

PHARMANUTRA S.P.A.:

THE BOD APPROVES THE DRAFT FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2018

DOUBLE-DIGIT GROWTH CONTINUES (+23%) DRIVEN BY THE EXPANSION ON NATIONAL AND INTERNATIONAL MARKETS

NET REVENUES € 46.7 M (+23% WITH RESPECT TO 31.12.2017)

EBITDA RESTATED € 11.8 M (+24% WITH RESPECT TO 31.12.2017)

RESTATED NET PROFIT FOR THE PERIOD € 7.8 M (+28% WITH RESPECT TO 31.12.2017)

NET CASH € 11.4 M (WITH RESPECT TO € 9.1 M AT 31.12.2017)

€ 0.50 PROPOSED DIVIDEND PER SHARE (+52% WITH RESPECT TO 31.12.2017)]

Pisa, 12 March 2019 – Pharmanutra S.p.A. (Aim Italia - Ticker PHN), a leading nutraceutical company in dietary iron supplements and medical devices sector, announces that the Board of Directors Meeting held today examined and approved the separate financial statements at 31 December 2018 and the consolidated financial statements at 31 December 2018, prepared pursuant to Issuers' Regulation AIM Italy/Alternative Investment Market and in compliance with IFRS international accounting standards.

The Consolidated Financial Statements of Pharmanutra Group at 31 December 2018 shows the following figures:

€ M	31.12.2018	31.12.2017	Changes
NET REVENUE	46.7	37.8	+ 23%
EBITDA	12.6	9.4	+ 33%
EBITDA RESTATED ¹	11.8	9.5	+ 25%
NET PROFIT	8.6	6.0	+ 42%
RESTATED NET PROFIT FOR THE PERIOD ²	7.8	6.0	+ 28%
NET CASH	(11.4)	(9.1)	+ (2.3)

¹ The EBITDA restated at 31/12/2018 is net of non-recurring revenues, equal to a total of € 0.82 M, relating to the entry of the tax credit for research and development set forth by article 3 of Legislative Decree no. 145/2013 for the research and development work carried out in the years 2015-2017 by Pharmanutra and Alesco and the relevant advisory costs equal to € 0.08 M.

² The Net Profit for the period restated at 31/12/2018 has the sole scope of valuing the growth net of the nonrecurring items in any case attained. In particular, the nonrecurring revenues are not taken into account, which are equal to a total of € 0.82 M, relating to the entry of the tax credit for research and development set forth by article 3 of Legislative Decree no. 145/2013 for the activities of research and development carried out in 2015-2017 by Pharmanutra and Alesco and relevant consulting services costs equal to € 0.08 M.

Pharmanutra ended 2018 with a **Consolidated Net Profit** equal to 46.7 million Euros, up by 23% compared to the previous financial year. This result was attained thanks above all to the positive contribution of products under the **Sideral®** brand and much higher sales of osteo-articular topical products under the **Cetilar®** brand, which generated a growth of 16% on the domestic market.

In 2018, the Pharmanutra Group further strengthened its presence on the international markets with revenues growing from 8.1 million Euro to 12.4 million Euro with respect to the previous year, and up by 52%. Foreign revenues represent 26% of the total revenues.

This significant increase of its performance is attributable to the continuous research and development work and clinical activities on the products, which generate a greater awareness of the effectiveness of the products with the medical profession and a growing perception of their quality by consumers.

In particular, the results of R&D work in 2018 led to the launch in Italy of eight new products including **Apportal®**, **Ultramag®**, **Linea Capricare®** and **Neod3® Forte**. These are new formulas with proprietary raw materials, developed entirely in the R&D department, that widen the range of sucrosomial products and propose new solutions for nutritional supplements entering new market segments and on completely new markets.

The **restated EBITDA** of the Pharmanutra Group stands at approximately 11.8 million Euros, equal to a 25% margin on the net profits, and with a growth of 25% compared to 2017.

The **Net Profit for the period** is equal to 8.6 million Euro, and is up by 42% compared to 31 December 2017.

The **restated Net Profit for the period** is equal to 7.8 million Euro, and is up by 28% compared to 31 December 2017.

The **Net Cash** for 2018 also showed a positive trend with respect to 31 December 2017 increasing from 9.1 million Euro to 11.4 million Euro.

Proposed distribution of dividends

Given the consolidated ability to generate cash of the operational management, the Board of Directors intends to propose to the Shareholders' Meeting to pay a dividend of € 0.50 per ordinary share of which the amount of € 0.42 as ordinary dividend (in lined with the *payout* policy where 50% of the consolidated profit for the period is paid) and € 0.08 as extraordinary component.

