

INTERIM MANAGEMENT REPORT

30th June 2022

PharmaNutra S.p.A.

Headquarters

REA (Economic Administrative Index)

PISA Companies Register

Share capital

Tax no. | VAT | Reg. Co. of Pisa

Via delle Lenze 216/B - 56122 PISA PI
146259

no. 01679440501

1,123,097.70 Euro fully paid-in

01679440501

Our History

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

Thanks to continuous capital expenditures in R&D activities that have led to the development of innovative technologies, the Group has succeeded in a short time in establishing itself in the production of iron-based nutritional supplements with the brand SiderAL[®] where it boasts important patents related to Sucrosomial[®] Technology and, thanks to the brand Cetilar[®] is considered one of the top emerging players in the field of medical devices dedicated to the restoration of joint capacity.

The PharmaNutra Group has about 60 employees in Italy and a network of over 150 ISCs (Scientific Sales Agents), who are the real driving force of the company in the territory. The commercial structure of the Group was built to respond to the peculiarities of the domestic market, but has been able to adapt quickly and efficiently to international needs.

PharmaNutra has been present since 2013 in foreign markets with a flexible and innovative business model, based on a consolidated network of partners of excellence: structured and growing companies, whose business is focused on innovative and high quality products, solid scientific research and a commercial structure as close as possible to PharmaNutra's values. Currently, the Group's products are present in more than 50 countries worldwide, including Europe, Asia, Africa and America, through a network of 39 carefully selected business partners.



PharmaNutra

Founded and led by the Lacorte brothers, PharmaNutra S.p.A. was founded in 2003 with the aim of developing innovative nutritional supplements and medical devices, taking care of the entire production process, from the development of proprietary raw materials to the distribution of the finished product.

Junia Pharma

In 2010, PharmaNutra's management decided to invest in the creation of a new company, in order to respond to the ever increasing health demands of children. Thus, Junia Pharma S.r.l. was created, a company specialised in the development and distribution of drugs, medical devices, OTC and nutritional supplements dedicated to the pediatric area.

Alesco

Alesco S.r.l. was founded in 2000, with the aim of standing out in the nutraceutical market for the high scientific value of the raw materials distributed. Thanks to continuous capital expenditures in R&D activities, today Alesco's active ingredients are considered among the most effective on the market and are also applied in the pharmaceutical, food and cosmetic fields.



CORPORATE BODIES

Board of Directors

Andrea Lacorte (Chairman)

Roberto Lacorte (Vice Chairman)

Carlo Volpi (Director)

Germano Tarantino (Director)

Alessandro Calzolari (Independent Director)

Marida Zaffaroni (Independent Director)

Giovanna Zanotti (Independent Director)

Board of Statutory Auditors

Giuseppe Rotunno (Chairman of the Board of Statutory Auditors)

Michele Luigi Giordano (Standing Auditor)

Debora Mazzacherini (Standing Auditor)

Alessandro Lini (Alternate Auditor)

Elena Pro (Alternate Auditor)

Independent auditors

BDO Italia S.p.A.





INTRODUCTION

PharmaNutra S.p.A., whose shares are traded on the STAR Segment of the Mercato Telematico Azionario ("MTA"), organised and managed by Borsa Italiana as of 15 December 2020, operates in the nutraceutical and pharmaceutical sector with the aim of improving people's wellbeing. Based on continuous research and development, it has introduced new nutritional concepts and new active ingredients to the market. It manufactures products using innovative technologies, paying particular attention to the protection of intellectual property.

This First half financial report is presented in a single document in the condensed consolidated first half financial statements of the PharmaNutra Group (hereinafter referred to as the "Group").

The PharmaNutra S.p.A. Board of Directors resolved to prepare the Group's condensed consolidated first half financial statements in accordance with the International Accounting Standards and International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union.

The amounts in the accounting statements, tables and explanatory notes are expressed in thousands of Euro, unless otherwise stated.



