT FOR THE PERIOD (+56.6% ON 2016)
€9.1 MM NET CASH (COMPARED TO €1.9 MM NET DEBT AT 31/12/2016)
€0.33 PROPOSED DIVIDEND PER SHARE

Pisa, 20 March 2018 - PharmaNutra (Aim Italia - Ticker PHN), a nutraceutical company leader in oral iron products, approved the draft separate and consolidated financial statements as of and for the year ended 31 December 2017. The latter was prepared in accordance with IFRSs.

The **Pharmanutra** Group's **consolidated financial statements** as of and for the year ended 31 December 2017 showed the following results:

<i>[€ mm]</i>	31/12/2017	%	31/12/2016	%	Change
REVENUE	37.867	100%	32.829	100%	+15.3%
EBITDA	9.507	25%	7.531	23%	+26.3%
NET PROFIT FOR THE YEAR	6.030	16%	3.851	12%	56.6%
NET CASH	9.096		(1.946)		+11.042

For the year ended 31 December 2017, PharmaNutra had **consolidated revenue** of €37.8 million, up 15.3% on €32.8 million for the previous year, thanks to the positive performance of all the three Group Companies. This result was determined by the Group's ability to firm up its competitive advantage position both in Italy and abroad. In particular, attention is called to the substantial increase in sales of products under the brand names Sideral and Cetilar.

Consolidated **EBITDA** of the Pharmanutra Group for the year ended 31 December 2017 amounted to €9.5 million, **up 26.3% on the comparable figure for 2016**, driven by both the parent company, Pharmanutra Spa, and the higher margins of subsidiaries Pharma Srl and Alesco Srl.

The **EBITDA margin** accounted for more than 25% of Group revenue, with an increase of over 2 percentage points over the previous year (22.28% for 2016). This was due mainly to the improved effectiveness of sales activities and strong attention to investment strategies.

Consolidated net profit for the year ended 31 December 2017 exceeded €6 million, compared to €3.8 million for 2016, reflecting a 56.6% increase.

The net cash position improved by over €11 million, going from (€1.9) million at 31 December 2016 to €9.1 million at 31 December 2017. This was due mainly to the demonstrated ability of the Group to generate cash flows from operating activities while investing to drive the Group's growth as well as to the cash inflow from the share issue completed in July of 2016, so as to gain admission to listing on the AIM Italia, minus listing costs.

Call of General Meeting of Shareholders

The Board of Directors delegated the Chairman, Andrea Lacorte, to take the necessary steps to call the Ordinary General Meeting of Shareholders for 23 April 2017, in first call, and 24 April 2017, in second call.

Proposed dividend distribution

The Board of Directors, in keeping with the long-standing dividend distribution policy and considering the traditional earning power of the Group, will recommend that the Shareholders approve the payment of a dividend of €0.33 per share, with a pay-out ratio of approximately 50% of consolidated net profit. The share will go ex-dividend on 7 May 2018 and will be payable to shareholders of record as of 8 May 2017 on 9 May 2018.

OUTLOOK

In 2018 Pharmanutra will continue to strengthen its leadership in the oral iron market, where its market share is approximately 50% thanks to products sold under the Sideral brand name, and to increase market share also for the products sold under the Cetilar brand name. Special attention will be paid to international growth, particularly in the European, Asian and U.S. markets.

The Group has already announced the launch of four new products in the first half of 2018, of which two are already available in the market while the other two are expected to start selling by the end of April. These are new preparations with proprietary raw material developed internally by the R&D

department which expand the offering of sucrosomial minerals, on one side, and provide new solutions in nutritional supplements. Furthermore, the second half of 2018 will see the launch of six innovative products that will enlarge the product portfolio of all the Group companies.

Andrea Lacorte, Chairman of Pharmanutra, commented: *“2017 was a year of substantial growth in terms of revenue and margins, with their double-digit rise over the previous year. These are very positive numbers, which show the development of our sales network, with the opening of new markets with high potential, and the constant investment in research and development, a key area for the Group’s innovation and the launch of new products. All these factors will contribute to a growth for 2018 consistent with that of the previous years”.*

Attached herewith are the consolidated financial statements, prepared in accordance with IFRSs, and the separate financial statements, prepared in accordance with Italian GAAP:

Annex 1. – Consolidated Statement of Financial Position

Annex 2. – Consolidated Income Statement

Annex 3. – Statement of Changes in Consolidated Equity

Annex 4. – Consolidated Cash Flow Statement

Annex 5. – Separate Statement of Financial Position

Annex 6. – Separate Income Statement

The consolidated financial statements as of and for the year ended 31 December 2017 will be made available to the public in keeping with the terms and conditions laid down by AIM Italia’s Issuer Regulation, as well as on the website of Pharmanutra Spa www.pharmanutra.it in the “Investor Relations” section.