The ex-dividend date will be 6 May 2019, with record date of 7 May 2019 and a dividend payment date of 8 May 2019.

Andrea Lacorte, Chairman of Pharmanutra S.p.A, had this to say: *"We are ending yet another year of significant development during which all our products lines have been very successful both on the*

market, and at a scientific level. This growth encourages us to continue our work in research and innovation, as the launch of 8 new products clearly confirms together with the strong drive given by the Cetilar® line, which has been very successful on the market of topical soothing products, for which there is an enormous demand”.

Roberto Lacorte, Vice Chairman of Pharmanutra Spa, added: *“It am pleased to say that these extraordinary results, that go well beyond the positive expectations of the Consensus, go hand in hand with a geographical growth of the Group, that today operates in 49 different Countries. This bears witness to the fact that we are not content merely to consolidate the results we have obtained to date, but are ready to face new challenges, and reach new highly competitive markets of very high potential. Markets on which we can gradually consolidate the validity of our products”.*

Call of the ordinary and extraordinary Shareholders’ Meeting

The Board of Directors delegated the Chairman Mr. Andrea Lacorte to complete the formalities to call an ordinary and extraordinary Shareholders’ Meeting with the first call on 15 April and the second call on 16 April 2019. The Shareholders’ Meeting will be called by notice published in accordance within the terms and according to the procedures set forth by law and will be published on the website of the Company www.pharmanutra.it under the Section “Investor Relations”, together with any other documents relevant to the Meeting.

The Shareholders’ Meeting will be called to pass resolution on the following items:

- appointment of the new Board of Statutory Auditors – given that the board in office, appointed by the Shareholders’ Meeting on 26 April 2016, goes out of office with the approval of the financial statements at 31 December 2018 – and appointment of the Chairman of the Board, who will remain in office for three financial years, and the determination of the fees thereof;
- appointment, against the reasoned proposal of the Board of Statutory Auditors, of the auditing company for the period 2019-2027 and determination of the fee thereof, as set forth by Legislative Decree 39/2010, given that the engagement of the company BDO Italia S.p.A. granted by the ordinary Shareholders’ Meeting of 26 April 2016 expires upon approval of the financial statements at 31 December 2018;
- the amendments to the Articles of Association consisting of the deletion of the reference to the law on price adjustment shares and the PharmaNutra warrants, that are no longer valid following the conversion of these shares and the verification of the acceleration condition of the warrants, both notified to the market through press releases of the Company.

The consolidated financial statement at 31 December 2018 will be made available to the public according to the terms and methods set forth in the AIM Italia Issuers’ Regulation and on the Pharmanutra Spa website www.pharmanutra.it under the Section “Investor Relations”.

The following accounting statements of the Group are attached to this press release, prepared in accordance with the International IFRS Accounting Standards:

Attachment 1. - Consolidated Balance Sheet

Attachment 2. - Consolidated Income Statement

Attachment 3. - Statement of Changes in Consolidated Equity

Attachment 4. - Consolidated Cash Flow Statement

Attachment 5. - Consolidated Balance Sheet of the Holding

Attachment 6. - Consolidated Income Statement of the Holding

PHARMANUTRA GROUP – CONSOLIDATED BALANCE SHEET

ASSETS	31/12/2018	31/12/2017
<u>NON-CURRENT ASSETS</u>	7.317.507	6.805.366
Tangible assets	965.695	1.132.712
Intangible assets	4.729.133	4.424.970
Investments	253.700	253.700
Non-current financial assets	208.280	312.770
Other non-current financial assets	671.213	337.973
Deferred tax assets	489.485	343.241
<u>CURRENT ASSETS</u>	34.156.117	26.601.941
Inventories	2.149.425	1.878.498
Cash and cash equivalents	14.968.178	14.056.376
Current financial assets	864.601	-
Trade receivables	12.977.053	10.084.201
Other current assets	1.670.931	406.065
Deferred tax assets	1.525.928	176.801
TOTAL ASSETS	41.473.624	33.407.307
<u>LIABILITIES AND EQUITY</u>	31/12/2018	31/12/2017
<u>EQUITY:</u>	24.442.354	19.098.331
Share capital	1.123.098	1.123.098
Legal reserve	224.620	40.000
Other reserves	14.637.179	11.982.824
Reserve IAS 19	(7.917)	(9.006)
Financial Instruments Reserve (FVOCI)	(23.050)	-
FTA reserve	(69.073)	(69.073)
Profit (loss) for the period	8.557.497	6.030.489
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
<u>NON-CURRENT LIABILITIES</u>	4.062.365	4.598.553
Non-current financial liabilities	1.830.753	2.987.479
Provisions	539.075	410.951
Post-employment benefits	1.692.537	1.200.123
<u>CURRENT LIABILITIES</u>	12.968.906	9.710.423
Current financial liabilities	3.511.399	2.627.092
Trade payables	6.665.918	4.860.073
Other current liabilities	1.787.157	1.280.656
Taxes payable	1.004.432	942.603
TOTAL LIABILITIES AND EQUITY	41.473.624	33.407.307