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INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2022

1.1 Main financial, income statement and balance sheet data

This first half financial report for the six months ended 30 June 2022 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 2022 and 30 June 2021 are shown below:

INCOME STATEMENT FIGURES (€/millions)	2022	%	2021	%	Changes
REVENUES	39.9	100.0%	32.4	100.0%	23.2%
REVENUES FROM SALES	39.7	99.5%	32.3	99.6%	23.1%
EBITDA	12.4	31.1%	10.3	31.7%	20.8%
NET RESULT	8.2	20.6%	7.0	21.7%	16.9%
NET RESULT excl. non-recurring items.*	8.2	20.6%	6.6	20.3%	25.1%
EPS - NET EARNINGS PER SHARE (Euro)	0.85		0.73		17.0%

BALANCE SHEET FIGURES (€/millions)	2022	2021	Changes
NET INVESTED CAPITAL	24.7	17.0	7.7
NFP (positive cash)	19.6	28.1	(8.5)
SHAREHOLDERS' EQUITY	(44.3)	(45.1)	(0.8)

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

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 directly and independently developing and marketing a line of its own branded products, managed through a structure of agents who present the products directly to the medical class; it now has the know-how to manage all stages from the design, formulation and registration of a new product, to marketing and sales, and even training of 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 on 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, used for 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 wholesalers and the sales network of scientific sales representatives, referred to as the "Direct Business Line" or "LB1", account for approximately 73% of turnover, while the remaining 27% is accounted for by sales made abroad, through distributors, hereafter referred to as the "Indirect Business Line" or "LB2".

Indirect Business Line (LB2): the business model is common to all three companies and is mainly used on 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 on their own markets.

An analysis of the Group's financial position, performance and operating result is provided in the following sections, 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 Economic and Financial Performance in the First Half of 2022

The first half of 2022 once again demonstrated the strong resilience of the Group given the troublesome tail end of the Covid pandemic that still did not allow it to operate as in the past. A situation made worse by the geopolitical situation linked to the conflict between Russia and Ukraine, which created a general disruption. The Group was not affected both in terms of sourcing and outlet markets since both markets account for a marginal part of foreign business and are not considered strategic territories for international expansion. However, since the beginning of the year, increases in the cost of energy and raw materials have been mitigated by operational improvements and increases in sales prices with insignificant effects on margins.

Revenues from sales

Consolidated sales revenue in the first half of 2022 increased by 23% compared to the corresponding period of the previous year and amounted to 39.7 million Euro (32.3 million Euro at 30 June 2021).

Revenues - Italy

Revenues from sales on the Italian market increased by 19.2% to 28.9 million Euro (24.3 million Euro at 30 June 2021) due to the gradual return to normal of scientific information activities after the Covid-19 outbreak.

Revenues - Foreign markets

Revenues from sales in foreign markets amounted to 10.8 million Euro (8.0 million Euro in the first half of the previous year), an increase of 34.9%, and accounted for 27.1% of total revenues compared to 24.7% in the first half of the previous year. The result achieved is in line with expectations, and the Group already has orders in hand for the whole of the third quarter and most of the fourth.

Operating Costs

Operating expenses for the first half of 2022 amounted to 27.5 million Euro, an increase of 24.3% compared to 30 June 2021 (22.1 million Euro).

Pharmanutra Group's **EBITDA** for the half year closed at 30 June 2022 was 12.4 million Euro (10.3 million Euro in the first half of 2021), corresponding to a 31.1% margin on revenues, and an approximate increase of 20.8% compared to the same period of the previous year.

The **Net result for the period** amounts to 8.2 million Euro for the first half of 2022 (7 million Euro at 30 June 2021). The net result at 30 June 2021 benefits from the tax credit obtained pursuant to Article 1 of Italian Law 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 457 thousand Euro.

The **Net earning per share** for the first half of 2022 was 0.85 Euro compared to 0.73 Euro at 30 June 2021.

The **net financial position** at 30 June 2022 showed a positive balance of 19.6 million Euro compared to 28.1 million Euro at 31 December 2021, after paying dividends of 6.9 million Euro and purchasing treasury shares for 2.1 million Euro, as well as new capital expenditures in the first half of the year for the progress of construction work on the Group's new headquarters amounting approximately 4.7 million Euro.

The change in the net financial position compared to 31 December 2021 was also affected by obtaining a loan for 6 million Euro used to finance the purchase of the shares of Akern S.r.l. referred to below.

Cash generated from operations in the period amounted to 5.7 million Euro, confirming the Group's large cash-generating 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 2022.

Sales results

The consolidated revenues for the half year closed at 30 June 2022 (amounting to 39.7 million Euro) increased by approximately 23.1% compared to the half year closed at 30 June 2021 (32.3 million Euro).

