INTERIM MANAGEMENT REPORT

30th June 2021

Pharmanutra S.p.A.

Registered Office	Pisa, Via delle Lenze 216/B
REA	146259
Share Capital	€ 1.123.097,70 i.v.
C.F. | P.Iva | Reg. Impr. di Pisa	01679440501

PHARMANUTRA

Our history

The PharmaNutra Group is a group of Italian companies based in Pisa, specialising in the pharmaceutical and nutraceutical sector. The companies PharmaNutra S.p.A., Junia Pharma S.r.l. and Alesco S.r.l. form part of the Group.

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 about 60 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 50 countries in Europe, Asia, Africa and America, through a network of 39 carefully selected sales partners.

PHARMANUTRA OWNS 100% OF JUNIA PHARMA AND ALESCO

PharmaNutra
Founded and managed by the Lacorte brothers, PharmaNutra S.p.A. was born in 2003 with the aim of developing nutritional supplements and innovative medical devices, overseeing the whole production process, from the development of proprietary raw materials to the distribution of the finished product.

Junia Pharma
In 2010 PharmaNutra's top management decided to invest in the creation of a new company, aiming to respond to the increasing health needs of children. This led to the establishment of Junia Pharma S.r.l., the company specialised in the development and distribution of paediatric medicines, medical devices, OTC products and nutritional supplements.

Alesco
Alesco S.r.l. was established in 2000 to stand out on the nutraceutical market for the high scientific value of the raw materials distributed. Thanks to ongoing R&D investments, Alesco active principles are now considered the most effective on the market and are used in the pharmaceutical, food and cosmetic sectors.

Board of Directors

Andrea Lacorte (Chairman)

Roberto Lacorte (Vice Chairman)

Carlo Volpi (Executive Director)

Germano Tarantino (Executive Director)

Alessandro Calzolari (Independent Director)

Marida Zaffaroni (Independent Director)

Giovanna Zanotti (Independent Director)

Board of Statutory Auditors

Michele Lorenzini (Chairman of the Board of Statutory Auditors)

Guido Carugi (Statutory Auditor)

Andrea Circi (Statutory Auditor)

Fabio Ulivieri (Alternate Auditor)

Giacomo Boni (Alternate Auditor)

Audit Firm

BDO Italia S.p.A.

Summary

INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2021

1.1 Main financial, income statement and balance sheet data

This first half financial report for the six months ended 30 June 2021 has been prepared in accordance with article 154-*ter* of Italian Legislative Decree 58/1998, as amended ("TUF").

The main consolidated financial data of the Pharmanutra Group for the six-month periods ended 30 June 2021 and 30 June 2020 are shown below:

Amounts in million Euro	30/06/2021	%	30/06/2020	%	CHANGE	
					Amount	%
ECONOMIC DATA						
REVENUES	32,4	100,0%	30,7	100,0%	1,7	+5,6%
REVENUES FROM SALES	32,3	99,5%	29,1	94,9%	3,2	+10,9%
EBITDA	10,3	31,7%	9,5	30,8%	0,8	+8,6%
*EBITDA - Adjusted **	*10,3*	*31,7%*	*9,4*	*30,6%*	*0,9*	*+9,5%*
NET RESULT	7,0	21,7%	9,7	31,5%	-2,6	-27,3%
*NET RESULT EXCL. NON-RECURRING IT.***	6,6	*20,4%*	*5,9*	*31,5%*	*0,7*	+12,4%
EPS - NET EARNINGS PER SHARE (Units of Euro)	0,73		1,00		-0,27	-27,3%
EPS - NET EARNINGS PER SHARE EXCL. NON-RECURRING ITEMS (Units of Euro)	*0,68*		*0,60*		*0,08*	*+12,4%*

Amounts in million Euro	30/06/2021	31/12/2020	CHANGE
BALANCE SHEET DATA			
NET INVESTED CAPITAL	19.0	18.4	0.6
NFP (positive cash)	(19.4)	(19.4)	(0.0)
CONSOLIDATED SHAREHOLDERS' EQUITY	38.4	37.7	0.6

* 2020 Adjusted EBITDA is net of non-recurring income of Euro 1 million, relating to contractual indemnification, and non-recurring costs totalling Euro 975 thousand, of which Euro 709 thousand relating to the finalisation of the agreement with the Italian Inland Revenue (Agenzia delle Entrate) for access to the tax relief represented by the Patent Box, and Euro 266 thousand of costs incurred for the start-up of the preparatory operations for the group's transition to listing on the MTA - Star segment.

** The net result excluding non-recurring items for 2021 is net of the tax credit obtained on the costs incurred for the transition to the MTA (Euro 457 thousand).

The net result excluding non-recurring items for 2020 does not include the tax benefit deriving from the finalisation of the agreement for the tax relief relating to the exclusion from taxable income for each year of part of the income deriving from the use of the so-called "intellectual property" (Patent Box) for the years 2016 to 2019, for a total amount of Euro 3.4 million, the 2020 tax benefit related to the Patent Box (Euro 719 thousand) and revenues net of non-recurring costs for Euro 326 thousand. It should be noted that for the purposes of a better significance of the comparison, the 2020 figure has been adjusted by excluding the 2020 benefit of the Patent Box.

1.2 The Pharmanutra Group

Pharmanutra S.p.A. (hereinafter also referred to as "Pharmanutra", the "Parent Company" or the "Company") is a company with registered office in Italy, Via delle Lenze 216/B, Pisa, which holds controlling interests in all the companies (the "Group" or also "Pharmanutra Group") shown in the following table:

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 developing and marketing directly and independently a line of products under its own brand, managed through a structure of sales representatives who present the products directly to the medical class; today, it has the know-how to manage all the stages from design, to formulation and registration of a new product, marketing, up to training of the 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 its 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.

Pharmanutra Group's Business Lines

The Pharmanutra Group's distribution and sales model consists of two main 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 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, adopted in 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 workshops that produce on behalf of third parties and, within the Group, supplying and selling products and raw materials to Pharmanutra and Junia Pharma.

Sales made through the commercial network of sales representatives/scientific informants, known as "Direct Business Line" or "LB1", account for 75.3% of the turnover, while the remaining 24.7% is guaranteed by sales made abroad or to distributor customers, hereinafter referred to as "Indirect Business Line" or "LB2".

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.

An analysis of the Group's financial position, performance and operating result is provided in the following paragraphs, which specifically deal with the market scenario and the products and services offered, the investments and the main indicators of economic performance and the evolution of the financial position.

1.3 Business and financial performance in the first half of 2021

Revenues from sales

Consolidated sales revenues in the first half of 2021 exceeded expectations as they increased by 10.9% compared to the same period of the previous year and amounted to Euro 32.3 million (Euro 29.1 million at 30 June 2020). In particular the growth of revenues in the second quarter has been particularly significant with an increase of 19.0% compared to the same period of previous year.

Sales revenues for the six months ended 30 June 2021 were characterised by substantially different trends compared to those that had characterised the first half of the previous year. Indeed, as at 30 June 2020 there had been a slowdown in the growth of sales on the Italian market due to the Covid-19 pandemic (+5% compared to 30 June 2019), while sales on foreign markets had increased by 57% due to a significant concentration of orders from foreign distributors in the first half of the year. Conversely, in the first half of 2021, thanks to the gradual reopening and elimination of restrictive measures taken to control the pandemic, sales on the Italian market increased by 20.5% compared to the first half of 2020, while the lower concentration of foreign orders, which are more diluted during the year, resulted in a reduction of approximately 10.8% compared to the first half of 2020.

Because of the higher sales prices on the Italian market than those applied to sales abroad due to the different cost structure, the increase in turnover occurred against a reduction in the volume of sales of finished products, which at 30 June 2021 amounted to 3.9 million units compared to 4.1 million units in the first half of the previous year (-4.9%).

Revenues - Italy

Revenues from sales in the Italian market increased by 20.5% to Euro 24.3 million (Euro 20.2 million as at 30 June 2020), thus proving the Group's strong resilience during an exceptionally difficult period for the entire industry.

This result was possible also thanks to the investments made during the first lockdown in digital remote working and interactive tools such as augmented reality thanks to which the sales network was able to maintain a constant dialogue with doctors and pharmacists.

This innovative "e-detailing" system became an integral part of the traditional sales model, by opening up new scenarios and contributing to a considerable amplification of the commercial message.

To confirm and reinforce its strategic and long-term investments, in April 2021 Pharmanutra launched Sideral® Med, its first product belonging to the category of Food for Special Medical Purposes.

Revenues - Foreign markets

The revenues from foreign sales decreased by 10.8% to Euro 8.0 million (Euro 9 million in the first half of the previous year), and accounted for 24.7% of total revenues compared to 30.8% in the first half of the previous year. As noted above, the downturn occurring in the first half of 2021 compared to the first half of 2020 is solely attributable to the different timing in issuing purchase orders by foreign distributors. The result achieved is better than expected and the Group already has orders in hand for the whole of the third quarter and most of the fourth.

In June, an exclusive distribution agreement was entered into with Fresenius Kabi for the distribution of SiderAL® Forte 30mg (two different capsules and sticks) and SiderAL® 14mg (sticks) in Germany, the first market acquired among those considered strategic for the Group's growth strategy. This agreement opens up a market of enormous potential for the Group, given that the German market is the second largest in Europe in terms of volumes of supplement sales.

Operating Costs

Operating costs for the first half of 2021 amounted to Euro 22.1 million, an increase of 9.3% compared to 30 June 2020 (Euro 20.2 million, net of non-recurring costs).

Pharmanutra Group's **EBITDA** for the half year closed at 30 June 2021 was Euro 10.3 million (Euro 9.5 million in H1 2020), corresponding to a 31.7% margin on revenues, and an approximate increase of 8.6% compared to the same period of the previous year.

Adjusted EBITDA amounted to Euro 10.3 million (31.7% margin on total revenues), up by 9.5% compared to Euro 9.4 million as at 30 June 2020, calculated by excluding in 2020: (i) a contractual indemnity for Euro 1 million, (ii) non-recurring costs referred to "Patent Box" formalisation and (iii) the costs incurred for starting the group's transition to listing on the MTA - Star segment, equal to Euro 975 thousand in total.

The **Net result for the period** amounts to Euro 7.0 million for the first half of 2021 (Euro 9.7 million as at 30 June 2020). The net result for the period as at 30 June 2021 benefits from the tax credit obtained pursuant to art.1 of Italian Law n.205 of 27/12/2017 against the costs for advisory services incurred by the Parent Company for listing on the STAR segment of the MTA market, which took place on 15 December 2020, for the amount of Euro 457 thousand. In 2020, the net result for the period, in addition to the non-recurring items already mentioned, includes the tax benefit deriving from the delivery of the agreement relating to the Patent Box for the years 2016-2019, amounting to Euro 3.4 million, as well as the reduction in current taxes for the portion of the Patent Box benefit relating to 2020 (Euro 719 thousand). The agreement expired on 31 December 2020 and the Group submitted an application to renew the facility for the five-year period 2021-2026, which is currently being examined. As a result of the above, in the period ended 30 June 2021, no tax benefit has been recognised in respect of the Patent Box.

Profit for the period net of the non-recurring items described above amounted to Euro 6.6 million compared to Euro 5.9 million in the first half of 2020, i.e., it was up by 12.4%.

Net earnings per share for the first half of 2021 were Euro 0.73, compared with Euro 1.00 at 30 June 2020 (which benefited from lower taxes due to the delivery of the above-mentioned ruling).

Net earnings per share excluding non-recurring items for the first half of 2021 were Euro 0.68 per share compared to Euro 0.60 per share in the first half of 2020.

The **net financial position** at 30 June 2021 was unchanged from 31 December 2020 with a positive balance of Euro 19.4 million, after paying dividends of Euro 6.5 million (dividends paid in 2020 amounted to Euro 4.4 million).

The cash flow from operations in the period amounts to Euro 7.6 million (Euro 4.6 million in the first half of 2020), thus confirming the Group's great cash generation capacity.

The results obtained also come from continuous research and development and clinical activities on the products themselves, which generate a greater awareness of the effectiveness of the products among the medical class and a growing perception of quality on the part of consumers.

In light of the results obtained, there are no issues relating to the going concern, liquidity risk and the recoverability of goodwill as well as tangible and intangible assets recognised in the financial statements at 30 June 2021.

Sales results

The consolidated revenues for the half year closed at 30 June 2021 (amounting to Euro 32.3 million) increased by approximately 11% compared to the half year closed at 30 June 2020 (Euro 29.1 million).

Turnover by area				Incidence	
k€	2021	2020	Δ%	2021	2020
LB1	23,240	19,273	20.6%	72.0%	66.2%
LB2	7,765	8,445	-8.0%	24.1%	29.0%
Total Finished Products	***31,005***	***27,718***	***11.9%***	***96.1%***	***95.2%***
Alesco Outgroup - Italy	1,051	886	*18.7%*	*3.3%*	*3.0%*
Alesco Outgroup - Foreign	217	508	*-57.4%*	*0.7%*	*1.7%*
Alesco Outgroup	***1,268***	***1,394***	**-9.0%**	**3.9%**	**4.8%**
Total	**32,273**	**29,112**	**10.9%**	**100.0%**	**100.0%**

Sales of finished products increased by around 12% overall, with different trends in the Italian market (+20.6% compared to 30 June 2020) and foreign markets (-8%). As mentioned earlier, the decrease in international sales was due to the different timing of orders from distributors compared with the first half of 2020.

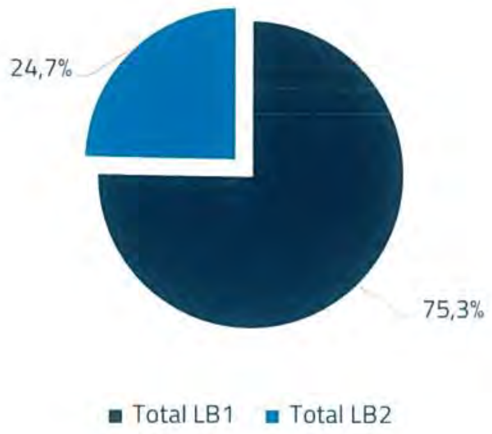
Revenues from the sale of proprietary and non-proprietary raw materials (Alesco outgroup) also show a similar trend, with an increase of around 19% in sales on the Italian market and a reduction of 57% on foreign markets.

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

Turnover by Business Line				Incidence	
k€	2021	2020	Δ%	2021	2020
Total LB1	24,291	20,159	20.5%	75.3%	69.2%
Total LB2	7,982	8,953	-10.8%	24.7%	30.8%
F.P. Total	**32,273**	**29,112**	**10.9%**	**100.0%**	**100.0%**

In the half year closed at 30 June 2021, the revenues from sales on the Italian market increased by approximately 20% to Euro 24.3 million (Euro 20.2 million in the half year closed at 30 June 2020), and accounted for about 75.3% of consolidated revenues compared to about 69.2% in the first half of 2020. The trend in orders for foreign markets, on the other hand, led to a reduction in the ratio of LB2 turnover to total turnover from 30.8% at 30 June 2020 to 24.7% in the first half of 2021.

Net Revenues by Line of Business



The table below shows the trend of sales in foreign markets at 30 June 2021, broken down by geographical area.

As already noted above, the reduction in revenues on foreign markets derives exclusively from a different timing of orders from foreign customers. Revenues on foreign markets are almost exclusively represented by sales of products from Sideral® line.

Turnover by geographical area				Incidence	
k€	2021	2020	Δ%	2021	2020
Europe	4,953	4,923	0.6%	62.1%	55.0%
Middle East	2,354	3,080	-23.6%	29.5%	34.4%
Far East	211	547	-61.3%	2.6%	6.1%
Other	463	403	15.0%	5.8%	4.5%
Total	**7,982**	**8,953**	**-10.8%**	**100.0%**	**100.0%**

In terms of volumes, sales of finished products at 30 June 2021 reached 3.9 million units, a decrease of approximately 5% compared to 4.1 million units in the first half of the previous year, due to lower sales revenues on foreign markets.

F.P. Volumes				Incidence	
Units/1,000	2021	2020	Δ%	2021	2020
LB1	1,748	1,486	17.6%	44.5%	36.0%
LB2	2,180	2,642	-17.5%	55.5%	64.0%
Total	**3,927**	**4,128**	**-4.9%**	**100.0%**	**100.0%**

The following table shows the analysis of turnover by finished product line (Trademark).