Annex 1 - Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	31/12/2017	31/12/2016
NON-CURRENT ASSETS	6.805.366	5.975.572
Property, plant and equipment	1.132.712	1.023.163
Intangible assets	4.424.970	4.185.941
Investments	-	-
Non-current financial assets (securities)	250.000	250.000
Non-current financial assets	316.470	318.890
Other non-current financial assets	337.973	-
Deferred tax assets	343.241	197.578
CURRENT ASSETS	26.601.941	13.001.605
Inventories	1.878.498	1.097.473
Cash and cash equivalents	14.056.376	2.582.201
Current financial assets	-	-
Trade receivables	10.084.201	8.736.061
Other current assets	406.065	360.019
Deferred tax assets	176.801	225.851
Assets held for sale	-	-
TOTAL ASSETS	33.407.307	18.977.178
STATO PATRIMONIALE	31/12/2017	31/12/2016
EQUITY:	19.098.331	6.654.660
Share capital	1.123.098	200.000
Legal reserve	40.000	40.000
Other reserves	11.982.824	2.618.412
Reserve IAS 19	(9.006)	14.483
FTA reserve	(69.073)	(69.073)
Profit (loss) for the period	6.030.489	3.850.838
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
NON-CURRENT LIABILITIES	4.612.328	2.739.763
Non-current financial liabilities	2.987.479	1.688.675
Provisions	410.951	291.463
Post-employment benefits	1.213.898	759.625
Other non-current liabilities	-	-
Deferred tax liabilities	-	-
CURRENT LIABILITIES	9.696.648	9.582.754
Current financial liabilities	2.627.092	3.158.431
Trade payables	4.860.073	4.197.152
Other current liabilities	1.266.880	683.719
Taxes payable	942.603	1.543.452
Liabilities held for sale	-	-
TOTAL LIABILITIES AND EQUITY	33.407.307	18.977.178

Annex 2 - Consolidated Income Statement

INCOME STATEMENT	31/12/2017	31/12/2016
<u>A) REVENUE</u>	37.867.223	32.828.980
Net revenue	37.784.564	32.781.469
Other revenue	82.659	47.511
<u>B) OPERATING COSTS</u>	28.359.745	25.298.330
Purchases of raw and ancillary materials and consumables	2.539.813	2.472.759
Changes in inventories	(822.116)	206.642
Service costs	23.788.730	20.515.439
Personnel expenses	2.512.248	1.913.166
Other operating costs	341.069	190.324
<u>(A-B) EBITDA</u>	9.507.479	7.530.650
C) Amortisation, depreciation and impairments	582.965	942.801
<u>(A-B-C) EBIT</u>	8.924.514	6.587.849
<u>D) FINANCIAL INCOME (EXPENSE)</u>	(88.736)	(128.682)
Financial income	6.355	50.048
Financial expense	(95.091)	(178.730)
<u>E) NON-RECURRING INCOME AND EXPENSES</u>		
Non-recurring income and expenses	(66.013)	(405.934)
<u>PRE-TAX PROFIT (A-B-C+D)</u>	8.769.763	6.053.233
Income tax	(2.739.274)	(2.202.394)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholders	6.030.489	3.850.838
COMPREHENSIVE INCOME STATEMENT	31/12/2017	31/12/2016
PROFIT (LOSS) FOR THE PERIOD	6.030.489	3.850.838
Actuarial gains (losses)	(23.489)	(18.044)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	6.007.000	3.832.794

Annex 3. – Statement of Changes in Consolidated Equity

	Share capital	Legal reserve	Other reserves	Actuarial reserve IAS 19	FTA Reserve	Profit (loss) for the period	Balance
Share capital attributable to parent's shareholders at 31/12/2016	200.000	40.000	2.618.412	14.483	(69.073)	3.850.838	6.654.660
Allocation of results			3.850.838			(3.850.838)	0
Dividend distribution			(1.686.400)				(1.686.400)
Change in scope of consolidation							
Share capital increase and share premium	923.098		7.650.000				8.573.098
Other changes			(450.027)	(23.489)			(473.516)
Profit (loss) for the period						6.030.489	6.030.489
Share capital attributable to parent's shareholders at 30/06/2017	1.123.098	40.000	11.982.824	(9.006)	(69.073)	6.030.489	19.098.331

Annex 4. – Consolidated Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT (indirect method)