Revenues by area of				Incidence	
	€/1000	2022	2021	Δ%	
					2022
					2021
LB1		28,066	23,240	20.8%	70.7%
LB2		10,227	7,765	31.7%	25.8%
Total Finished Products		38,292	31,005	23.5%	96.4%
LB1		882	1,051	-16.1%	62.2%
LB2		537	217	147.6%	37.8%
Total raw material		1,419	1,268	11.9%	3.6%
Total		39,711	32,273	23.1%	100.0%

Revenues from sales of finished products increased by a total of 23.5% with an increase of 20.8% and 31.7% on the Italian and foreign markets, respectively.

Revenues from the sales area of proprietary raw materials and non-proprietary raw materials (Alesco outgroup) showed an overall increase of about 12% with a slight decrease in revenues on the Italian market and an increase in revenues on foreign markets resulting from the time distribution of orders from distributors.

Sales of finished products on the Italian market maintained the growth trend already evident in the first quarter (the results of which, compared to the previous quarter of 2021, were influenced by the effects of the Covid-19

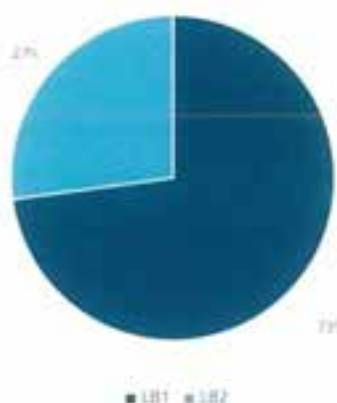
epidemic), while the lower growth in sales on foreign markets compared to the first quarter was exclusively due to the higher concentration of orders in the first quarter of 2022.

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

Revenues by Business Line				Incidence	
€ / 1000	2022	2021	Δ%	2022	2021
Total LB1	28,947	24,291	19.2%	72.9%	75.3%
Total LB2	10,763	7,982	34.9%	27.1%	24.7%
Total	39,711	32,273	23.1%	100.0%	100.0%

In the half year closed at 30 June 2022, the revenues from sales on the Italian market increased by approximately 20% to 28.9 million Euro (24.3 million Euro in the half year closed at 30 June 2021), and accounted for about 73% of consolidated revenues compared to about 75% in the first half of 2021. Revenues related to foreign markets increased by approximately 35% compared to 30 June 2021, with 27% as a percentage of total revenues, compared to 24.7% in the first half of 2021.

Revenues by Line of Business



The following table shows the trend of revenues on foreign markets at 30 June 2022 broken down by geographic area.

Revenues on foreign markets are almost exclusively represented by sales of products from Sideral® line.

The changes compared to the previous period are attributable to the temporal dynamics of the acquisition of orders by distributors.

Revenues by geographic				Incidence	
€/1000	2022	2021	Δ%	2022	2021
Europe	6,457	4,953	30.4%	60.0%	62.1%
Middle East	3,614	2,354	53.5%	33.6%	29.5%
Africa	237	345	-31.4%	2.2%	4.3%
Far East	176	211	-16.6%	1.6%	2.7%
Other	279	119	135.0%	2.6%	1.5%
Total	10,763	7,982	34.9%	100.0%	100.0%

In terms of volumes, sales of finished products as at 30 June 2022 reached 5 million units, an increase of about 30% compared to 3.9 million units in the first half of the previous year, due to higher sales on foreign markets.

F.P. Volumes				Incidence	
Units/1,000	2022	2021	Δ%	2022	2021
LB1	2,029	1,746	16.2%	40.2%	44.8%
LB2	3,021	2,150	40.5%	59.8%	55.2%
Total	5,049	3,896	29.6%	100.0%	100.0%

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

Revenues P.F. by Product Line				Incidence	
€/1000	2022	2021	Δ%	2022	2021
Sideral	28,913	24,436	18.3%	75.5%	78.8%
Cetilar	3,866	3,168	22.0%	10.1%	10.2%
Apportal	3,766	2,009	87.5%	9.8%	6.5%
Ultramag	425	444	-4.2%	1.1%	1.4%
Other	1,322	949	39.4%	3.5%	3.1%
Total	38,292	31,005	23.5%	100.0%	100.0%

The analysis of revenues by product line at 30 June 2022 confirms the growth already seen in the first quarter and in particular of Apportal® owing to its characteristics as an energising and restorative tonic supplement.