F.P. Turnover by Product Line k€	2021	2020	Δ%	Incidence 2021	Incidence 2020
Sideral	24.436	22.501	8,6%	78,8%	81,2%
Cetilar	3.169	2.587	22,5%	10,2%	9,3%
Apportal	2.009	1.199	67,5%	6,5%	4,3%
Ultramag	444	285	55,8%	1,4%	1,0%
Other	947	1.146	-17,4%	3,1%	4,1%
Total	**31.005**	**27.718**	**11,9%**	**100,0%**	**100,0%**

The trends that characterised the first half of 2021 (increase in sales on the Italian market and decrease in sales on foreign markets) are reflected in sales by product line.

The high incidence of sales on foreign markets of the Sideral® line on total LB2 sales led to a slowdown in the growth of revenues of this line, which increased by 8.6% at 30 June 2021 compared with the first half of 2020. The breakdown of the overall change in sales in this line between the Italian market and foreign markets shows an increase in sales on the Italian market of approximately 16% (Euro 16.6 million compared to Euro 14.5 million in the first half of 2020), while revenues on foreign markets fell from Euro 8.0 million in the first half of the previous year to Euro 7.7 million, with a reduction of 5%.

The other main product lines, currently marketed almost exclusively in Italy, showed significant increases compared with the first half of the previous year. The Cetilar® line increased by 22.5% following the elimination of restrictions on sports activities; the Apportal® line increased significantly (+67.5% compared to the first half of the previous year) thanks to its tonic-energy and tonic supplement characteristics; the Ultramag® line benefited from the commercial repositioning campaign carried out during the period with an increase of 55.8% compared to values at 30 June 2020.

1.4 Significant events occurring during the half year

The most significant events of the first half of 2021 are described below.

In March 2021, the Group achieved the best performance ever in terms of sell-out data (direct order channel and IMS data provided by the provider, IQVIA); volume sales in Italy reached a total of 311,426 units, up 11.2% compared to the same month last year.

On 20 April, Sideral® Med, the first Sucrosomial® Iron-based Food for Special Medical Purposes (FSMP) from the Sideral® range, began being marketed. It is used for the treatment of nutritional deficiencies in bariatric patients or in those with severe malabsorption. SiderAL® Med is a complete formulation containing vitamins, sucrosomial minerals (Iron, Iodine, Magnesium, Zinc and Selenium), copper and algal calcium, in enhanced dosages to meet special nutritional needs. It has been specially formulated for people with chronic conditions suffering from gastro-intestinal malabsorption problems, as well as for patients undergoing bariatric surgery who, in most cases, are subject to severe nutritional deficiencies both before and during the post-operative course. SiderAL® Med ensures adequate energy intake, high therapy compliance due to excellent tolerability and palatability, and does not interfere with the absorption of other nutrients.

The financial statements of Pharmanutra S.p.A., approved by the Board of Directors on 23 March 2021, were submitted to the Shareholders' Meeting on 26 April 2021, which resolved in favour and approved the distribution of a dividend of Euro 0.67 per share and the allocation of the residual profit for 2020 to the extraordinary reserve.

In May, the Group achieved an all-time high in sell-in (direct orders and wholesale channel) with 305,294 units sold (+36% compared to May 2020), confirming the recovery of the sales growth process on the Italian market.

In June an agreement was entered into with the multinational Fresenius Kabi for the distribution in Germany of Sideral®Forte 30 mg and Sideral® 14mg. This is a significant agreement in the context of the Group's international development process, given that the German market is the second largest in Europe in terms of volumes of supplement sales.

In the same month, the contract was formalised with the general contractor Saicam S.p.a., of the Rizzani de Eccher Group, for the construction of the new headquarters, as well as the new pharmaceutical and nutraceutical laboratory and production facility. The investment, worth a total of approximately Euro 18 million, will allow the Pharmanutra Group to position itself as an increasingly reactive and robust chemical-pharmaceutical business, thanks to full control of the production of sucrosomial elements and greater effectiveness and autonomy in terms of R&D activities.

On June 29, Pharmanutra's Board of Directors approved the new procedure for transactions with related parties, in compliance with the provisions of Consob Regulation No. 21624 of 10 December 2020, the new procedure for the internal management of Relevant and Inside Information and public disclosure of Inside Information, as well as the procedure for managing the register of persons who have access to Relevant and Inside Information.

1.5 Information about Covid-19

The gradual elimination of the restrictive measures issued to control the Covid-19 pandemic, which had led to a slowdown in growth in 2020, and the ongoing vaccination campaign, have enabled the Group to return to pre-pandemic revenue growth levels in the Italian market. However, a worsening of the current situation cannot be excluded, with the consequent adoption of new restrictive measures that could expose the Group to the risk of a decrease in sales.

Smart working has continued to be implemented for all employees in the Group in a rolling mode. There was no contagion between employees in the production plants, in the network and among employees such as to generate negative impacts on regular production and sales.

The Group did not use any type of social safety net among those provided by the Authorities in the Covid-19 emergency.

1.6 Pharmanutra Group Results

The income statement as at 30 June 2021 and the adjusted income statement as at 30 June 2020 are shown below:

INCOME STATEMENT (€/000)	30/06/2021	30/06/2020	Management Adjustments	30/6/2020 Adjusted
A) REVENUES	**32,419**	**30,691**	**(1,049)**	**29,642**
Net revenues	32,273	29,112		29,112
Other revenues	146	1,579	(1,049)	530
of which, non-recurring revenues	-	*1,049*	*(1,049)*	-
B) OPERATING COSTS	**22,140**	**21,228**	**(975)**	**20,253**
Purchases of raw materials, consumables and supplies	1,551	1,716		1,716
Change in inventories	(141)	(535)		(535)
Costs for services	18,269	17,278	(975)	16,303
of which Costs for non-recurring services	-	*975*	*(975)*	-
Personnel costs	2,142	1,795		1,795
Other operating costs	319	974		974
(A-B) EBITDA	**10,279**	**9,463**	**(74)**	**9,389**
C) Amortisation, depreciation and write-downs	560	1,134	(400)	734
of which non-recurring write-downs	-	*400*	(400)	-
(A-B-C) EBIT	**9,719**	**8,329**	**326**	**8,655**
D) FINANCIAL INCOME [COSTS]	**67**	**49**	**-**	**49**
Financial income	77	100		100
Financial costs	(10)	(51)		(51)
E) NON-RECURRING INCOME (CHARGES)	**-**	**-**	**(326)**	**(326)**
Non-recurring income (charges)	-	-	(326)	(326)
PRE-TAX RESULT (A-B-C+D)	**9,786**	**8,378**	**-**	**8,378**
Taxes	(2,746)	(2,130)		(2,130)
Taxes for previous years	-	3,431		3,431
Net result	**7,040**	**9,679**	**-**	**9,679**

Adjusted values are net of the items that were considered not recurring and are broken down as follows: in 2020, the item Other non-recurring revenues refers to the indemnity accrued following the non-renewal of a distribution contract which was written down for the amount of Euro 400 thousand. Costs for non-recurring services include Euro 266 thousand for expenses relating to the start of the translisting process to the MTA market and the remainder for costs connected with the formalisation of the ruling to determine the tax benefit represented by the Patent Box.

The reconciliation of the Net Result and the Net Result excluding non-recurring items is shown below:

Net result excl. non-recurring items (k€)	30/06/2021	30/06/2020
Profit /(Loss) for the year	**7.040**	**9.679**
Non-recurring charges (net of tax effect)	-	326
2020 Patent Box tax benefit		(719)
Tax receivable under art.1 Law 27/12/17 no.205	(457)	
Taxes for previous years	-	(3.431)
Net result excl. Non-recurring items	**6.583**	**5.855**

The 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 six-month accounting period covered by this First half financial 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 Financial 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.

- Net Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables and all other balance sheet items classified as Other receivables or Other payables.

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

Amounts in €/000	30/06/2021	%	*Adjusted* 30/06/2020	%	Δ 21/20
REVENUES	**32,419**	**100%**	**29,642**	**100%**	*9.4%*
OPERATING COSTS	**22,140**	**68.3%**	**20,253**	**68.3%**	*9.3%*
Purchases of raw materials, consumables and supplies	1,410	4.3%	1,181	4.0%	*19.4%*
Costs for services	18,269	56.4%	16,303	55.0%	*12.1%*
Personnel costs	2,142	6.6%	1,795	6.1%	*19.3%*
Other operating costs	319	1.0%	974	3.3%	*n.s.*
EBITDA	**10,279**	**31.7%**	**9,389**	**31.7%**	*9.5%*
Amortisation, depreciation and write-downs	560	1.7%	734	2.5%	*-23.7%*
EBIT	**9,719**	**30.0%**	**8,655**	**29.2%**	*12.3%*
FINANCIAL INCOME (EXPENSE) BALANCE	**67**	**0.2%**	**49**	**0.2%**	*n.s.*
NON-RECURRING INCOME /(CHARGES)	**-**	**0.0%**	**(326)**	**-1.1%**	*n.s.*
PRE-TAX RESULT	**9,786**	**30.2%**	**8,378**	**28.3%**	*16.8%*
Taxes	(2,746)	-8.5%	(2,130)	-7.2%	*28.9%*
Taxes for previous years	-	0.0%	3,431	-	*n.s.*
Group profit/(loss) for the period	**7,040**	**21.7%**	**9,679**	**32.7%**	*-27.3%*

The increase in sales in the first half of 2021 compared to the same period of the previous year is accompanied by a physiological increase in operating costs as a result of the higher sales volumes achieved on the Italian market, in particular product processing costs (+12% approx.), network costs (+13% approx.), and travel expenses. Marketing costs increased by 24% for events planned and that could be actually held (*151 miglia*) and for advertising campaigns carried out.

The increase in personnel costs reflects the hiring of new staff as part of the organisational strengthening process underway in anticipation of growing business volumes.

The decrease in the item Other operating expenses referred to contingent liabilities recognised at 30 June 2020 following the failure from a foreign customer to collect an order, against which the advance payments received were retained.

It should be noted that in the income statement at 30 June 2020 the tax benefit relating to the Patent Box had been recognised (Euro 3.4 million of lower taxes relating to previous years and Euro 0.7 million of lower current taxes for 2020) following the formalisation of the ruling with the Inland Revenue for the financial years between 2016 and 2020. The application for renewal of the tax benefit in question for the five-year period 2021-2026 has been submitted and is currently being processed; no benefit relating to the Patent box has been recognised as at 30 June 2021.

The reclassified income statement figures as at 30 June 2021 and at 31 December 2020 are shown below:

RECLASSIFIED CONSOLIDATED BALANCE SHEET

Amounts in €/000	30/06/2021	31/12/2020
Trade receivables	17,704	15,053
Inventories	2,036	1,894
Trade payables	(8,386)	(7,175)
Operating Working Capital	**11,354**	**9,772**
Other receivables	3,302	2,646
Other payables	(4,826)	(2,859)
Net Working Capital	**9,830**	**9,559**
Intangible Fixed Assets	5,278	5,181
Tangible fixed assets	5,707	4,799
Financial Fixed Assets	780	1,105
Total Fixed Assets	**11,765**	**11,085**
Provisions and other M/L-term liabilities	(2,633)	(2,273)
TOTAL NET INVESTED CAPITAL	**18,962**	**18,371**
Shareholders' equity	**38,360**	**37,730**
Non-current financial liabilities	721	562
Current financial liabilities	973	1,101
Non-current financial assets	(475)	(218)
Current financial assets	(4,381)	(4,349)
Liquid funds	(16,236)	(16,455)
Net Financial Position	**(19,398)**	**(19,359)**
TOTAL SOURCES	**18,962**	**18,371**

The change in operating working capital compared to 31 December 2020 is attributable to higher sales volumes during the period. The increase in the item Other receivables is mainly due to the recording of deferrals relating to marketing activities whose reference period extends beyond 30 June 2021.

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

The increase in the item Intangible fixed assets derives from the capitalised costs for patents and trademarks arising from research activities while Tangible fixed assets increased due to current investments, the start of works for the construction of the new headquarters and the renewal of some lease contracts with the related company Solida.

The increase in the item Provisions and other M/L liabilities arises due to the TFM set aside on Executive Directors' remuneration as per the resolution passed at the Shareholders' Meeting held on 26 April 2021 and the provision to Indemnity for termination of agency contracts.

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.

The Net Financial Position is unchanged compared to 31 December 2020 with a positive balance of Euro 19.4 million after Euro 6.5 million in dividends were paid.

Consolidated net financial position

Amounts in k€	30/06/2021	31/12/2020
Cash	(34)	(22)
Liquid funds	(16,202)	(16,433)
Total cash and cash equivalents	**(16,236)**	**(16,455)**
Current financial assets	(4,381)	(4,349)
Current financial liabilities: due to banks	106	124
Current portion of non-current debt	608	758
Current financial payables for rights of use	259	219
Net current financial indebtedness for financial assets	**(3,408)**	**(3,248)**
Net current financial (assets)/indebtedness	**(19,644)**	**(19,703)**
Non-current financial assets	(254)	-
Deposits paid	(221)	(218)
Non-current bank payables	77	305
Derivative financial instruments	4	4
Non-current financial payables for rights of use	640	253
Non-current financial indebtedness	**246**	**344**
Net financial position	**(19,398)**	**(19,359)**

The increase in financial payables for current and non-current rights of use derives from the renewal of certain lease agreements with the related company Solida.

The item Non-current financial assets refers to the insurance policy taken out to cover the Directors' termination indemnity provision set aside.

1.7 Reference markets in which the Group operates

The 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 overview of the general performance of the food supplements market and an in-depth analysis of the main reference markets in Italy for the product lines being more relevant in terms of turnover.

Food supplements market[1]

[1] Source: IQVIA Solutions Italy data processing - rolling year ending June 2021

In the last rolling twelve months, the food supplements market recorded an increase of 7.9% in value and 6.9% in terms of quantities sold, with a value close to Euro 4 billion for a total of 291 million packs sold, also considering the e-commerce of pharmacies and parapharmacies.

Local pharmacies remain the preferred distribution channel with a 78.7% share in value, followed by large-scale retail trade sector, parapharmacy and e-commerce with shares of 8.8%, 7.7% and 4.8%, respectively.

Over the same period, the trend of Italian local pharmacies was stable in terms of value (-0.05%). In this context, food supplements were up 5.7% in value compared to an overall increase of 1.4% for OTC products.

Valori, volumi (in milioni) ed evoluzione del totale mercato e dei canali

	Valori - MAT GIU 2021	Quota	Evoluzione % MAT GIU 2020 vs 2021	Volumi - MAT GIU 2021	Quota	Evoluzione % MAT GIU 2021 vs 2020
Mercato totale	**3.970**	**100%**	**7,9%**	**291**	**100%**	**6,9%**
Farmacie	3.123	78,7%	5,7%	191	65,4%	2,9%
Parafarmacie	304	7,7%	7,9%	19	6,7%	4,5%
Super/Iper No Corner	200	5,0%	9,0%	48	16,4%	12,0%
Super/Iper Corner	152	3,8%	19,7%	19	6,6%	17,1%
E-Commerce	191	4,8%	43,6%	14	4,9%	49,4%

Fonte: elaborazione dati IQVIA Solutions Italy – Anno mobile terminante a giugno 2021

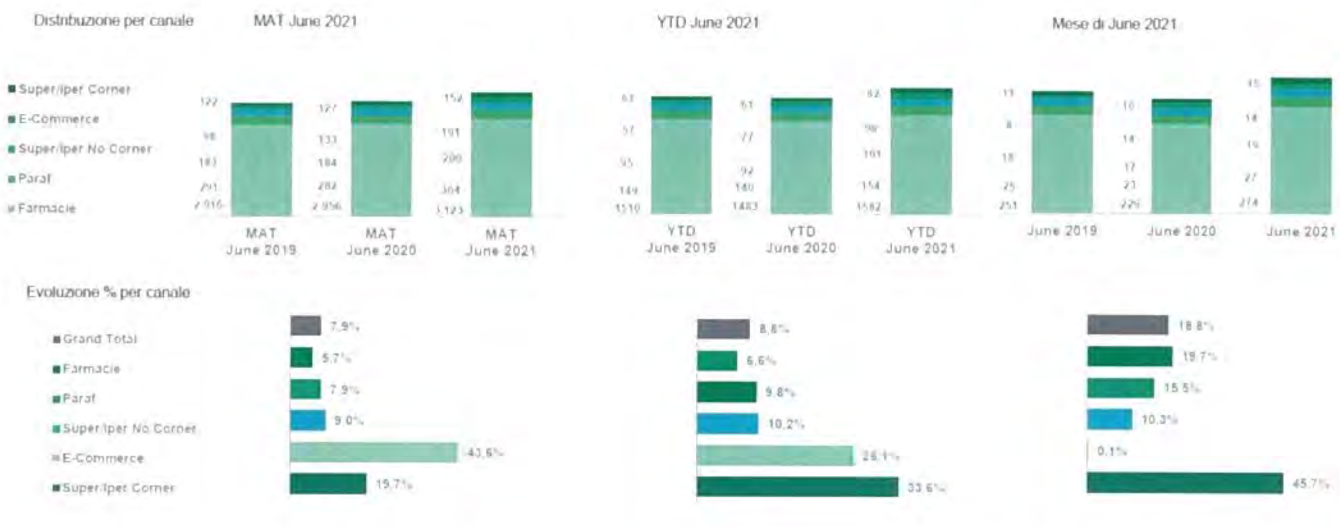
Looking at the trend in volumes over the last rolling twelve months, there was a 2.9% increase in pharmacies. Parapharmacies reported a 4.5% increase in consumption in terms of units sold.