PHARMANUTRA GROUP - RESTATED CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT	31/12/2018	31/12/2017	VARIATION	
A) REVENUES	47.298.239	37.867.223	+	25%
Net revenues	46.672.503	37.794.099	+	23%
Other revenues	625.736	73.124	+	756%
B) OPERATING COSTS	35.458.605	28.359.745	+	25%
Purchases of raw and ancillary materials and consumables	2.742.892	2.539.813	+	8%
Changes in inventories	(270.927)	(822.116)	-	-67%
Service costs	29.664.876	23.763.045	+	25%
Personnel expenses	2.801.402	2.522.695	+	11%
Other operating costs	520.362	356.308	+	46%
(A-B) EBITDA	11.839.634	9.507.479	+	25%
C) Amortisation, depreciation and impairments	661.662	582.965	+	13%
(A-B-C) EBIT	11.177.972	8.924.514	+	25%
D) FINANCIAL INCOME (EXPENSE)	(62.563)	(88.736)	-	-29%
Financial income	5.846	9.265	-	-37%
Financial expense	(68.409)	(98.001)	-	-30%
E) NON-RECURRING INCOME AND EXPENSES	738.340	(66.013)	-	-1218%
Non-current income and expenses	738.340	(66.013)	-	-1218%
PRE-TAX PROFIT (A-B-C+D+E)	11.853.748	8.769.764	+	35%
Income tax	(3.296.250)	(2.739.275)	+	20%
Profit/(loss) attributable to non-controlling interests	-	-		
Profit/(loss) attributable to the parent company's shareholders	8.557.497	6.030.489	+	42%
<i>Non-current income and expenses</i>	<i>738.340</i>	<i>(66.013)</i>		
<i>Restated Profit/(loss) attributable to the parent company's shareholders</i>	<i>7.819.157</i>	<i>6.096.502</i>	+	<i>28%</i>

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³ The Net Profit for the period restated at 31/12/2018 has the sole scope of valuing the growth net of the nonrecurring items in any case attained. In particular, the nonrecurring revenues are not taken into account, which are equal to a total of € 0.82 M, relating to the entry of the tax credit for research and development set forth by article 3 of Legislative Decree no. 145/2013 for the activities of research and development carried out in 2015-2017 by Pharmanutra and Alesco and relevant consulting services costs equal to € 0.08 M.

PHARMANUTRA GROUP – STATEMENT OF CHANGES IN EQUITY

	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 31/12/2017	1.123.098	40.000	11.982.824	(9.006)		(69.073)	6.030.489	19.098.331
Allocation of results		184.620	5.845.869				(6.030.489)	0
Dividend distribution			(3.194.722)					(3.194.722)
Change in scope of consolidation								
Share capital increase and share premium								
Other changes			3.208	1.089	(23.050)			(18.753)
Profit (loss) for the period							8.557.497	8.557.497
Group Equity as at 31/12/2018	1.123.098	#####	14.637.179	(7.917)	(23.050)	(69.073)	8.557.497	24.442.354

PHARMANUTRA GROUP – CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD)

	31/12/2018	31/12/2017
Net profit including attributable to non-controlling interests	7.377.117	6.030.489
NON-MONETARY COSTS/REVENUE		
Amortisation, depreciation and impairments	530.765	582.965
Provisions to post-employment benefits	99.835	112.949
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Changes in provisions	104.950	119.488
Changes in post-employment benefits	344.419	327.549
Changes in inventories	43.508	(781.026)
Changes in trade receivables	(2.805.610)	(1.348.140)
Changes in other current assets	(1.275.769)	(46.046)
Changes in deferred tax assets	(1.123.868)	49.050
Changes in other current liabilities	400.586	596.937
Changes in trade payables	1.501.733	662.920
Changes in taxes payable	438.796	(600.849)
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES	5.636.463	5.706.287
Net investment in tangible and intangible assets	(695.989)	(931.543)
Net investments in non-current financial assets	0	0
(Increase)/decrease in financial assets - securities	0	(3.700)
(Increase)/decrease in other non-current assets	(391.120)	(483.636)
Increase/(decrease) in other non-current liabilities	0	0
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES	(1.087.109)	(1.418.879)
Increase in share capital including share premium	0	8.573.098
Increase/(decrease) in equity	(7.123)	(473.516)
Dividend distribution	(3.194.722)	(1.686.400)
Increase/decrease) in non-current financial liabilities	(977.642)	1.298.804
(Increase)/decrease in current financial assets	(864.601)	0
(Increase)/decrease in non-current financial assets	104.500	6.120
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES	(4.939.588)	7.718.106
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	(390.234)	12.005.513
Opening cash and cash equivalents less current financial liabilities	11.660.301	(576.230)
Closing cash and cash equivalents less current financial liabilities	11.270.067	11.429.283