	31/12/2017	31/12/2016
Net profit including attributable to non-controlling interests	6.030.489	3.850.838
NON-MONETARY COSTS/REVENUE		
Amortisation, depreciation and impairments	582.965	942.801
Provisions to post-employment benefits	112.949	84.056
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in provisions	119.488	139.457
Changes in post-employment benefits	341.324	(580.136)
Changes in inventories	(781.026)	247.815
Changes in current financial assets	0	0
Changes in trade receivables	(1.348.140)	(1.247.590)
Changes in other current assets	(46.046)	1.548
Changes in deferred tax assets	49.050	148.837
Changes in other current liabilities	583.161	(13.725)
Changes in trade payables	662.920	1.223.075
Changes in taxes payable	(600.849)	1.064.409
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	5.706.287	5.861.386
Net investment in tangible and intangible assets	(931.543)	(2.173.123)
Net investments in non-current financial assets	0	0
(Increase)/decrease in financial assets - securities	0	(250.000)
(Increase)/decrease in other non-current assets	(483.636)	491.403
(Increase)/decrease in other non-current liabilities	0	0
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(1.415.179)	(1.931.720)
Increase in share capital including share premium	8.573.098	
Increase/(decrease) in equity	(473.516)	(28.259)
Dividend distribution	(1.686.400)	(1.256.300)
Increase/(decrease) in non-current financial liabilities	1.298.804	(951.923)
Increase/(decrease) in non-current financial assets	2.420	3.724
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	7.714.406	(2.232.758)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	12.005.513	1.696.908
Opening cash and cash equivalents less current financial liabilities	(576.230)	(2.273.138)
Closing cash and cash equivalents less current financial liabilities	11.429.283	(576.230)
Total cash and cash equivalents	14.056.376	2.582.201
Total current financial liabilities	2.627.092	3.158.431
Closing cash and cash equivalents less current financial liabilities	11.429.283	(576.230)

Annex 5. – Separate Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	31/12/2017	31/12/2016
NON-CURRENT ASSETS	5.927.167	4.637.160
Property, plant and equipment	724.145	488.314
Intangible assets	1.319.657	718.236
Investments	2.801.000	2.801.000
Non-current financial assets (securities)	250.000	250.000
Non-current financial assets	273.033	275.453
Other non-current financial assets	337.973	-
Deferred tax assets	221.361	104.157
CURRENT ASSETS	23.495.243	11.666.122
Inventories	1.185.193	734.808
Cash and cash equivalents	13.449.912	2.406.642
Current financial assets	-	-
Trade receivables	8.381.904	8.017.396
Other current assets	321.078	299.050
Deferred tax assets	157.157	208.226
Assets held for sale	-	-
TOTAL ASSETS	29.422.411	16.303.282
STATEMENT OF FINANCIAL POSITION	31/12/2017	31/12/2016
EQUITY:	17.763.813	6.334.439
Share capital	1.123.098	200.000
Legal reserve	40.000	40.000
Other reserves	12.052.744	2.718.928
Profit (loss) for the period	4.547.971	3.375.511
NON-CURRENT LIABILITIES	3.668.387	1.644.219
Non-current financial liabilities	2.346.846	815.217
Provisions	420.471	305.814
Post-employment benefits	901.069	523.188
Other non-current liabilities	-	-
Deferred tax liabilities	-	-
CURRENT LIABILITIES	7.990.210	8.324.624
Current financial liabilities	1.789.611	2.412.034
Trade payables	4.781.499	4.207.733
Other current liabilities	1.007.982	484.164
Taxes payable	411.118	1.220.693
Liabilities held for sale	-	-
TOTAL LIABILITIES AND EQUITY	29.422.410	16.303.282

Annex 6. – Separate Income Statement

INCOME STATEMENT	31/12/2017	31/12/2016
A) REVENUE	30.370.197	27.334.753
Net revenue	30.317.683	27.158.516
Other revenue	52.514	176.237
B) OPERATING COSTS	23.505.201	21.292.700
Purchases of raw and ancillary materials and consumables	1.518.815	1.204.297
Changes in inventories	(450.384)	358.601
Service costs	20.544.638	18.224.709
Personnel expenses	1.581.208	1.117.493
Other operating costs	310.925	387.600
(A-B) EBITDA	6.864.997	6.042.053
C) Amortisation, depreciation and impairments	497.495	721.342
(A-B-C) EBIT	6.367.501	5.320.711
D) FINANCIAL INCOME (EXPENSE)	182.027	(49.154)
Financial income	215.380	48.866
Financial expense	(33.353)	(98.020)
PRE-TAX PROFIT (A-B-C+D)	6.549.529	5.271.557
Income tax	(2.001.556)	(1.896.046)
Profit/(loss) for the period	4.547.972	3.375.511

PharmaNutra S.p.A.

Founded and led by Chairman Andrea Lacorte and Deputy Chairman Roberto Lacorte, Pharmanutra was established in Pisa in 2003 to develop nutraceutical products and innovative medical devices. An excellence in the Italian pharma landscape, the company is present in 38 countries worldwide, has 50 direct employees, including 9 researchers, has a network of about 150 single-mandate sales representatives and cooperates, among others, with the Universities of Pisa, Milan, Brescia, Modena, Verona, Barcelona and Brisbane. Currently Pharmanutra is leader in Europe in iron-based supplements with SiderAL, a patented product with a share of 50% in terms of value of the OTC oral iron market in Italy. The year just ended saw the launch in the market of Cetilar, a preparation patented and produced entirely by Pharmanutra, which is evidence to the high quality of the scientific research conducted by the Tuscan company.

<http://www.PharmaNutra.it>

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