In the large-scale retail trade sector, which together accounts for a 23% share of sales volumes, the variations in sales volumes are +12% in hypermarkets and supermarkets with no pharma corner and 17% in sales outlets where there is a pharma corner.

The e-commerce channel reported an increase in volumes of over 49% compared to the previous rolling year.

With reference to the prices in the last rolling year, price trend records an increase of 2.7% in pharmacies, 3% in parapharmacies, 2.3% in supermarkets and hypermarkets where there is a pharma corner and a price decreasing by 2.7% in large-scale retail outlets that do not have a pharma corner. In the e-commerce channel of pharmacies and parapharmacies, the average price fell by almost 4% compared with the previous rolling year.

The market for Food Supplements – sell-out[2] at retail price values in MAT[3], YTD[4] and month

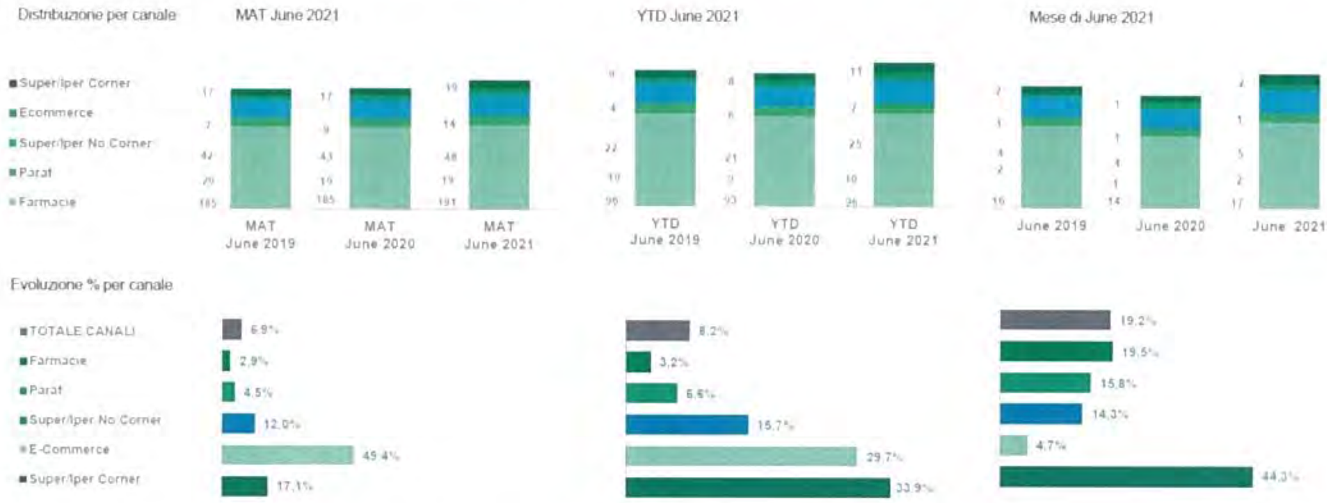


[2] Sell-out: sales to the public expressed in units (sell-out in volume) or valued at the retail price (sell-out in value).

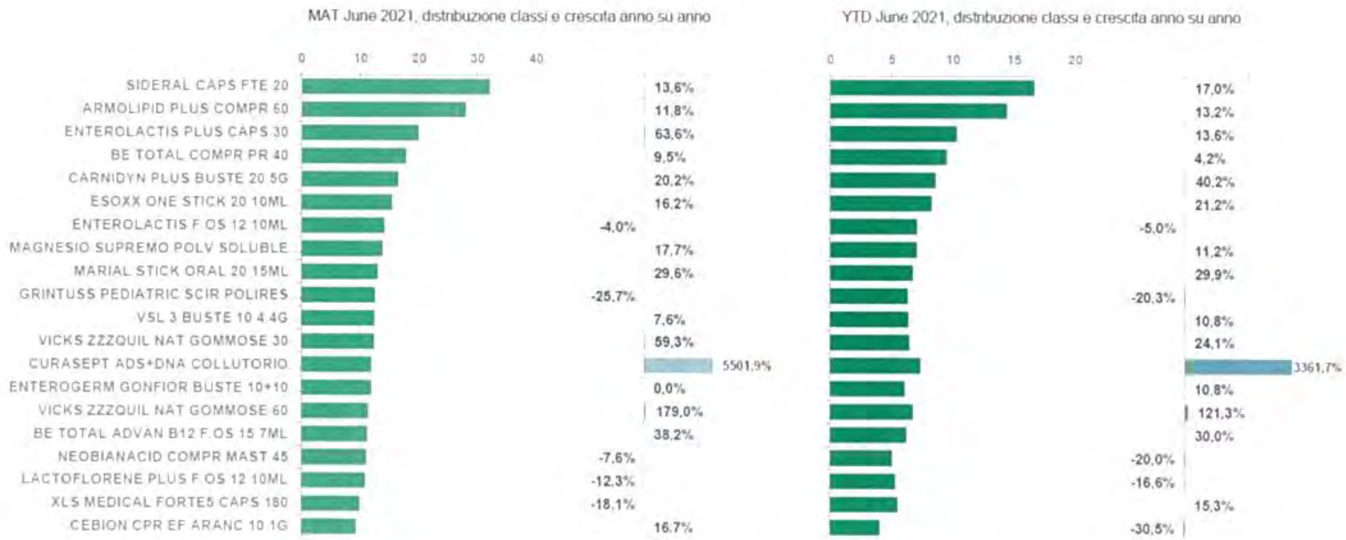
[3] MAT: Moving Annual Total.

[4] YTD: first months of the current year (Year to Date).

The market for Food Supplements – sell-out in volume in MAT, YTD and month



The market for Food Supplements – Top 20 product codes (sell-out in value MAT and YTD)



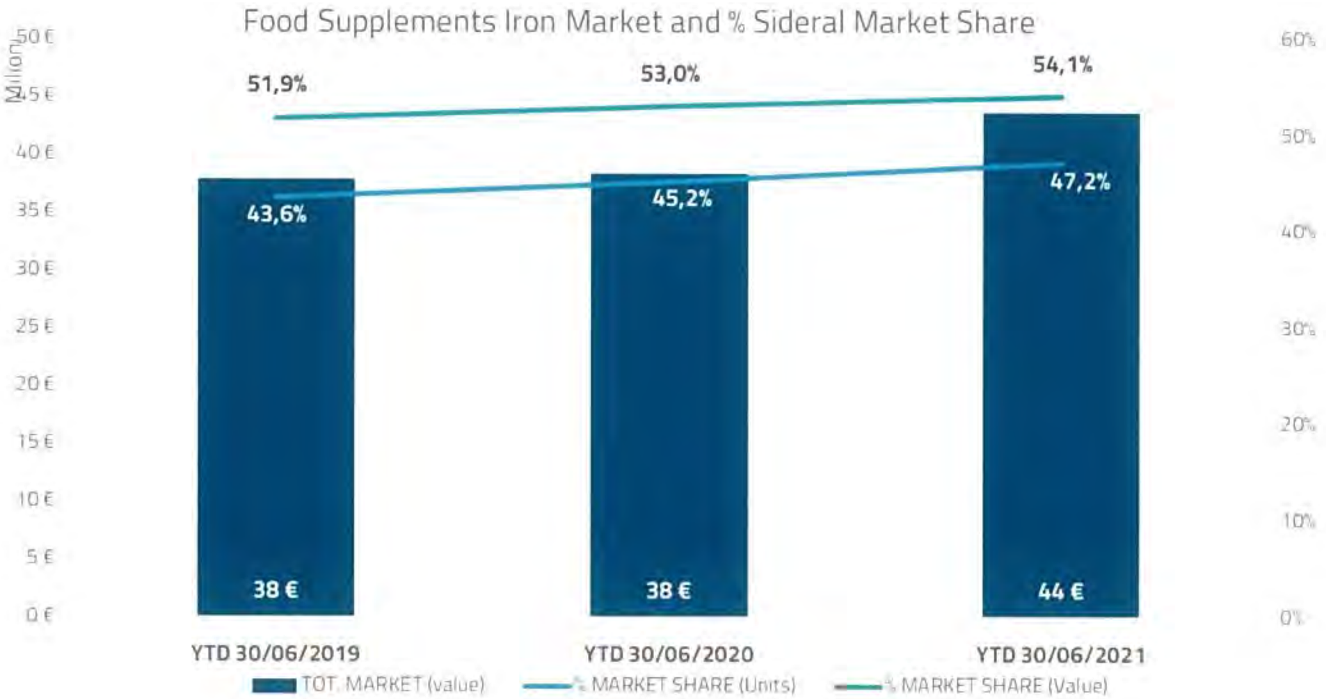
The market for Food Supplements – Top 20 product codes (sell-out in volume MAT and YTD)

PHARMANUTRA

Sideral® Forte is still among the items most sold on the food supplements market in terms of sell-out by value and volume.

Iron market

Pharmanutra Group operates in the iron-based supplements market (Food Supplements and Drugs) with Sideral© product line, in which it confirmed its leadership once again, with a market share in value of 54.1% in the Food Supplements segment and 39.4% in the overall market[5].



The chart above shows that the market for iron-based food supplements grew compared to the previous year, with Sideral increasing its share in both value and quantity.

The charts below show the quarterly trends in the market share of Sideral© (expressed in value) in relation to the market for iron supplements only (Food Supplements) and the overall market consisting of both Food Supplements and Drugs[6].

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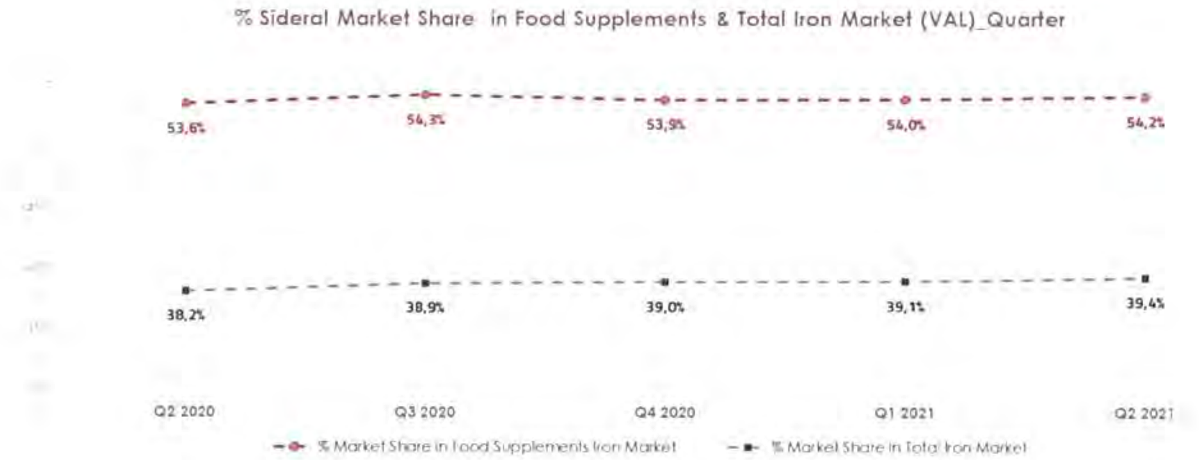
[5] Source: IQVIA data

[6] Source: IQVIA data



It should be noted that the Sideral© product line also has a significant market share in the entire panorama of the overall market, whose growth is driven by the food supplements segment at the expense of the drugs one.

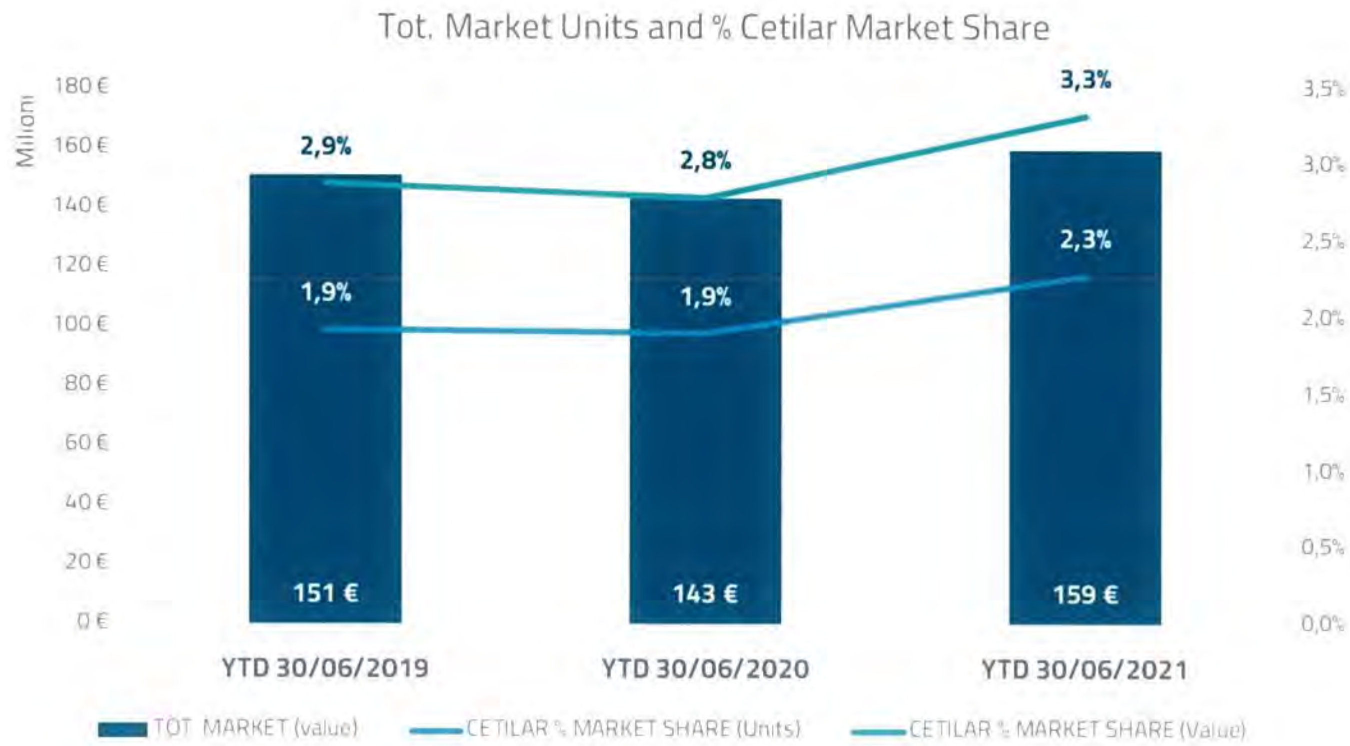
The performance of Sideral® in terms of units in the iron-based food supplements market and the overall iron market is shown in the table below.

In the first half of 2021, the trend of Sideral© products per unit increased compared to the previous half year with the total market share increasing from 19.92% at 30/06/2020, to 20.85% at 30/06/2021.

Going into detail, the different players operating in the iron supplements segment in terms of market shares and average price, the direct competitors of Sideral© have much smaller market shares (the second competitor has a market share almost 13 times lower than Sideral©) and, on average, lower market prices. This shows how the Sideral© product line is able to gain significant recognition in the market in terms of premium retail price, achieved thanks to significant investments in research and development and marketing.