PHARMANUTRA – BALANCE SHEET

ASSETS	31/12/2018	31/12/2017
<u>NON-CURRENT ASSETS</u>	6.019.617	5.567.773
Tangible assets	848.416	1.061.573
Intangible assets	1.004.824	626.442
Investments	2.801.000	2.801.000
Non-current financial assets	168.488	272.988
Other non-current financial assets	671.213	337.973
Deferred tax assets	275.632	217.752
<u>CURRENT ASSETS</u>	30.053.322	23.495.243
Inventories	1.141.685	1.185.193
Cash and cash equivalents	13.981.651	13.449.912
Current financial assets	864.601	-
Trade receivables	11.187.513	8.381.904
Other current assets	1.596.847	321.078
Deferred tax assets	1.281.025	157.157
TOTAL ASSETS	36.072.939	29.063.016
LIABILITIES AND EQUITY	31/12/2018	31/12/2017
<u>EQUITY:</u>	21.495.703	17.320.431
Share capital	1.123.098	1.123.098
Legal reserve	224.620	40.000
Other reserves	12.824.327	11.595.700
Reserve IAS 19	8.456	(4.263)
Financial Instruments Reserve (FVOCI)	(23.050)	-
FTA reserve	(38.865)	(38.865)
Profit (loss) for the period	7.377.117	4.604.761
Capital and reserve attributable to non-controlling interests	-	-
Profit (loss) attributable to non-controlling interests	-	-
<u>NON-CURRENT LIABILITIES</u>	3.323.938	3.752.375
Non-current financial liabilities	1.369.204	2.346.846
Provisions	483.809	378.858
Post-employment benefits	1.470.925	1.026.670
<u>CURRENT LIABILITIES</u>	11.253.299	7.990.210
Current financial liabilities	2.711.584	1.789.611
Trade payables	6.283.232	4.781.499
Other current liabilities	1.408.568	1.007.982
Taxes payable	849.915	411.118
TOTAL LIABILITIES AND EQUITY	36.072.939	29.063.016

PHARMANUTRA – INCOME STATEMENT

INCOME STATEMENT	31/12/2018	31/12/2017
<u>A) REVENUES</u>	39.276.911	30.370.197
Net revenues	38.019.503	30.306.830
Other revenues	1.257.408	63.367
<u>B) OPERATING COSTS</u>	29.689.544	23.516.011
Purchases of raw and ancillary materials and consumables	1.898.974	1.518.815
Changes in inventories	43.508	(450.384)
Service costs	25.454.305	20.530.322
Personnel expenses	1.886.957	1.602.465
Other operating costs	405.801	314.794
<u>(A-B) EBITDA</u>	9.587.367	6.854.186
C) Amortisation, depreciation and impairments	530.765	408.549
<u>(A-B-C) EBIT</u>	9.056.602	6.445.638
<u>D) FINANCIAL INCOME (EXPENSE)</u>	827.121	178.614
Financial income	846.039	218.290
Financial expense	(18.918)	(39.677)
<u>PRE-TAX PROFIT (A-B-C+D)</u>	9.883.723	6.624.251
Income tax	(2.506.606)	(2.019.491)
Profit/(loss) attributable to non-controlling interests	-	-
Profit/(loss) attributable to the parent company's shareholders	7.377.117	4.604.761

PharmaNutra S.p.A.

Founded and guided by Chairman Andrea Lacorte and Vice Chairman Roberto Lacorte, PharmaNutra was established in 2003 and develops unique nutraceutical supplements and innovative nutritional devices, handling the entire production process, from the proprietary raw materials to the finished product. The effectiveness of its products has been demonstrated by numerous clinical studies, 91 of which have been published the involvement of over 6,000 patients. The Group distributes and sells its products in Italy and abroad. In Italy, products are sold through a network of 150 Pharmaceutical Representatives serving doctors and also exclusively selling PharmaNutra products to pharmacies throughout Italy. Products are sold in over 49 countries abroad, through 33 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 for 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.

<http://www.PharmaNutra.it>

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