1.4 Significant events occurring during the half year

The most significant events of the first half of 2022 are described below.

The inflationary dynamics that characterised the half-year period under review did not lead to any reduction in margins thanks to the cost efficiency measures implemented between the end of 2021 and the beginning of 2022, which were accompanied by an increase in sales prices from March 2022.

In January 2022, the share buy-back programme was started in execution of the resolutions passed at the Ordinary Shareholders' Meetings of 26 April 2021 and 27 April 2022. The purpose of the program is to enable Pharmanutra to take advantage of the opportunity to make a capital expenditures, in cases where the market price trend of PHN shares, including for factors external to the company, is not able to adequately express the value of the same, and thus to provide the company with a useful capital expenditures opportunity for any purpose permitted by current regulations. At 30 June 2022, Pharmanutra holds 34,719 treasury shares equal to 0.36% of the share capital.

In the same month, a patent on the use of cetylated fatty acids (CFAs) was obtained in the United States. The patent certificate, identified with number "US 11,186,536", consolidates Pharmanutra's intellectual property on the use of cetylated fatty acids (CFA), the functional principle at the base of Cetilar® brand medical devices for the treatment and prevention of muscle and joint problems. In particular, the new concession protects certain specific steps in the manufacturing process and, most importantly, covers both topical and oral use of CFA preparations.

On 14 February, the European Union, through publication in the Official Journal, authorised the placing on the market of cetylated fatty acids as Novel Food. The new food (Lipocet®) consists mainly of a mixture of myristic acid, oleic acid and, to a lesser extent, other cetylated fatty acids, which until now could only be used in Cetilar® brand topical products.

Cetylated fatty acids patented by Pharmanutra will therefore be included in the Union list of authorised novel foods established by Implementing Regulation (EU) 2017/2470. With the inclusion of Lipocet® in this list, the registration process, which in July 2021, had already seen EFSA (the European Food Safety Authority) issue its positive opinion for the classification of Lipocet® as a novel food, is officially concluded.

Obtaining this authorisation represents a major new strategic asset for the Group, as it will enable the development and marketing of new dietary supplements based on cetylated fatty acids (CFAs). Moreover, the

authorisation includes industrial property protection, which gives PharmaNutra exclusive rights to use the new food for the next five years in all European Union countries.

In April, Pharmanutra and Alesco submitted to the competent Regional Directorate of the Italian Inland Revenue Agency a petition for appeal pursuant to Article 11, paragraph 1, letter a) of Law 212/2000 to obtain the Inland Revenue Agency's opinion on the interpretation proposed by the two companies, concerning the regulatory uncertainty generated by Article 6 of Legal Decree 146 of 21 October 2021, by which it was established that for the 2021 and subsequent tax years, the renewal options provided by the previous legislation to take advantage of the Patent Box tax benefit could no longer be exercised; please refer to section 1.13 below "Significant events occurring after the end of the period" for the results of this appeal.

In June, a preliminary agreement was signed for the acquisition from Red Lions S.p.A., Jacopo Talluri and Lside S.r.l. of a 100% investment in the share capital of Akern S.r.l., a company active in the research, development, production and sale of medical instruments and software for monitoring body composition using bio-impedance techniques. The amount paid for the acquisition of 100% of Akern's share capital was 12 million Euro. An earn-out is also to be paid to the sellers up to a maximum of 3 million Euro upon achievement of targets related to Akern's EBITDA and industrial margin, calculated on the basis of the results of the 2022, 2023 and 2024 financial years. The completion of the transaction, which was conditional, inter alia, on obtaining the "Golden Power" authorisation, obtained on 30 June, and the sale of the shares representing 14.33% of the capital of Red Lions S.p.A, held by the parent company to the majority shareholders of Red Lions, finalised in July 2022, took place, as reported in section 1.13 below "Significant events after the end of the period", in July 2022 for the first part relating to the sale of the shares owned by Red Lions and Jacopo Talluri, representing 72.96% and 13.52%, respectively, of Akern's share capital. The second part, scheduled for December 2022, will involve the purchase and sale of Lside's ownership share, representing the remaining 13.52% of Akern's share capital.