Market for topical painkillers

As at 30 June 2021, the painkiller market shows a significant recovery, after the downturn in the first half of 2020 caused by the Covid-19 pandemic, with the value of the global market reaching Euro 159 million (+11%). The Cetilar® line increased its share (both in volume and value) with a higher growth rate than the overall market.



The chart below shows the trend by quarter from June 2020 to June 2021 of the overall market for topical products and Cetilar® line. Compared to an overall market increase of about 10%, the Cetilar® line grew by about 36%, net of the volume of sales of Cetilar® Tape launched last November.

The following are the market shares (value) referring to the second quarter of 2021 of the key market competitors.

1.8 Investments

In the first half of 2021, the Group invested a total of Euro 1,002 thousand in fixed assets, of which Euro 188 thousand in intangible assets, for the registration of trademarks and patents (Euro 102 thousand), for the implementation of management software (Euro 28 thousand) and for projects in progress that have not yet been completed (Euro 59 thousand).

Investments in property, plant and equipment amount to Euro 778 thousand and refer for Euro 277 thousand to the works for building the new headquarters, for Euro 155 thousand to the purchase of hardware and for Euro 253 thousand to the purchase of vehicles for the managers and employees of the Group.

1.9 Research and development activities

In April 2021, a major scientific study on the treatment of post Covid-19 chronic fatigue by taking ApportAL® was published. The study was carried out in cooperation with family doctors throughout Italy and included approximately 200 post-Covid subjects with symptoms of persistent fatigue. The involved subjects were advised to take ApportAL® for 28 consecutive days, and the degree of fatigue and quality of life has been monitored after 14 and after 28 days. Preliminary results show that intake of ApportAL® helps to reduce symptoms of persistent fatigue and improve quality of life. Specifically, among the first 100 subjects, the data obtained indicate that 95% of them reported a significant benefit over the 28 days of supplement intake. In addition, a particularly rapid recovery was observed in subjects who had indicated a more severe initial degree of fatigue, such as women and over 60 patients.

In the same month, a new product was launched, SiderAl®Med, the first Food for Special Medical Purposes (FSMP) in the Group's product range. This is a product with a high technological content in which vitamins, sucrosomial minerals (Iron, Iodine, Magnesium, Zinc and Selenium), copper and algal calcium have been combined, without any interference between the various components and obtaining maximum absorption.

The research costs incurred during the period amount to Euro 167 thousand (Euro 260 thousand at 30 June 2020) to which personnel costs for research and development activities should be added.

During the first six months of the year, 2 applications for the registration of new patents and 16 applications for the extension of existing trademarks in new countries were filed.

1.10 Pharmanutra on the Stock Exchange

The shares of Pharmanutra S.p.A. have been listed on the AIM Italia (Mercato Alternativo del Capitale) from 18 July 2017 to 14 December 2020. As of 15 December 2020, the shares of Pharmanutra S.p.A. are listed on Mercato Telematico Azionario (MTA) of Borsa Italiana, STAR segment.

ISIN	IT0005274094
Alphanumeric Code	PHN
Bloomberg Code	PHN IM
Reuters code	PHNU.MI
Specialist	Intermonte
No. of ordinary shares	9,680,977
Price of admission *	10.00
Price at 30/06/2021	49.20
Capitalisation at the date of admission	96,809,770
Capitalisation at 30/06/2021	476,304,068

*= value on the date of admission to AIM

The share capital of the Company is represented by 9,680,977 ordinary shares, without nominal value, which assign the same number of voting rights.

According to the results of the shareholders' register as well as on the basis of other information available to Pharmanutra S.p.A., the following table shows the shareholders who hold a significant stake in the share capital at 30 June 2021.

Direct shareholder		Number of shares		% of S.C. with voting rights
Andrea Lacorte		3,038,334	1)	31.39%
Roberto Lacorte		2,238,833	2)	23.13%
Beda S.r.l.	3)	1,014,993		10.48%
Market		3,388,817		35.00%
Total		**9,680,977**		**100.00%**

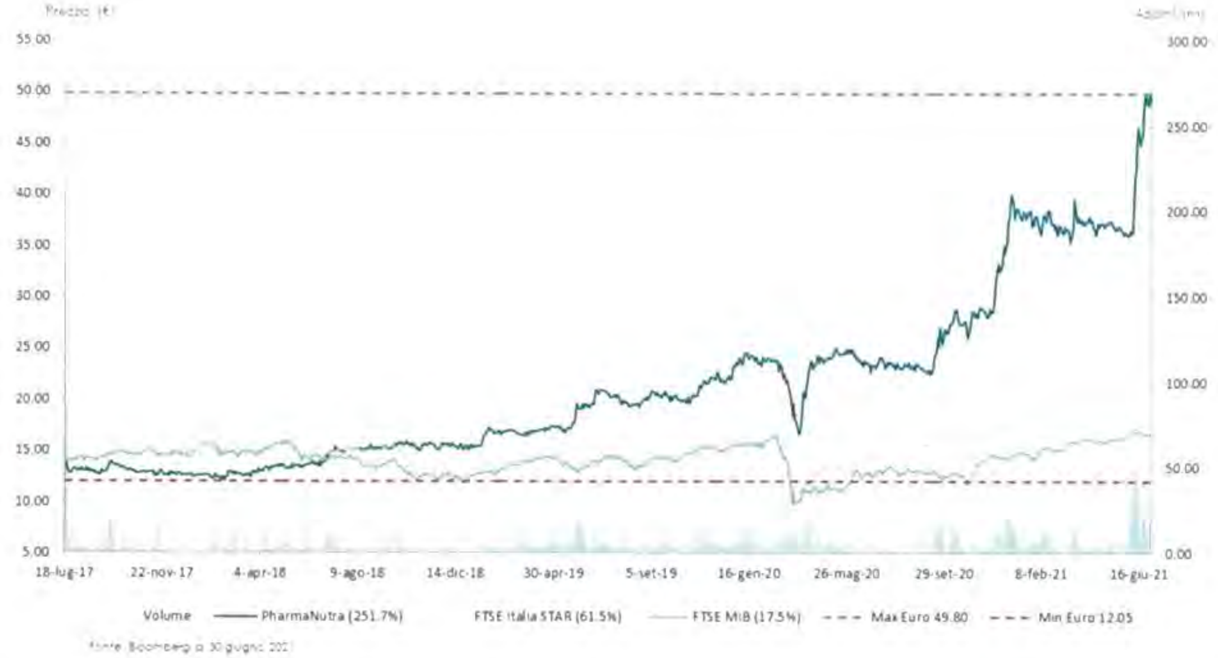
1) Including 953,334 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. under a specific fiduciary mandate.

2) Including 953,334 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. under a specific fiduciary mandate.

3) It should be noted that Carlo Volpi is the sole shareholder and sole director of Beda S.r.l.

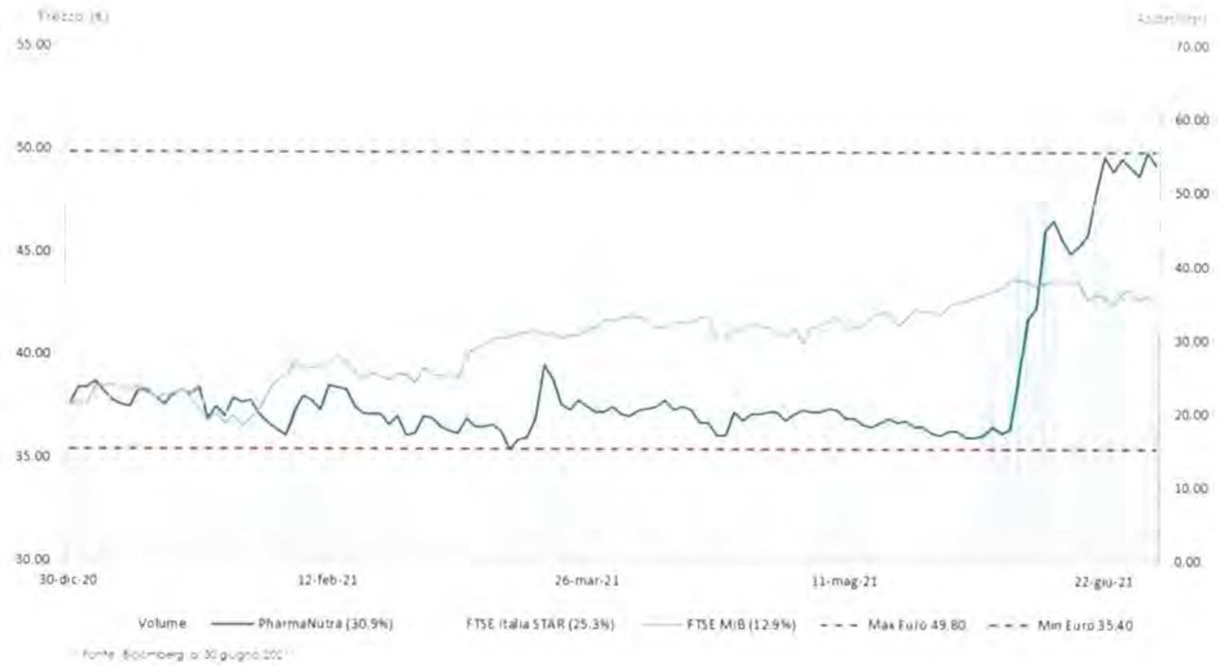
From the date of commencement of trading on AIM Italia (18 July 2017) until 30 June 2021, the Company's shares had an average price of Euro 21.08, a maximum price of Euro 49.80 (at 29 June 2021) and a minimum price of Euro 12.05 (at 14 February 2018). In the same period, the average daily trading volumes on AIM Italia and MTA (the changeover to the STAR segment of Borsa Italiana occurred on 15 December 2020) amounted to approximately 6,444 shares. From the date of commencement of trading on Borsa Italiana (AIM Italia and MTA STAR segment) up to 30 June 2021, the market value of the Company's shares increased by approximately 251.7%. The security performance was therefore better than the FTSE MIB index, which grew by around 17.5% in the same period, and the FTSE Italia STAR index, which rose by around 61.5%.

The graph below sets out the performance of the prices and traded volumes of the Company's Shares, the performance of the FTSE MIB Index and the performance of the FTSE Italia STAR Index from the commencement of trading on AIM Italia (18 July 2017) to 30 June 2021, respectively.



From the beginning of the year (04 January 2021) until 30 June 2021, the Company's shares had an average price of Euro 38.39, a maximum price of Euro 49.80 (at 29 June 2021) and a minimum price of Euro 35.40 (at 15 March 2021). In the same period, the average daily trading volumes on MTA were approximately 9,342 shares. From the beginning of the year to 30 June 2021, the market value of the Company's shares increased by approximately 30.9%. The security performance was therefore better than the FTSE MIB index, which grew by around 12.9% in the same period, and the FTSE Italia STAR index, which rose by around 25.3%.

The graph below sets out the performance of the prices and traded volumes of the Company's Shares and the performance of the FTSE MIB Index and the performance of the FTSE Italia STAR Index from the beginning of the year (04 January 2021) until 30 June 2021, respectively.



ANALYST COVERAGE

	ALANTRA	MIDCAP PARTNERS	STIFEL	INTERMONTE
Initiation of coverage	04/02/2019	15/12/2020	01/06/2021	03/06/2021
Update	02/08/2021	22/07/2021	31/08/2021	05/08/2021
Target price	65,0	54,0	78,0	68,0

1.11 Transactions with related parties

Details of the transactions with related parties are provided in Note 13 of the condensed Consolidated Financial Statements.

1.12 Treasury shares and shares held by subsidiaries

The Ordinary Shareholders' Meeting of Pharmanutra held on 26 April 2021 authorised the purchase and disposal of treasury shares pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code, as well as article 132 of Italian Legislative Decree 58/1998, for a period of 18 months and for a maximum amount of Euro 3 million, so as to allow the company to take advantage of the opportunity to make an advantageous investment, in cases where the market price of Pharmanutra shares, also due to factors external to the Company, is not able to adequately express its value. During 2021, the above conditions did not occur and therefore the treasury share buyback programme was not activated.

As at 30 June 2021, the Company did not hold any of its own ordinary shares and its subsidiaries did not hold any Pharmanutra shares.

1.13 Financial risk management objectives and policies

The treasury management policy adopted by the Group provides for a periodic monitoring of the financial situation (trends in cash inflows and outflows and balances relating to the main financial items, including current accounts) so as to have a complete picture of the Group's liquid funds.

In the context of financial policy decisions, the Group separately assesses the need for working capital, which responds to a short-term time horizon, compared to investment needs, which respond to medium/long-term requirements.

In the context of short-term management, also thanks to the management of working capital, the Group generates sufficient cash for its financial requirements while, in the context of medium/long-term financial management policies, investments are adequately covered by medium/long-term loans. In this regard, it should be noted that a medium/long-term unsecured loan is being finalised for the amount of Euro 5 million to partially cover the investment relating to the construction of the new headquarters.

During the first half of 2021, the Group met its current financing requirements through its own funds. In any case, the Group has adequate bank credit lines for the management of any short-term financial requirements.

1.14 Significant events occurring after the end of the period

On July 21st, EFSA (the European Food Safety Authority) officially announced its positive opinion for the classification of Lipocet as Novel Food. It is a new oral formulation based on cetylated fatty acids (CFAs), the same active ingredient used in Cetilar® products. The eligibility for registration as Novel Food is based on scientific data related to the safety of CFAs and represents the first, fundamental step for the development of new oral formulations and, consequently, the marketing throughout Europe of nutritional supplements based on Cetylated Esters dedicated to the well-being of muscles and joints. Over the next few months, the application for registration as a Novel Food will be examined by the European Commission, which will have to officially authorise the marketing of the new ingredient, for which Pharmanutra will have exclusive use for five years.

In August, a patent for formulations based on cetylated fatty acids (CFA) was obtained in China. The patent certificate, granted on 03/08/2021, number CN 108137472 B, covers the development and use of topical formulations based on cetylated fatty acid esters (CFA), the active ingredient contained in all muscle and joint products in the Cetilar® range.

1.15 Business outlook

Pharmanutra's strategy will be essentially oriented towards strengthening its leadership in the market of iron for oral use, where it already holds a market share of about 54% thanks to Sideral® brand products, further increasing its market share with regard to Cetilar® brand products, and developing sales of Apportal® and Ultramag®.

Particular focus will be addressed to international development, with specific reference to the European, Asian and US markets. It is planned to expand the range of products sold in the countries where the Group is already present and to open new markets, even trough corporate partnerships, if deemed to be strategically important.

The strategic actions implemented during 2020 allow the Group to manage the current moment in the best possible way and put it in a position to quickly take advantage of the market recovery with a positive outlook for 2021.

Pisa, 06/09/2021

For the Board of Directors

The Chair

(Andrea Lacorte)

FIRST HALF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021 PHARMANUTRA GROUP

FINANCIAL STATEMENTS

Consolidated Balance Sheet

BALANCE SHEET (€/000)	Notes	30/06/2021	31/12/2020
NON-CURRENT ASSETS		**12,240**	**11,303**
Property, plant and equipment	8.1.1	5,707	4,799
Intangible assets	8.1.2	5,278	5,181
Investments	8.1.3	254	254
Non-current financial assets	8.1.4	221	218
Other non-current assets	8.1.5	254	-
Deferred tax assets	8.1.6	526	851
CURRENT ASSETS		**43,668**	**40,406**
Inventories	8.2.1	2,036	1,894
Cash and cash equivalents	8.2.2	16,236	16,455
Current financial assets	8.2.3	4,381	4,349
Trade receivables	8.2.4	17,704	15,053
Other current assets	8.2.5	1,985	1,031
Tax receivables	8.2.6	1,326	1,624
TOTAL ASSETS		**55,908**	**51,709**
BALANCE SHEET	**Notes**	**30/06/2021**	**31/12/2020**
SHAREHOLDERS' EQUITY:	**8.3.1**	**38,360**	**37,730**
Share capital		1,123	1,123
Legal reserve		225	225
Other reserves		29,949	22,363
IAS 19 reserve		3	(50)
Financial instruments reserve (FVOCI)		90	67
FTA reserve		(70)	(70)
Profit (loss) for the period		7,040	14,072
NON-CURRENT LIABILITIES		**3,354**	**2,835**
Non-current financial liabilities	8.4.1	721	562
Provisions for non-current risks and charges	8.4.2	1,165	1,018
Liabilities for employee and director benefits	8.4.3	1,468	1,255
CURRENT LIABILITIES		**14,194**	**11,144**
Current financial liabilities	8.5.1	973	1,101
Trade payables	8.5.2	8,386	7,175
Other current liabilities	8.5.3	1,493	2,348
Tax payables	8.5.4	3,342	520
TOTAL LIABILITIES		**55,908**	**51,709**

Pursuant to CONSOB Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the Consolidated Balance Sheet are reported in the specific Consolidated Balance Sheet table included in Note 13.

Consolidated Income Statement

INCOME STATEMENT (€/000)	Notes	30/06/2021	30/06/2020
A) REVENUES		**32,419**	**30,691**
Net revenues	8.6.1	32,273	29,112
Other revenues	8.6.2	146	1,579
of which Other non-recurring revenues		-	*1,049*
B) OPERATING COSTS		**22,140**	**21,228**
Purchases of raw materials, consumables and supplies	8.7.1	1,551	1,716
Change in inventories	8.7.2	(141)	(535)
Costs for services	8.7.3	18,269	17,278
of which Costs for non-recurring services		-	*975*
Personnel costs	8.7.4	2,142	1,795
Other operating costs	8.7.5	319	974
(A-B) EBITDA		**10,279**	**9,463**
C) Amortisation, depreciation and write-downs	8.8	560	1,134
of which non-recurring write-downs		-	*400*
(A-B-C) EBIT		**9,719**	**8,329**
D) FINANCIAL INCOME (COSTS)		**67**	**49**
Financial income	8.9.1	77	100
Financial costs	8.9.2	(10)	(51)
PRE-TAX RESULT (A-B-C+D)		**9,786**	**8,378**
Taxes for the year	8.10	(2,746)	(2,130)
Taxes for previous years	8.10		3,431
Minority interest in profit/(loss) for the period		**-**	**-**
Group profit/(loss) for the period		**7,040**	**9,679**
Net earnings per share (in units of Euro)	**8.11**	**0.73**	**1.00**

Statement of Comprehensive Income

COMPREHENSIVE INCOME STATEMENT(€/000)		30/06/2021	30/06/2020
PROFIT (LOSS) FOR THE PERIOD		7,040	9,679
Gains (losses) from IAS application that will be recognised in the income statement		-	-
Gains (losses) from IAS application that will not be recognised in the income statement	8.3.1	76	(121)
COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD		**7,116**	**9,558**

Pursuant to CONSOB Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the Consolidated Income Statement are reported in the specific Consolidated Income Statement table included in Note 13.

Statement of changes in Consolidated shareholders' equity

Amounts in k€	Notes	Share capital	Legal reserve	Other reserves	Actuarial reserve under IAS 19	Financial instruments reserve (FVOCI)	FTA reserve	Profit (loss) for the period	Balance
Group shareholders' equity as at 31/12/2019		**1,123**	**225**	**18,352**	**(59)**	**109**	**(70)**	**8,454**	**28,134**
Allocation of result		-		8,454	-	-	-	(8,454)	-
Distribution of dividends		-	-	(4,453)	-	-	-	-	(4,453)
Other changes		-	-	8	(43)	(86)	-	-	(121)
Profit (loss) for the period		-	-	-	-	-	-	9,679	9,679
Group shareholders' equity as at 30/06/2020		**1,123**	**225**	**22,361**	**(102)**	**23**	**(70)**	**9,679**	**33,239**

Amounts in k€	Notes	Share capital	Legal reserve	Other reserves	Actuarial reserve under IAS 19	Financial instruments reserve (FVOCI)	FTA reserve	Profit (loss) for the period	Balance
Group shareholders' equity as at 31/12/2020		**1,123**	**225**	**22,363**	**(50)**	**67**	**(70)**	**14,072**	**37,730**
Allocation of result	8.3.1	-	-	14,072	-	-	-	(14,072)	-
Distribution of dividends	8.3.1	-	-	(6,486)	-	-	-	-	(6,486)
Other changes		-	-	-	53	23	-		76
Profit (loss) for the period		-	-	-	-	-	-	7,040	7,040
Group shareholders' equity as at 30/06/2021	**8.3.1**	**1,123**	**225**	**29,949**	**3**	**90**	**(70)**	**7,040**	**38,360**

Consolidated cash flow statement

CASH FLOW STATEMENT (€/000) - INDIRECT METHOD	30/06/2021	30/06/2020
Net result before minority interests	7,040	9,679
NON-MONETARY COSTS/REVENUES		
Amortisation, depreciation and write-downs	560	1,134
Allowances to provisions for employee and director benefits	104	78
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provisions for non-current risks and charges	147	163
Change in provisions for employee and director benefits	109	(1,390)
Change in inventories	(142)	(533)
Change in trade receivables	(2,728)	(2,332)
Change in other current assets	(954)	(1,076)
Change in tax receivables	298	(1,289)
Change in other current liabilities	(854)	(989)
Change in trade payables	1,211	1,198
Change in tax payables	2,822	(54)
CASH FLOW FROM OPERATIONS	**7,613**	**4,589**
Net investments in intangible assets, property, plant and equipment	(1,002)	(652)
(Increase)/decrease in other non-current assets	71	1,123
CASH FLOW FROM INVESTMENTS	**(931)**	**471**
Increase/(decrease) in assets	76	(127)
Cash flow from dividend distribution	(6,486)	(4,453)
Increase/(decrease) in current financial liabilities	(208)	(2,410)
Increase/(decrease) in non-current financial liabilities	(248)	(518)
(Increase)/decrease in current financial assets	(32)	618
(Increase)/decrease in non-current financial assets	(3)	0
CASH FLOW FROM FINANCING	**(6,901)**	**(6,890)**
TOTAL CHANGE IN CASH	**(219)**	**(1,830)**
Liquid funds at the beginning of the period	**16,455**	**13,751**
Liquid funds at the end of the period	**16,236**	**11,921**
Change in liquid funds	**(219)**	**(1,830)**

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FIRST HALF FINANCIAL STATEMENTS

1. LAYOUT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These condensed Consolidated First Half Financial Statements as at 30 June 2021 have been prepared 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 accounting standards used to prepare these condensed First Half financial statements, prepared in accordance with IAS 34 – Interim Financial Reporting, are the same as those used to prepare the Consolidated financial statements as at 31 December 2020, with the exception of the new standards and interpretations effective from 1 January 2021. The new standards that have led to a change in the Group's accounting policies from the current first half of the year are described in paragraph 5.1.

It should be noted that the condensed consolidated first half financial statements do not include all the information and notes required in the annual financial statements and, as such, should be read in conjunction with the consolidated financial statements as at 31 December 2020.

It should also be noted that the information contained in these condensed first half financial statements is not comparable to that contained in a complete set of financial statements prepared in accordance with IAS 1, with particular reference to the fewer details provided on financial assets and liabilities.

With regard to the performance in the first half of 2021, reference should be made to the Directors' Interim Report on Operations.

The figures in the Income Statement are provided for the six-month period in question and are compared with the figures for the same period of the previous financial year. The figures in the Balance Sheet, relating to the closing date of the first half of the year, are compared with the figures at the end of the last financial year. Therefore, the comments on the items in the Income Statement are made with reference to the same period of the previous year (30 June 2020), while those on the Balance Sheet are made with reference to the previous year (31 December 2020).

The reference date of the condensed consolidated first half financial statements coincides with the closing date of the first half of 2021 of the Parent Company and its subsidiaries.

The following classifications have been used:

- Balance sheet by current/non-current items;
- Income statement by nature;
- Cash flow statement - indirect method.

With reference to the cash flow statement, it should be noted that in order to provide a better understanding of the cash flows generated, the change in current financial liabilities has been shown under cash flows from financing activities rather than as a reduction in cash and cash equivalents as was previously the case. The cash flow statement at 30 June 2020 has consequently been reclassified using the same presentation criteria.

In addition, in preparing the statement of cash flows for the six months ended 30 June 2021, in accordance with IAS 7, the increase in tangible assets resulting from the renewal of certain lease agreements with the related company Solida was netted against the increase in the corresponding short- and long-term financial liabilities as these are non-financial transactions.

It is believed that these classifications provide information that is better suited to represent the financial position, results of operations and cash flows of the company.

The functional currency of the Parent Company and the presentation currency of the consolidated financial statements is the Euro (EUR). The schedules and tables contained in these explanatory notes are in thousands of Euro (EUR), unless otherwise specified.

These consolidated financial statements have been prepared using the accounting policies and criteria illustrated below.

2. CONSOLIDATION AREA

Pharmanutra S.p.A.(hereinafter also referred to as "Pharmanutra" or the "Parent Company") is a company with registered office in Italy, Via delle Lenze 216/B, Pisa, which holds controlling interests in all the companies (the "Group" or also "Pharmanutra Group") shown in the following table:

Subsidiaries are companies in which Pharmanutra has the power to determine administrative and management decisions. Generally, control exists when the Group holds more than half of the voting rights, or exercises a dominant influence in the corporate and operating decisions.

Associated companies are those in which Pharmanutra exercises significant influence even though it does not have control. This generally occurs when it holds between 20% and 49% of the voting rights.

The companies included in the consolidation area are as follows:

COMPANY	REGISTERED OFFICE	Dir. Stake	Indir. Stake	TOTAL
Pharmanutra S.p.A.	Pisa, Via Delle Lenze 216/b	PARENT COMPANY		
Junia Pharma S.r.l.	Pisa, Via Delle Lenze 216/b	100%	0%	100%
Alesco S.rl.	Pisa, Via Delle Lenze 216/b	100%	0%	100%

The consolidation area has not changed compared to the financial statements as at 31 December 2020.

3. CONSOLIDATION CRITERIA AND TECHNIQUES

Consolidation is carried out using the line-by-line method, which consists in including all assets and liabilities in their entirety. The main consolidation criteria adopted for the application of this method are as follows:

- subsidiaries are consolidated from the date on which control is actually transferred to the Group and are no longer consolidated on the date on which control is transferred outside the Group;
- where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies used with those adopted by the Group;
- the assets and liabilities, expenses and income of companies consolidated on a line-by-line basis are fully included in the consolidated financial statements; the carrying amount of investments is written off against the corresponding portion of shareholders' equity of the investee companies, measuring the individual items of the balance sheet assets and liabilities at their current value at the date control is acquired. Any residual difference is recorded under the asset item "Goodwill", if positive or in the income statement, if negative;

- The balances of receivables and payables, as well as the economic effects of intra-group economic transactions and dividends approved by the consolidated companies have been eliminated in full. The consolidated financial statements do not include any profits or losses not yet made by the Group as a whole as they result from intra-group transactions. The portions of shareholders' equity and the results for the period of minority shareholders are shown separately in the consolidated shareholders' equity and income statement.

4. ACCOUNTING STANDARDS AND VALUATION CRITERIA

In the preparation of the condensed consolidated first half financial statements as at 30 June 2021, the same accounting policies were applied as in the preparation of the consolidated financial statements for the year ended 31 December 2020, to which reference should be made, except as noted in the section "Accounting standards, amendments and interpretations applicable/applied from 1 January 2021".

The condensed consolidated first half financial statements have also been prepared in accordance with the provisions adopted by CONSOB regarding financial statement formats, in application of art. 9 of Italian Legislative Decree 38/2005 and other CONSOB rules and regulations on financial statements.

The financial statements have been prepared on a going concern basis and on the basis of the historical cost principle with the exception of the measurement of certain financial instruments, for which the fair value criterion is applied.

The preparation of the condensed consolidated first half financial statements and the related explanatory notes in accordance with IFRS requires the Directors to make estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities in the First half financial report and the disclosure of contingent assets and liabilities as at 30 June 2021.

If in the future such estimates and assumptions, which are based on the Directors' own best judgement, differ from the actual circumstances, they will be modified as appropriate in the period in which the circumstances change. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately reflected in the Income Statement and Shareholders' Equity.

It should also be noted that certain measurement processes, in particular the more complex ones, such as the determination of any impairment of non-current assets, are generally only carried out in full during the preparation of the annual financial statements, when all the information that may be necessary is available, except in cases where there are impairment indicators that require an immediate assessment of any impairment losses. With reference to this First half financial report, in accordance with Document ESMA32-63-972 dated 20 May 2020 and Consob Alert No. 8/20 dated 16 July 2020, the directors have assessed that the effects of the COVID-19 pandemic outbreak on Group performance do not constitute indicators of possible impairment such as to require impairment testing of the recoverability of goodwill values to be carried out earlier than the usual time at year end. With reference to the impairment test carried out when preparing the consolidated financial statements for the year ended 31 December 2020, it should be noted that the tests performed did not lead to any impairment losses. On the basis of the outcome of the above test, and of the Group performance in the first half of 2021, the directors believe that there is no evidence to suggest any critical issues regarding the recoverability of the carrying amount of goodwill.

Deferred tax assets have been calculated taking into account the cumulative amount of all the temporary differences, on the basis of the expected rates in force when the temporary differences will reverse. Deferred tax assets have been recognised because there is reasonable certainty that taxable income will not be less than the amount of the differences to be reversed, in the years in which the deductible temporary differences against which deferred tax assets have been recognised will reverse.

The publication of this First half financial report as at 30 June 2021, subject to a limited audit by BDO Italia S.p.A., was authorised by a resolution of the Board of Directors on 6 September 2021.

5. IFRS Accounting standards, amendments and interpretations endorsed or applicable/applied from 1 January 2021

5.1.1 Accounting standards and interpretations endorsed and effective from 1 January 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2.
- Amendments to IFRS 4 "Insurance Contracts" - deferral of application of IFRS9 (issued on 25 June 2020).

The amendments above are applicable from 1 January 2021 and had no impact on the financial statements or the disclosures.

5.1.2 International reporting standards and/or interpretations issued but not yet effective and/or not yet endorsed

- on 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent" and on July 15 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current – deferral of Effective Date". The amendments will be effective as of 1 January 2023 and clarify the principles that must be applied for the classification of liabilities as current or non-current.
- on 14 May 2020, the IASB published amendments entitled "Amendments to IFRS 3 Business Combinations", "Amendments to IAS 16 Property, Plant and Equipment", "Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets" and "Annual Improvements 2018-2020". All amendments will take effect on 1 January 2022;
- on 12 February 2021, the IASB published the amendments entitled "Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies" and "Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates". All amendments will take effect on 1 January 2023;
- on 31 March 2021, the IASB published an amendment entitled "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 Leases)

None of these Standards and Interpretations have been early adopted by the Group. The Group is in the process of assessing the impact of these Standards and Interpretations.

Lastly, it should be noted that the statement of net financial debt shown in these condensed consolidated first half financial statements, as required by the CONSOB communication of 28 July 2006, has been updated in accordance with the latest recommendations issued by ESMA on 4 March 2021.

6. RISK AND UNCERTAINTY MANAGEMENT

The main risks identified, monitored and actively managed by the Pharmanutra Group are as follows:

6.1 EXTERNAL RISKS

6.1.1 Risks associated with Covid-19 (so-called "Coronavirus")

The gradual elimination of the restrictive measures issued to control the Covid-19 pandemic, which had led to a slowdown in revenue growth in 2020, and the ongoing vaccination campaign, have enabled the Group to return to pre-pandemic revenue growth levels in the Italian market. However, a worsening of the current situation cannot be excluded, with the consequent adoption of new restrictive measures that could expose the Group to the risk of a decrease in sales.

6.1.2 Risks associated with production entrusted to third party suppliers

The Group is exposed to the risk that production activities entrusted to third party suppliers may not be carried out properly according to the quality standards required by the Group, leading to delays in the supply of products or even the need to replace the third party in charge. In addition, the production facilities of third party suppliers are subject to operational risks such as, for example, interruptions or delays in production due to faulty or failed machinery, malfunctions, breakdowns, delays in the supply of raw materials, natural disasters, or the revocation of permits and authorisations or even regulatory or environmental interventions. The possible occurrence of such circumstances could have negative effects on the Group's business.

6.1.3 Risks associated with the regulatory framework and the situation in the countries in which the Group operates

As a result of its international presence, the Group is exposed to a number of risk factors, particularly in developing countries where the regulatory framework is not permanently defined and clear. This could force the Group to change its business practices, increase costs or expose it to unforeseen civil and criminal liability.

Moreover, the Group cannot be sure that its products can be successfully marketed in these developing markets, given the less stable economic, political or social conditions than in Western European countries and which may result in the possibility of facing political, social, economic and market risks.