Information about Covid-19

The gradual lifting of the restrictive measures issued in response to the Covid-19 pandemic has allowed for a gradual return to normality, even though scientific information activities continue to be affected by the restrictive measures on access to hospital facilities. However, a worsening of the current situation cannot be ruled out, with the consequent adoption of new restrictive measures that could expose the Group to the risk of a decrease in sales.

The Group continues to use remote working ("smart working"), albeit to a lesser extent than in previous periods. 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.

Information on the Russia - Ukraine conflict

The effects of the ongoing conflict between Russia and Ukraine on the Group's financial position, performance and cash flows are very limited.

As of today, the Group has no outstanding exposure to the Russian distributor. During the half-year, the delivery of an order issued before the start of the conflict was completed and fully collected. Regarding Ukraine, a marginal market, there are no open positions as of today. No significant reductions in revenues are expected for the year.

The sanctioning measures adopted by the international community against Russia, as well as the countermeasures activated by this country, have led and continue to lead to a sharp increase in prices, mainly of raw materials and energy, which at present have not impacted the Group's profitability thanks to careful and punctual management. Also, the rise in interest rates did not have a significant impact in view of the Group's limited debt.

Although the uncertainty regarding the development of the situation and the possible repercussions at the global macroeconomic level remains very high, no significant negative consequences on the Group's results for the financial year 2022 are currently expected.

In light of the foregoing and in consideration of the results of the impairment test performed at 31 December 2021, the directors have assessed that the effects of the Russia-Ukraine conflict on the Group's performance are not indicators of possible impairment losses that would require the impairment test to be performed earlier than usual at year-end.

1.5 Pharmanutra Group Results

Below are the profit and loss accounts at 30 June 2022 and 2021:



CONSOLIDATED OPERATING INCOME STATEMENT (€/1000)						
	2022	%	2021	%	Δ 22/21	Δ %
REVENUES	39,930	100.0%	32,417	100.0%	7,513	23.2%
Net revenues	39,711	99.5%	32,273	99.6%	7,438	23.1%
Other revenues	219	0.6%	144	0.4%	75	52.1%
OPERATING COSTS	27,515	68.9%	22,137	68.3%	5,378	24.3%
Purchases of raw materials, consum. and supplies	1,894	4.7%	1,551	4.8%	343	22.1%
Change in inventories	(349)	-0.9%	(141)	-0.4%	(208)	147.5%
Costs for services	23,392	58.6%	18,269	56.4%	5,123	28.0%
Personnel costs	2,309	5.8%	2,142	6.6%	167	7.8%
Other operating costs	269	0.7%	316	1.0%	(47)	-14.9%
GROSS OPERATING MARGIN (EBITDA)	12,415	31.1%	10,280	31.7%	2,135	20.8%
Amortisation, depreciation and write-off	594	1.5%	560	1.7%	34	6.1%
OPERATING MARGIN (EBIT)	11,821	29.6%	9,720	30.0%	2,101	21.6%
FINANCIAL INCOME (EXPENSE) BALANCE	0	0.0%	66	0.2%	(66)	-100.0%
Financial income	49	0.1%	79	0.2%	(30)	-38.0%
Financial expenses	(49)	-0.1%	(13)	0.0%	(36)	276.9%
PRE-TAX RESULT	11,821	29.6%	9,786	30.2%	2,035	20.8%
Taxes	(3,589)	-9.0%	(2,746)	-8.5%	(843)	30.7%
Group net Income	8,232	20.6%	7,040	21.7%	1,192	16.9%

The increase in operating costs compared to the first half of 2021 is attributable, in addition to the increase in revenue (higher production costs and higher commissions to the sales network), to the higher number of trips made as a result of the general improvement in the health situation related to Covid-19 and the planned marketing capital expenditures to support the Group's products.

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-offs.
- 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.