6.1.4 Risks associated with the high degree of competitiveness of the reference market

In view of the fact that the market segments in which the Group is active are characterised by a high level of competition in terms of quality, price and brand awareness and by the presence of a large number of operators, the possible difficulty for the Group in facing competition could have a negative impact on its market position, with consequent negative effects on the Group's business.

The production activities of the Group are characterised by technology that cannot be replicated and is protected by patents, and this is considered an important competitive advantage, which - together with proprietary raw materials, the strategy of protecting intellectual property rights (trademarks and patents) and continuous investment in research and development - makes it possible to obtain products with characteristics that cannot be replicated by competitors.

6.2 MARKET RISKS

6.2.1 Risks associated with dependence on certain key products

The Group's ability to generate operating profits and cash flows largely depends on maintaining the profitability of a number of key products; among these, the most significant are those based on Sucrosomial® Iron, consisting of the products of the Sideral® line, which represent approximately 78.8% of the Group's finished product revenues at 30 June 2021. A contraction in sales of these key products could have negative effects on the Group's business and prospects.

6.2.2 Risks associated with the iron-related therapy market in which the Group operates

The Group is exposed to the risk of any changes in the regulatory framework in relation to the way iron is taken, the identification of new therapeutic protocols relating to these consumption ways (of which the Group is unable to predict the timing and methods) and/or the need to reduce the selling prices of products. The Group's iron-based products are currently all classified as food supplements. In the case of iron, as well as many other nutrients, regulations concern the amount of daily intake beyond which the product cannot be marketed as a supplement because it would fall into the pharmaceutical category.

A possible regulatory change could have more of an impact on the maximum (or minimum) level of intake which would then lead to a simple formula adjustment.

6.3 FINANCIAL RISKS

6.3.1 Credit risk

Credit risk represents the exposure to potential losses deriving from the non-fulfilment of the obligations undertaken by both commercial and financial counterparties.

The Group's credit risk is essentially attributable to the amount of trade receivables for the sale of finished products and, to a very limited extent, raw materials.

The Group does not have a significant concentration of credit risk and is subject to moderate credit risks.

6.3.2 Liquidity risk

The liquidity risk relates to the Group's ability to meet its commitments arising from its financial liabilities.

During the period, the Group met its financial needs through the use of its own resources without recourse to new credit lines from the banking system. Despite having available short-term bank credit lines, aimed at managing the peaks in working capital, the management did not deem it necessary to use these instruments during the year thanks to the positive generation of liquidity from current operations.

In any case, the liquidity risk originating from normal operations is kept at a low level by managing an adequate level of cash and cash equivalents and controlling the availability of funds obtainable through credit lines.

6.3.3 Interest rate risk

The companies of the Group have floating-rate loan agreements in place and are therefore exposed to the risk of changes in interest rates, which is considered to be low. This risk has been partly mitigated through the use of derivative financial instruments to hedge interest rate risk (IRS - Interest Rate Swap). Current and non-current variable rate debt as a percentage of total medium/long-term borrowings was 100% as at 30 June 2021 and 31 December 2020.

The Group is also exposed to the risk of changes in interest rates on financial assets held in portfolio. This risk is considered to be low.

6.3.4 Risk of changes in cash flows

The Group has historically highlighted a substantial and constant increase in the cash flows generated by operations.

There is no particular need for access to bank credit, except for current commercial activities, given the willingness of banks to extend, when necessary, existing credit lines for the companies of the Group.

In view of the above, for the companies of the Group, the risk associated with a decrease in cash flows is considered to be low.

Financial assets and liabilities measured at fair value

As required by IFRS 13 - Fair Value Measurement, the following information is provided.

The fair value of trade assets and liabilities and other financial receivables and payables approximates the nominal value recorded in the financial statements.

The fair value of receivables and payables due from and to banks and related companies does not differ from the values recorded in the financial statements, as the credit spread has been kept constant.

In relation to financial instruments recognised in the Balance Sheet at fair value, IFRS 7 requires these values to be classified on the basis of a hierarchy of levels that reflects the significance of the inputs used in determining the fair value. The following levels are distinguished:

Level 1 - quotations recorded on an active market, for assets or liabilities subject to valuation;

Level 2 - inputs other than quoted prices, as referred to in the previous paragraph, that are observable

directly (prices) or indirectly (derived from prices) on the market;

Level 3 - inputs that are not based on observable market data.

With respect to the values as at 30 June 2021 and 31 December 2020, the following table shows the fair value hierarchy for the Group's assets that are measured at fair value:

k€	30/06/2021				31/12/2020			
	Level				Level			
Current financial assets	1	2	3	Total	1	2	3	Total
Bonds	2,345		203	2,548	2,310		203	2,513
Investment Funds	1,833			1,833	1,836			1,836
Total	**4,178**	**-**	**203**	**4,381**	**4,146**	**-**	**203**	**4,349**

For the only asset that falls within level 3, the valuation model applied is that of nominal value since the underlying of the issue is a securitisation of reinsured trade receivables.

6.3.5 Risks related to litigation

The Parent Company and the subsidiary Junia Pharma are part of a series of single-brand agency and procurement agreements for the promotion of their products. The activity carried out by agents for the Group also plays an important role in providing scientific information to the medical class. During the year 2020, there were a number of cases in which agents and/or brokers initiated disputes aimed at ascertaining the existence of an employment relationship and claimed for compensation. Given the risks highlighted, specific provisions have been set aside to cover the estimated liabilities.

There are uncertainties of interpretation regarding the qualification for direct tax purposes of the indemnity received by the Company in 2019 from the pre-listing shareholders on the basis of the reps and warranties given by them in the admission document section one, chapter 16, paragraph 16.1. The risk cannot be excluded that, if the position taken by Pharmanutra is not considered correct by the Italian Inland Revenue, the latter may ascertain the existence of taxes to be paid in relation to the indemnity amount (up to a maximum of approximately Euro 220 thousand) plus penalties and interest.

For the remaining six months of the year, no changes in the risk profiles are expected.

7. INFORMATION BY OPERATING SEGMENTS

The Group has identified operating segments on the basis of two geographical areas that represent the organisational components according to which the business is managed and monitored, i.e., as required by IFRS 8, *"... a component whose operating results are periodically reviewed at the entity's highest operational decision-making level for the purposes of making decisions about resources to be allocated to the segment and performance assessment"*.

The segments identified are Italy (LB1) and abroad (LB2), which represent the Group's business model.

INCOME STATEMENT (€/000)	30.6.21	LB1	LB2	30.6.20	LB1	LB2
A) REVENUES	**32,419**	**24,433**	**7,986**	**30,691**	**21,730**	**8,961**
Net revenues	32,273	24,291	7,982	29,112	20,159	8,953
Other revenues	146	142	4	1,579	1,571	8
B) OPERATING COSTS	**22,140**	**16,748**	**5,390**	**21,228**	**15,043**	**6,184**
Costs for services, goods and operating costs	17,871	13,535	4,334	17,425	12,410	5,014
Costs for personnel and corporate bodies	4,269	3,213	1,056	3,803	2,633	1,170
(A-B) EBITDA	**10,279**	**7,685**	**2,596**	**9,463**	**6,687**	**2,777**
EBITDA (% on revenues)	***31.7%***	***31.5%***	***32.5%***	***30.8%***	***30.8%***	***31.0%***
C) Amortisation, depreciation and write-downs	560			1,134		
(A-B-C) EBIT	**9,719**			**8,329**		
D) FINANCIAL INCOME (COSTS)	**67**			**49**		
Financial income	77			100		
Financial costs	10			51		
PRE-TAX RESULT (A-B-C+D)	**9,786**			**8,378**		
Taxes	(2,746)			(1,301)		
Profit /(Loss) for the year	**7,040**			**9,679**		

The performance of the two business lines in the first half of the year compared to the previous year reflects what has already been reported above in relation to the Group's performance. While sales on the Italian market grew significantly (+20% approx.), there was a slowdown in sales on foreign markets due to the different timing of orders from foreign distributors.

The item Other revenues of LB1 segment as at 30 June 2020 includes the contractual indemnity of Euro 1 million accrued for the failed renewal of a distribution agreement. Operating costs attributable to the Italian market, which amount to Euro 16,749 thousand, increased by approximately 11% compared to the same period of the previous year due to the higher turnover volumes achieved and the recovery, albeit still partial, of activities suspended or cancelled due to the Covid-19 epidemic. Operating costs attributable to foreign markets, which amounted to Euro 5,390 thousand as at 30/06/2021, compared to Euro 6,184 thousand in the first half of 2020, show a decrease due to lower business volumes.

As a result of the above, the EBITDA of LB1 segment in the first half of 2021 amounted to Euro 7,685 thousand (Euro 6,687 thousand in 2020), an increase of approx. 15% compared to 2020, while the EBITDA of LB2 segment decreased by 6.5% from Euro 2,777 thousand in 2020 to Euro 2,596 thousand in 2021.

8. COMMENTS ON THE MAIN ITEMS

8.1 Non-current assets

The tables below show the changes in tangible fixed assets for each item

8.1.1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment - Net (k€)	Balance as at 31/12/2020	Increases	Decreases	Other	Balance at 30/06/2021
Land and buildings	95	0	-3	-47	**45**
Plant and machinery	131	15	-18		**128**
Furniture and office machines	287	155	-52		**390**
Vehicles	542	253	-98		**697**
Rights of use	469	564	-138		**895**
Fixed assets under construction	3,275	277	0		**3,552**
TOTAL	**4,799**	**1,264**	**-309**	**-47**	**5,707**

Property, plant and equipment - Historical cost (k€)	Balance as at 31/12/2020	Increases	Decreases	Other	Balance at 30/06/2021
Land and buildings	642				**642**
Plant and machinery	205	15			**220**
Equipment	18				**18**
Furniture and office machines	879	155			**1,034**
Vehicles	1,029	253			**1,282**
Rights of use	1,011	564			**1,575**
Fixed assets under construction	3,275	277			**3,552**
TOTAL	**7,059**	**1,264**	**0**	**0**	**8,323**

The amount of the increases in the half-year refers for Euro 253 thousand to the purchase of cars for the management and sales force managers, for Euro 277 thousand to the costs incurred for the restructuring of the industrial complex intended to house the new Group headquarters, for Euro 564 thousand to the recognition of the rights of use for the renewal of some lease contracts, and for the remaining amount to the purchase of IT equipment.

Property, plant and equipment - depreciation provision (k€)	Balance as at 31/12/2020	Depreciation	Uses	Other	Balance at 30/06/2021
Land and buildings	-547	-3		-47	**-597**
Plant and machinery	-74	-18			**-92**
Equipment	-18				**-18**
Furniture and office machines	-592	-52			**-644**
Vehicles	-487	-113	15		**-585**
Rights of use	-542	-138			**-680**
TOTAL	**-2,260**	**-324**	**15**	**-47**	**-2,616**

8.1.2 INTANGIBLE ASSETS

The following table shows historical costs net of previous amortisation and depreciation, movements during the period and final balances for each item.

Intangible assets (k€)	Balance as at 31/12/2020	Increases	Decreases	Depreciation	Other	Balance at 30/06/2021
Industrial patent rights	784	93		-55		822
Concessions, licenses and trademarks	1,395	36		-56		1,375
Goodwill	2,750					2,750
Other intangible assets	8			-51	47	4
Fixed assets under construction and payments on account	244	83				327
TOTAL	**5,181**	**212**	**0**	**-162**	**47**	**5,278**

The increases in intangible fixed assets refer to patent and trademark management activities for approximately Euro 129 thousand. The increase in fixed assets under construction refers to costs capitalised on research contracts in progress and software being implemented.

With reference to the item Goodwill at 30 June 2021, there were no impairment indicators requiring an update of the Impairment Test carried out at 31 December 2020.

8.1.3 INVESTMENTS

k€	30.06.2021	31.12.2020	Change
Investments in other companies	254	254	0
Total investments	**254**	**254**	**0**

The item includes the amount of Euro 250 thousand representing the subscription value of the equity interest in Red Lions S.p.A., of which Pharmanutra S.p.A. holds 217,391 shares, which equal to 15.15% of the capital. The equity value of the investee company, based on an appraisal drawn up on 27 February 2020 as part of a contribution transaction (which involved third parties and not the Group), shows no need for adjustments. The shares of the company Red Lions S.p.A. are held by companies of significant importance in the industrial context of Pisa area, all sensitive to innovation and development activities. The Group, which shares this sensitivity, could obtain interesting contacts and exchanges of experience from its equity investment in Red Lions S.p.A., both with the other shareholder companies (and their subsidiaries) and with the "target companies" of Red Lions S.p.A.'s business.

8.1.4 NON-CURRENT FINANCIAL ASSETS

k€	30.06.2021	31.12.2020	Change
Deposits paid	221	218	3
Non-current financial assets	**221**	**218**	**3**

The item includes guarantee deposits, amounting to Euro 123 thousand, which mainly refer to the amounts paid at the signing of the lease contracts stipulated with the related company Solida S.r.l.; in addition, Pharmanutra paid Solida an advance of Euro 85 thousand.

8.1.5 OTHER NON-CURRENT ASSETS

k€	30.06.2021	31.12.2020	Change
Insurance for Directors' termination indemnity	254	0	254
Other non-current assets	**254**	**0**	**254**

The change is due to an insurance policy taken out against the provisions made to the Directors' termination indemnity provision in accordance with the resolution of the Shareholders' Meeting of 26 April 2021.

8.1.6 Deferred tax assets

k€	Balance at 31/12/20	Incr.	Decr.	Other	Balance at 30/06/21
Allowance to provision for doubtful accounts - not for tax purposes	364	0	(1)	0	363
Allowance to provision for risks related to legal disputes	45	0	0	0	45
On Consolidation effects	129	0	(28)	0	101
Provision for employees leaving entitlement	70	4	(0)	0	74
Indemnity for termination of the agency contracts	(22)	16	(2)	0	(8)
Accumulated depreciation/amortisation	(85)	0	(11)	0	(96)
Allowance to provision for inventory write-downs	39	8	0	0	47
Directors' fees	311	0	(311)	0	0
TOTAL	**851**	**28**	**(352)**	**0**	**526**

Deferred tax assets relating to the application to the Employee Severance Indemnity Provision and the Indemnity for termination of agency contracts of the IAS/IFRS valuation of these items are the result of all adjustments made from the FTA until the closing of the financial statements in question.

Deferred tax assets relating to the remuneration of corporate bodies concern the non-deductibility of the variable remuneration as it was not paid by 12 January 2021. Since variable compensation accrues only upon achievement of annual targets, no provision was made in the income statement for the first half year.

8.2 Current assets

8.2.1 Inventories

k€	30.06.2021	31.12.2020	Change
Raw materials, consumables and supplies	385	226	159
Finished products and goods	1,832	1,820	12
Provision for inventory write-downs	-181	-152	-29
Total inventories	**2,036**	**1,894**	**142**

8.2.2 Cash and cash equivalents

k€	30.06.2021	31.12.2020	Change
Bank and postal accounts	16,202	16,433	-231
Cheques on hand	28	17	11
Cash-in-hand and cash equivalents	6	5	1
Total liquid funds	**16,236**	**16,455**	**-219**

The balance represents the liquid funds and the existence of cash and securities at the end of the period. For the evolution of cash and cash equivalents, reference should be made to the cash flow statement for the first half of the year and to what is indicated in the Management Report.

8.2.3 CURRENT FINANCIAL ASSETS

k€	30.06.2021	31.12.2020	Change
Mutual fund units	1,833	1,836	-3
Bonds	2,545	2,510	35
Miscellaneous assets to be liquidated	3	3	0
Total current fin. assets	**4,381**	**4,349**	**32**

This item represents a temporary investment of part of the company's liquidity made through an individual asset management mandate granted to Azimut Capital Management S.g.r. In accordance with this mandate, bonds and units in investment funds of adequately rated issuers have been subscribed. As at 30/06/2021, a comparison with the market value of the bonds held shows an increase in fair value of Euro 23 thousand which was recognised to a shareholders' equity reserve, based on the valuation criteria adopted by the Group in accordance with IFRS9.

Considering the liquid funds available and the regular continuation of activities as stated above, the Group does not foresee the need to resort to the early disposal of the financial instruments in question.

8.2.4 TRADE RECEIVABLES

k€	30.06.2021	31.12.2020	Change
Trade receivables - Italian customers	13,557	10,570	2,987
Trade receivables - Other countries	1,924	2,828	-904
Other receivables (subject to collection)	4,099	3,477	622
Invoices to be issued	54	33	21
Provision for doubtful accounts	-1,930	-1,855	-75
Total trade receivables	**17,704**	**15,053**	**2,651**

The amounts shown in the financial statements are net of provisions made in the Provision for doubtful accounts, estimated by the Group's management on the basis of the seniority of the receivables, the assessment of their collectability and also taking into account historical experience and forecasts of future bad debts also for the part of receivables that is collectable at the reporting date.

The breakdown of trade receivables by geographical area is shown below:

k€	30.06.2021	31.12.2020	Change
Italy	14,362	12,236	2,126
Asia	1,109	2,197	-1,088
Europe	2,017	616	1,401
Africa	178	0	178
America	38	5	34
Total trade receivables	**17,704**	**15,053**	**2,651**

Changes in the Provision for doubtful accounts during the first half of 2021 were as follows:

k€	Provision for doubtful accounts
Initial balance	1,855
Allowances	77
Uses	-2
Final balance	**1,930**

8.2.5 OTHER CURRENT ASSETS

A breakdown of "Other current assets" is provided in the table below:

k€	30.06.2021	31.12.2020	Change
Receivables from employees	46	44	2
Advances	484	790	-306
Prepayments and accrued income	1,455	197	1,258
Total other current assets	**1,985**	**1,031**	**954**

The item "Advances" includes receivables from agents for advances of Euro 302 thousand (Euro 308 thousand as at 31 December 2020), relating to sums advanced by Group companies when signing agency contracts, and advances to suppliers of Euro 182 thousand (Euro 482 thousand as at 31/12/2020). The advances paid to agents shall be returned on termination of the relationship with each agent.

The change in the item "Prepayments and accrued income" is due to the recognition of deferred costs relating to marketing costs pertaining to one year, but which will have a financial impact during the first half of the year. At 30 June 2020 the balance of this item was Euro 1,349 thousand.

8.2.6 TAX RECEIVABLES

"Tax receivables" can be broken down as follows:

k€	30.06.2021	31.12.2020	Change
Value added tax	133	309	-176
Receivables for R&D expense tax bonus	179	199	-20
Receivables for Patent Box tax bonus	1,011	1,112	-101
Other tax receivables	3	4	-1
Total tax receivables	**1,326**	**1,624**	**-298**

The balance of the item Receivables for the Patent Box tax bonus represents the tax benefit related to the years 2016 and 2017. The tax credit obtained pursuant to art. 1 of Italian Law no.205 of 27/12/2017 on the advisory service costs incurred for the transition to the MTA market - STAR segment, amounting to Euro 457 thousand was fully used as at 30 June 2021.

8.3 Shareholders' Equity

8.3.1 SHAREHOLDERS' EQUITY

The changes in the items of shareholders' equity of the Group and of minority interests are shown below:

Amounts in k€	Notes	Share capital	Legal reserve	Other reserves	Actuarial reserve under IAS 19	Financial instruments reserve (FVOCI)	FTA reserve	Profit (loss) for the period	Balance
Group shareholders' equity as at 31/12/2020		**1,123**	**225**	**22,363**	**(50)**	**67**	**(70)**	**14,072**	**37,730**
Allocation of result	8.3.1	-	-	14,072	-	-	-	(14,072)	-
Distribution of dividends	8.3.1	-	-	(6,486)	-	-	-	-	(6,486)
Other changes		-	-	-	53	23	-		76
Profit (loss) for the period		-	-	-	-	-	-	7,040	7,040
Group shareholders' equity as at 30/06/2021	**8.3.1**	**1,123**	**225**	**29,949**	**3**	**90**	**(70)**	**7,040**	**38,360**

The Share capital, fully subscribed and paid up, amounts to Euro 1,123 thousand and consists of 9,680,977 ordinary shares, with no par value, of the Parent Company.

In 2021 a coupon of Euro 0.67 was distributed for each ordinary share, with a payout ratio of approximately 46.1% of consolidated net profit in 2021, in line with the consolidated dividend distribution policy and taking into account the Group's confirmed earnings capacity, for a total dividend of Euro 6,486 thousand.

8.4 Non-current liabilities

8.4.1 NON-CURRENT FINANCIAL LIABILITIES

k€	30.06.2021	31.12.2020	Change
Payables for derivative fin. instruments	4	4	0
Payables for BPER bank loans	77	154	-77
Payables for CRFI bank loans	0	151	-151
Non-current fin. payables for rights of use	640	253	387
Non-current financial liabilities	**721**	**562**	**159**

Bank loans and borrowings consist of the portion of loans payable by Group companies due beyond 12 months.

Non-current payables for rights of use represent the discounted amount due beyond one year of the lease contracts in force as at 30/06/2021 in accordance with IFRS16. The increase that occurs compared to 31 December 2020 results from the renewal of some existing lease contracts with the related company Solida.

The following table shows the breakdown of bank indebtedness by company and due date as at 30/06/2021. It is important to highlight that payables due within one year are classified as "Current financial liabilities" (see paragraph 8.5.1).

	Balance as at 30/06/2021	Due within 12 months	Due after 12 months
Pharmanutra S.p.A.	521	517	4
Junia Pharma S.r.l.	231	154	77
Alesco S.r.l.	43	43	0
Total Loans and borrowings from banks and other financial backers	***795***	***714***	***81***
Pharmanutra S.p.A.	643	186	457
Junia Pharma S.r.l.	101	37	64
Alesco S.r.l.	155	36	119
Total payables for rights of use	***899***	***259***	***640***
Total	**1,694**	**973**	**721**

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA update with reference to the "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", we report that the Group's Net Financial Position as at 30 June 2021 is as follows:

Notes		Amounts in €/1000	44,377	44,196
	A	Liquid funds	16,236	16,455
	B	Cash equivalents	-	-
	C	Other current financial assets	4,381	4,349
	D	**Liquidity (A+B+C)**	**20,617**	**20,804**
1)	E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	365	343
	F	Current portion of non-current financial debt	608	758
	G	**Current financial indebtedness (E+F)**	**973**	**1,101**
		of which guaranteed	154	257
		of which not guaranteed	819	844
	H	**Net current financial indebtedness (G-D)**	**(19,644)**	**(19,703)**
2)	I	Non-current financial debt (excluding current portion and debt instruments)	717	558
	J	Debt instruments	4	4
	K	Trade payables and other non-current payables		-
	L	**Non-current financial indebtedness (I+J+K)**	**721**	**562**
		of which guaranteed	77	154
		of which not guaranteed	644	408
	M	**Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)**	**(18,923)**	**(19,141)**
3)	N	Other current and non-current financial assets	475	218
		Net financial indebtedness (M-N)	**(19,398)**	**(19,359)**

1) It includes the following items of the financial statements: Current financial liabilities (Bank overdrafts Euro 106 thousand and Financial payables for rights of use Euro 259 thousand).

2) It includes the following items of the financial statements: Non-current financial liabilities (Non-current financial debt Euro 77 thousand and Financial payables for rights of use Euro 640 thousand).

3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid Euro 221 thousand) and Other non-current assets (Insurance for Directors' termination indemnity Euro 254 thousand).

8.4.2 PROVISIONS FOR NON-CURRENT RISKS AND CHARGES

k€	30.06.2021	31.12.2020	Change
Provision for termination indemnity of agency contracts	890	743	147
Provision for sundry risks and legal disputes	275	275	0
Provisions for non-current risks and charges	**1,165**	**1,018**	**147**

Provisions for non-recurring risks and charges include:

Provision for risks to cover the risk of legal disputes in progress, measured at Euro 275 thousand to cover outstanding disputes with agents following the termination of the agency agreement;

Provision for indemnity for termination of agency contracts, set up under article 1751 of the Italian Civil Code and the current collective economic agreement of 20 March 2002, which provide that, upon termination of the agency relationship, the agent is entitled to an indemnity for employment termination. The indemnity for termination of agency contracts is calculated by applying to the fees and other considerations accrued by the agent during the course of the employment relationship, a rate that can vary from 3 to 4%, depending on the duration of the agency contract. The resulting amount was measured in accordance with IAS/IFRS International Accounting Standards (IAS 37). The Group has therefore accrued an amount of Euro 278 thousand in the Provision for indemnity for termination of agency contracts, based on legal provisions and in relation to the positions at the end of the half year, bringing the same to a total of Euro 890 thousand.

8.4.3 LIABILITIES FOR EMPLOYEE BENEFITS AND DIRECTOR BENEFITS

k€	30.06.2021	31.12.2020	Change
Provision for employee severance indemnity	912	889	23
Directors' termination indemnity provision	556	366	190
Provisions for employee and director benefits	**1,468**	**1,255**	**213**

The item refers to:

Directors' termination indemnity provision. The amount accrued as at 30 June 2021 of Euro 556 thousand was calculated on the basis of the resolutions of the Ordinary Shareholders' Meeting held on 26 April 2021 and represents the Company's actual commitment to the Directors at the reporting date.

Employees leaving indemnity accrued by companies included in the consolidated financial statements. The liability for employees leaving indemnity has been calculated in compliance with the current provisions governing the employment relationship for employees and corresponds to the actual commitment of the companies towards individual employees at the reporting date. The amount accrued refers to employees who, following the entry into force of the new supplementary pension system, have expressly allocated their leaving entitlement accruing from 1 January 2007 to the company. The amount relating to the provision for employees leaving entitlement is therefore net of the amounts paid out during the half year and allocated to pension funds. The resulting amount was measured in accordance with IAS/IFRS (IAS 19).

8.5 Current liabilities

8.5.1 CURRENT FINANCIAL LIABILITIES

k€	30.06.2021	31.12.2020	Change
Bank loans and borrowings for loans	608	758	-150
Bank loans and borrowings for current accounts	106	124	-18
Current fin. payables for rights of use	259	219	40
Total current fin. liabilities	**973**	**1,101**	**-128**

The item "Bank loans and borrowings for current accounts" amounting to Euro 106 thousand mainly consists of clearing accounts (Euro 124 thousand as at 31/12/2020).

The item "Bank loans and borrowings for loans" represents the portion of debt relating to loans and instalments of loans to be repaid within the next year (see the table in paragraph 8.4.1 for details).

8.5.2 TRADE PAYABLES

Trade payables are broken down in the table below:

k€	30.06.2021	31.12.2020	Change
Trade payables - suppliers in Italy	6,334	6,270	64
Trade payables - suppliers in Other countries	359	108	251
Payments on account	1,693	797	896
Total trade payables	**8,386**	**7,175**	**1,211**

The increase in Trade Payables was due to the increase in advance payments received from foreign customers for orders to be delivered during the second half of the year.

The following table shows the breakdown of trade payables by geographical area:

k€	30.06.2021	31.12.2020	Change
Italy	6,287	6,233	54
Asia	1,467	799	669
Europe	478	100	378
America	36	28	8
Other	117	14	102
Total trade payables	**8,386**	**7,175**	**1,211**

8.5.3 OTHER CURRENT LIABILITIES

A breakdown of "Other current liabilities" is provided in the table below:

	30.06.2021	31.12.2020	Change
Payables for wages and salaries	720	433	287
Payables to social security institutions	473	365	108
Payables to directors and statutory auditors	164	1,420	-1,256
Accrued expenses and deferred income	36	10	26
Leaving entitlement provision for agents and representatives	100	120	-20
Total other current liabilities	**1,493**	**2,348**	**-855**

The decrease in the item Payables to directors and statutory auditors reflects the payment of variable remuneration accrued as at 31 December 2020 and the failure to recognise the variable part of the remuneration payable to Directors, which can only be determined at the end of the financial year.

8.5.4 TAX PAYABLES

k€	30.06.2021	31.12.2020	Change
Income taxes	2,650	48	2,602
Payables for withholdings	435	472	-37
Value added tax	257	0	257
Total tax payables	**3,342**	**520**	**2,822**

The change in the item Income taxes compared to the 2020 financial statements closing balance is due to the recognition of taxes on the result for the period. It should be noted that in 2020 the Group took advantage of the tax benefit relating to the Patent Box and the cancellation of the first IRAP advance payment for 2020 as provided for in article 24 of the so-called Relaunch Decree.

8.6 Revenues

8.6.1 NET REVENUES

k€	30.06.2021	30.06.2020	Change
LB1 REVENUES	24,291	20,159	4,132
LB2 REVENUES	7,982	8,953	-971
REVENUES FROM SALES	**32,273**	**29,112**	**3,161**

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

k€	30.06.2021	30.06.2020	Change	Δ%	Weight as at 30/06/21	Weight as at 30/06/20
Italy	23,240	19,273	3,967			
Total LB1	**23,240**	**19,273**	***3,967***	**21%**	**72%**	**66%**
Europe	4,892	4,707	185	4%		
Middle East	2,317	3,077	(760)	-25%		
Far East	211	301	(90)	-30%		
Other countries	345	360	(15)	-4%		
Total LB2	***7,765***	***8,445***	***(680)***	**-8%**	**24%**	**29%**
Alesco Outgroup - Italy	**1,051**	**886**	165	19%	**3%**	**3%**
Alesco Outgroup - Foreign	**217**	**508**	(291)	-57%	**1%**	**2%**
Total revenues from sales	**32,273**	**29,112**	**3,161**	**11%**	**100%**	**100%**

As described above, the Group's activities are divided into two business ares, sale of finished products (Pharmanutra and Junia Pharma) and sale of raw materials (Alesco), splitted into two business lines:

Direct business line: it is characterised by the direct control of the distribution channels in the reference markets and the relevant marketing activities by the companies of the Pharmanutra group.

In the first half of 2021 the direct business line accounted for about 75% (about 69% as at 30 June 2020) of total turnover.

The distribution channels for the companies Pharmanutra and Junia Pharma can be broken down into:

- Direct, deriving from the activity carried out by the network of scientific informants who are entrusted with marketing products throughout the national territory. 95% of direct orders are orders directly from pharmacies and parapharmacies.
- Wholesalers, who directly supply the pharmacies and parapharmacies with the products.

The activity carried out by sales representatives/scientific informants directly addressing the medical class in order to make known the clinical efficacy and uniqueness of the products is paramount for both distribution channels.

- Tenders for supply contracts with public facilities.

Alesco's commercial activity in Italy outside the group is aimed at companies in the food, pharmaceutical and nutraceutical industries as well as at nutraceutical production plants that produce on behalf of third parties.

Indirect Business Line: 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 who, under long-term distribution contracts, distribute and sell the products in their own markets.

The Indirect business line accounted for about 25% of the turnover (about 31% in the first half of the previous year).

8.6.2 OTHER REVENUES

k€	30.06.2021	30.06.2020	Change
Contractual indemnities	77	1,341	-1,264
Refunds and recovery of expenses	14	19	-5
Contingent assets	47	217	-170
Other revenues and income	8	2	6
Total other revenues	**146**	**1,579**	**-1,433**

The item Contractual indemnities for 2020 includes the receivable from a supplier for the indemnity contractually due following termination of the contract for the amount of Euro 1 million and indemnities invoiced to agents for notice of termination.

8.7 Operating costs

8.7.1 PURCHASES OF RAW MATERIALS, CONSUMABLES AND SUPPLIES

Purchases are broken down in the following table:

k€	30.06.2021	30.06.2020	Change
Costs for raw materials and semi-fin. goods	342	649	-307
Costs for consumables	230	169	61
Costs for the purchase of fin. goods	979	898	81
Total purchases of raw materials, consumables and supplies	**1,551**	**1,716**	**-165**

8.7.2 Change in inventories

k€	30.06.2021	30.06.2020	Change
Change in raw materials	-159	-49	-110
Change in finished product inventories	-12	-537	525
Allowance to Provision for inventory write-downs	30	51	-21
Change in inventories	**-141**	**-535**	**394**

8.7.3 Costs for services

k€	30.06.2021	30.06.2020	Change
Marketing and advertising costs	3,654	2,916	738
Production and logistics	5,420	4,895	525
General service costs	1,221	1,989	-768
Research costs	143	258	-115
Costs for IT services	130	169	-39
Commercial costs and commercial network costs	4,667	4,274	393
Corporate bodies	2,939	2,681	258
Rental and leasing costs	5	4	1
Financial costs	90	92	-2
Total costs for services	**18,269**	**17,278**	**991**

The increase in the items "Production and logistics", "Commercial costs and commercial network costs" derives from the higher sales volumes on the Italian market. The increase in the item "Marketing and advertising costs" is due to events that could not be held in 2020 due to restrictions imposed by the health authorities and to the advertising campaigns carried out during the first half of the year. The decrease in the item "Costs for general services" is determined by non-recurring costs incurred in the corresponding period of 2020 and including the expenses related to (i) the formalisation of the ruling with the Italian Inland Revenue of the Patent Box for the period 2016-2020 and (ii) costs connected with the transition to Mercato Telematico Azionario (MTA) - STAR segment for a total of Euro 975 million.

8.7.4 Personnel costs

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

k€	30.06.2021	30.06.2020	Change
Wages and salaries	1,550	1,312	238
Social security charges	479	402	77
Severance Indemnity	104	78	26
Other personnel costs	9	3	6
Total personnel costs	**2,142**	**1,795**	**347**

The item includes all expenses for employees, including accrued holidays and additional months' pay as well as related social security charges, in addition to the provision for severance indemnities and other contractual costs. The increase compared to the corresponding period of the previous year is due to the hiring of new employees.

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

Units	30.06.2021	30.06.2020	Change
Executives	2	2	0
White collars	57	51	6
Blue collars	2	1	1
Total	**61**	**54**	**7**

As at 30 June 2021, the number of employees was 64 compared to 53 in the previous period.

8.7.5 Other operating costs

k€	30.06.2021	30.06.2020	Change
Capital losses	9	5	4
Sundry tax charges	44	29	15
Membership fees	21	30	-9
Charitable donations and social security charges	62	83	-21
Other costs	183	827	-644
Total other operating costs	**319**	**974**	**-655**

In 2020, the item "Other costs" included the contingent liability recognised following the failure from a foreign customer to collect an order for finished products, against which the advance payments received were retained.

8.8 AMORTISATION, DEPRECIATION AND PROVISIONS

k€	30.06.2021	30.06.2020	Change
Amortisation of intangible fixed assets	160	161	-1
Depreciation of tangible fixed assets	185	179	6
Amortisation of rights of use	138	139	-1
Allowance to provision for doubtful accounts	77	501	-424
Allowance to prov. for risks related to legal disputes	0	154	-154
Total provisions	**560**	**1,134**	**-574**

The provision for doubtful accounts as at 30 June 2020 includes Euro 400 thousand in write-downs of the receivable for indemnity from a supplier, as referred to above.

8.9 FINANCIAL MANAGEMENT

8.9.1 Financial income

k€	30.06.2021	30.06.2020	Change
Interest income	48	44	4
Dividends from other companies	29	0	29
Other financial income	0	56	-56
Total financial income	**77**	**100**	**-23**

8.9.2 Financial costs

k€	30.06.2021	30.06.2020	Change
Other financial charges	0	(35)	35
Interest expense	(10)	(14)	4
Realised exchange losses	0	(2)	2
Total financial charges	**(10)**	**(51)**	**41**

8.10 INCOME TAXES

k€	30.06.2021	30.06.2020	Change
Direct taxes on business income	2,878	1,924	954
Deferred tax assets	325	206	119
Taxes for the previous year	0	(3,431)	3,431
Tax receivable under Law 27/12/17 no. 205	(457)	0	(457)
Total taxes	**2,746**	**(1,301)**	**4,047**

Taxes are recognised on an accruals basis and have been determined in accordance with current rates and regulations.

The item Taxes for the previous year as at 30 June 2020 represents the tax benefit relating to the years 2016-2019 recognised following the formalisation of the ruling for the Patent Box benefit. The Patent Box benefit relating to the first half of 2020, amounting to Euro 719 thousand, was deducted from the direct taxes on business income.

The item "Tax receivable under Law 27/12/17 no.205" represents the tax credit granted pursuant to art.1, paragraphs 89 to 92, on advisory service costs incurred in 2020 for the translisting on the MTA market - STAR segment.

8.11 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's net income by the weighted average number of shares outstanding during the half year.

The calculation of basic earnings per share is shown in the following table:

Euro	30.06.2021	30.06.2020
Group profit for the year	7,041,447	9,679,606
Average number of shares outstanding	9,680,977	9,680,977
Basic earnings per share	**0.73**	**1.00**

9. OTHER INFORMATION

In accordance with the law, the total compensation due to the Directors, the members of the Board of Statutory Auditors and the independent auditors is shown below:

- Directors: Euro 2,837 thousand
- Board of Statutory Auditors: Euro 35 thousand
- Independent auditors: Euro 37 thousand.

10. EVENTS SUBSEQUENT TO THE CLOSING DATE OF 30 JUNE 2021

As for the events after the closing date of 30 June 2021, reference should be made to the Directors' Report on Operations.

11. COMMITMENTS

The Parent Company has issued the following guarantees in favour of its subsidiaries:

- To Junia Pharma, a guarantee for Euro 1 million;
- To Alesco, a guarantee for credit limit subject to collection for Euro 210 thousand;
- To Alesco, a guarantee for credit facility on current account for Euro 52 thousand.

On 16 June 2021, the Parent Company entered into a contract for the construction of the new headquarters. The amount of the contract, equal to Euro 14.5 million plus VAT, will be paid on the basis of progress reports issued by the constructor. At the beginning of August, the advance payment of 10% of the contractual value was paid. The contractually agreed duration of the works is 15 months.

12. CONTINGENT LIABILITIES AND MAIN OUTSTANDING DISPUTES

The Group does not have any significant contingent liabilities of which information has not already been provided in this report and which are not covered by adequate provisions.

It should be noted that after 31 December 2020, following the termination of the agency contract with 7 ISC agents, Pharmanutra was notified of 7 direct appeals to the labour judge of the Court of Pisa. In particular, the above-mentioned appeals focus on the annulment of the dismissal and the recognition of a subordinate employment relationship, as well as the request for payment of the fees relating to the agency contract. All 7 former ISC agents are represented by the same attorney. The hearings originally scheduled for 6 July and 29 September 2021, were all merged and scheduled for 29 September 2021 upon the settlement request of the other party.

Until 31 December 2020, all previous disputes of a similar nature have been resolved through settlements and there has never been a case of recognition of the existence of an employee relationship.

As at 30 June 2021, the provision for risks to hedge potential liabilities estimated to be incurred in connection with the above claims amounted to Euro 275 thousand (unchanged compared to amount as at 31 December 2020).

13. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are identified according to the extended definition provided by IAS 24, i.e. including relations with administrative and control bodies as well as with senior managers.

The financial and economic impact as at 30 June 2021 is shown in the table below:

Amounts in k€	Consolidated income statement item at 30/06/2021			Consolidated balance sheet item at 30/06/2021						
Subject Related Party	**Costs for services**	**Personnel costs**	**Amort. rights of use**	**Non-current financial assets:**	**Other current assets:**	**Other current liabilities:**	**Provisions for employee benefits:**	**Trade payables**	**ROU non-current financial liabilities:**	**ROU current financial liabilities:**
Members of Pharmanutra S.p.A. BoD	2,329					133	556			
Members of subsidiaries BoD	508					31				
Board of Statutory Auditors	35							19		
Compensation of Supervisory Body	7							7		
Senior management compensation		224				11	82			
Solida S.r.l.			113	190					535	222
Calabughi S.r.l.	347							24		
Ouse S.r.l.	125							33		
Studio Bucarelli, Lacorte, Cognetti	40							3		
Other related parties	13				25					
TOTAL	**3,403**	**224**	**113**	**190**	**25**	**175**	**638**	**86**	**535**	**222**

It should be noted that as part of the procedure for admission to listing on AIM Italia, on 21 June 2017 Pharmanutra adopted the RPT Procedure, effective as of the date of commencement of trading on the AIM Italia market. The RPT Procedure was amended by Pharmanutra's Board of Directors meeting on 23 October 2020 (subject to the favourable opinion of the independent directors in office), in order to bring it in line with the regulatory framework applicable to companies with shares listed on a regulated market (the RPT Procedure as amended by the Board of Directors on 23 October 2020, the "New RPT Procedure").

The New RPT Procedure was subsequently amended by Pharmanutra's Board of Directors on June 29, in compliance with the provisions of Consob Resolution No. 21624 of 10 December 2020, which amended Regulation No. 17221 of 12 March 2010, containing provisions on related party transactions, which became effective on 1 July 2021.

This procedure is available on the website www.pharmanutra.it, "Investor Relations" section. It should also be noted that the company, as (i) a smaller company, as well as (ii) a newly listed company pursuant to art. 3 of the RPT Regulations, will apply to the related party transactions governed by the New RPT Procedure, including those of greater importance (as identified pursuant to Annex 3 of the RPT Regulations), a procedure which takes into account the principles and rules set out in art. 7 of the RPT Regulations, as an exception to art. 8 of the RPT Regulations.

The members of the Board of Directors of the Parent Company receive a compensation consisting of a fixed part, and for executive directors only, also a variable part and a part by way of severance indemnity.

The members of the Board of Directors of the subsidiaries receive a compensation consisting of a fixed part.

The remuneration of senior management consists of a fixed component and a variable incentive calculated on the basis of sales volumes and parameters relating to the financial statements.

The companies of the Group have established their registered office and operational headquarters in properties owned by Solida S.r.l., which is owned by some of the shareholders of the Parent Company; the Group companies pay a rent and have paid amounts to Solida S.r.l. as a security deposit and advance.

The Parent Company has outsourced its communication and marketing activities, by strategic choice. These activities are entrusted to Calabughi S.r.l., a company in which the wife of the Vice President, Roberto Lacorte, holds 47% of the capital and is Chair of the Board of Directors. The contract between Pharmanutra and Calabughi S.r.l. has annual duration with tacit renewal unless terminated by one of the parties three months prior to the expiry of the contract and consists in the provision of communication services. These services include the management of the Company web sites and media channels, the design, development and implementation of advertising campaigns to support the products and corporate image, the graphic design of product packaging, promotional material and scientific information documents, as well as the organisation and management of corporate conventions. Moreover, the Parent Company entered into a contract with the same firm, Calabughi, for the sponsorship as "Title Sponsor" of the 151 Miglia regatta and a contract for the management of all the communication, event planning, merchandising activities related to the participation of Cetilar Racing - the team sponsored by the Parent Company - in the endurance world championship races of which the most famous is the 24 Hours of Le Mans.

Each company of the Group has an agency agreement in place with Ouse S.r.l., a company in which the wife of the Chairman, Andrea Lacorte, holds 60% of the share capital and serves as Sole Director, effective from 1 June 2020 and for an indefinite period. The agency agreements provide for the granting to Ouse S.r.l. of an exclusive agency mandate without representation with the aim to promote and develop the sales of each company in the assigned territories. The compensation is composed of a fixed annual fee and a variable fee determined by applying a percentage to the turnover achieved for amounts between the minimum and maximum thresholds, as defined annually.

Group companies have entered into consulting agreements with Studio Bucarelli, Lacorte, Cognetti. The contracts, which are valid for one year and renewable from year to year by tacit consent, cover general tax advice, the drafting and sending of tax returns, general advice on labour law and the processing of monthly pay slips.

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob Communication DEM/6064293 of 28 July 2006, the consolidated balance sheet and the consolidated income statement, showing transactions with related parties separately, are provided below.

BALANCE SHEET (€/000)	30/06/2021	Of which with related parties	31/12/2020	Of which with related parties
NON-CURRENT ASSETS	**12.240**	**190**	**11.303**	**190**
Property, plant and equipment	5.707		4.799	
Intangible assets	5.278		5.181	
Investments	254		254	
Non-current financial assets	221	190	218	190
Other non-current assets	254		-	
Deferred tax assets	526		851	
CURRENT ASSETS	**43.668**	**25**	**40.406**	**-**
Inventories	2.036		1.894	
Cash and cash equivalents	16.236		16.455	
Current financial assets	4.381		4.349	
Trade receivables	17.704		15.053	
Other current assets	1.985	25	1.031	
Tax receivables	1.326		1.624	
TOTAL ASSETS	**55.908**	**215**	**51.709**	**190**

BALANCE SHEET	30/06/2021	Of which with related parties	31/12/2020	Of which with related parties
SHAREHOLDERS' EQUITY:	**38.360**	**-**	**37.730**	**-**
Share capital	1.123		1.123	
Legal reserve	225		225	
Other reserves	29.949		22.363	
IAS 19 reserve	3		(50)	
Financial instruments reserve (FVOCI)	90		67	
FTA reserve	(70)		(70)	
Profit (loss) for the period	7.040		14.072	
NON-CURRENT LIABILITIES	**3.354**	**1.173**	**2.835**	**686**
Non-current financial liabilities	721	535	562	196
Provisions for non-current risks and charges	1.165		1.018	
Provisions for employee and director benefits	1.468	638	1.255	490
CURRENT LIABILITIES	**14.194**	**483**	**11.144**	**1.880**
Current financial liabilities	973	222	1.101	187
Trade payables	8.386	86	7.175	115
Other current liabilities	1.493	175	2.348	1.577
Tax payables	3.342		520	
TOTAL LIABILITIES	**55.908**	**1.656**	**51.709**	**2.566**

INCOME STATEMENT (€/000)	30.6.2021	Of which with related parties	30.6.2020	Of which with related parties
A) REVENUES	**32.419**	**-**	**30.691**	**-**
Net revenues	32.273		29.112	
Other revenues	146		1.579	
of which, non-recurring revenues	-		*1.049*	
B) OPERATING COSTS	**22.140**	**3.627**	**21.228**	**3.296**
Purchases of raw materials, consumables and suppl	1.551		1.716	
Change in inventories	(141)		(535)	
Costs for services	18.269	3.403	17.278	3.089
of which Costs for non-recurring services	-		*975*	
Personnel costs	2.142	224	1.795	207
Other operating costs	319		974	
(A-B) EBITDA	**10.279**	**(3.627)**	**9.463**	**(3.296)**
C) Amortisation, depreciation and write-downs	560	113	1.134	115
of which non-recurring write-downs	-		*400*	
(A-B-C) EBIT	**9.719**	**(3.740)**	**8.329**	**(3.411)**
D) FINANCIAL INCOME [COSTS]	**67**	**-**	**49**	**(23)**
Financial income	77		100	
Financial costs	(10)		(51)	(23)
PRE-TAX RESULT (A-B-C+D)	**9.786**	**(3.740)**	**8.378**	**(3.434)**
Taxes	(2.746)		(2.130)	
Taxes for previous years	-		3.431	
Profit/loss for the period	**7.040**	**(3.740)**	**9.679**	**(3.434)**

Pisa, 06/09/2021

For the Board of Directors

The Chair

(Andrea Lacorte)

CERTIFICATION OF THE CONDENSED FIRST HALF FINANCIAL STATEMENTS PURSUANT TO ART. 154-*BIS*, PARAGRAPH 5, OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

1. The undersigned Roberto Lacorte, Managing Director, and Francesco Sarti, Manager responsible for the preparation of Pharmanutra S.p.A.'s financial reports, taking into account the provisions of article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, certify:

a) the adequacy in relation to the characteristics of the undertaking; and

b) the effective application

of administrative and accounting procedures for the preparation of condensed first half financial statements during the period from January to June 2021.

3. It is also certified that:

the condensed first half financial statements at 30 June 2021:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and in particular IAS 34 - Interim Financial Reporting, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree no.38/2005;
- correspond to the results of the accounting books and records;
- are capable of providing a true and fair view of the equity, economic and financial position of the issuer as well as of all the companies included in the consolidation;
- the interim management report contains references to important events that occurred in the first six months of the year and their impact on the condensed first half financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, as well as information on significant transactions with related parties.

Pisa, 06/09/2021

Pharmanutra S.p.A.

Chief Executive Officer

Pharmanutra S.p.A.

Manager responsible for financial reporting

Pharmanutra S.p.A.

Review report on interim condensed consolidated financial statements as of June 30, 2021

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(Translation from the Italian original which remains the definitive version)

Review report on interim condensed consolidated financial statements

To the shareholders of
Pharmanutra S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements comprising the consolidated balance sheet, the income statement, the statement of comprehensive income, the statement of changes in consolidated shareholders 'equity, the consolidated cash flow statement and related explanatory notes of Pharmanutra and its subsidiaries (Pharmanutra Group) as of June 30, 2021.

Management is responsible for the preparation of this interim condensed consolidated financial statements in accordance with the International Financial Accounting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union.

Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with review standard recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 dated July 31, 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Pharmanutra Group as of June 30, 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, September 10, 2021

BDO Italia S.p.A.
(signed on the original)
Vincenzo Capaccio
Socio

PHARMANUTRA

JUNIAPHARMA

ALESCO

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