The reclassified income statement figures at 30 June 2022 and at 31 December 2021 are shown below:

OPERATING BALANCE SHEET (€/1000)	30/06/2022	31/12/2021
TRADE RECEIVABLES	20.994	16.673
INVENTORIES	3.234	2.865
TRADE PAYABLES	(10.419)	(9.751)
OPERATING WORKING CAPITAL	13.809	9.787
OTHER RECEIVABLES	4.159	2.042
OTHER PAYABLES	(9.285)	(6.177)
NET WORKING CAPITAL	8.683	5.652
INTANGIBLE ASSETS	5.790	5.500
TANGIBLE ASSETS	12.920	8.372
NON CURRENT ASSETS	1.095	1.490
TOTAL ASSETS	19.805	15.362
PROVISIONS AND OTHER L/T LIAB.	(4.039)	(3.996)
ASSETS HELD FOR SALE	250	-
NET INVESTED CAPITAL	24.699	17.018
NET EQUITY	44.301	45.082
NON CURRENT FINANCIAL LIAB.	9.980	5.530
CURRENT FINANCIAL LIAB.	1.783	820
NON CURRENT FINANCIAL ASSETS	(972)	(475)
CURRENT FINANCIAL ASSETS	(4.776)	(4.530)
CASH AND CASH EQUIVALENTS	(25.617)	(29.409)
NET FINANCIAL POSITION	(19.602)	(28.064)
TOTAL FUNDS	24.699	17.018

The change in operating working capital compared to 31 December 2021 is attributable to the higher sales volumes generated during the period and the temporal dynamics of collections and payments. The increase in Other receivables is due to the accounting of deferrals related to marketing activities for which the accrual period extends beyond 30 June 2022 and the increase in VAT receivables.

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

The increase in the Intangible Assets item derives from capitalised costs related to patents and trademarks resulting from research activities while Tangible Fixed Assets increased as a result of current capital expenditures and the progress of works for the construction of the new headquarters.

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.

Net Financial Position (€/1000)	30 June 2022	31 December 2021
Cash	(36)	(18)
Cash and cash equivalents	(25,581)	(29,391)
Total cash and cash equivalents	(25,617)	(29,409)
Current financial assets	(4,776)	* (4,530)
Current financial liabilities: due to banks	46	254
Current portion of non-current debt	1,507	305
Current financial payables for rights of use	230	261
Net current financial indebtedness FA	(2,993)	(3,710)
Net current financial (assets)/indebtedness	(28,610)	(33,119)
Non-current financial assets	(747)	(254)
Deposits paid	(225)	(221)
Non-current bank payables	9,570	5,000
Derivative financial instruments		4
Non-current financial payables for rights of use	410	526
Non-current financial indebtedness	9,008	5,055
Net financial position	(19,602)	(28,064)

The increase in Current portion of non-current indebtedness and Non-current bank debt items stems from a medium/long-term loan amounting to 6 million Euro obtained to partially cover the acquisition cost of the shares of Akern S.r.l.. The loan, which is not secured by guarantees or covenants of any kind, has a term of 60 months with an annual interest rate determined by applying a spread of 0.8% over the six-month Euribor.

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

For more details on changes in the Net Financial Position, please refer to the Consolidated Cash Flow Statement.



1.6 Reference markets on 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 market¹

In the last twelve moving months, the market for supplements was worth around 4.2 billion Euro with a total of more than 311 million packs sold, an 8% increase in value over 2021.

Territorial pharmacy is confirmed as the main distribution channel with a 78% share in value, followed by large-scale retail, para-pharmacy and e-commerce with shares of 9%, 7% and 6% respectively. Looking at the volume dynamics, pharmacies recorded an increase in turnover of 6.6%.

In this context, free-selling products recorded an overall increase in turnover of 10.7%, with food supplements in particular showing an increase of 7.5% with a turnover of 3.3 billion Euro.

In terms of units sold, parapharmacies show an increase of 2.3%. In hypermarkets and supermarkets that do not have a pharma corner, the increase is 8.2%, while in shops with a pharma corner, the change is 13.7%. E-commerce recorded a positive change in volumes of 26.08%.

Furthermore, the online pharmaceutical market recorded a positive change in turnover of 25.3% in the rolling year; in this context, supplements were included with a turnover of 275 million Euro and a positive change of 23.2%.

Finally, considering the main classes representing 80% of the market value, we highlight the consumption trend in terms of units sold in June 2022 compared to the same month of the previous year. In descending order of value share, probiotics (+17.09%), mineral food supplements (+11.75%), cholesterol regulators (-8.45%), painkillers and sleeping pills (-2.68%), poly-vitamins (13.96%), laxatives (4.93%), products for the digestive tract and stomach (5.03%), antacids (3.54%).

¹ Source: IQVIA data processing - moving year to 30 June 2022

The Food Supplements market - sellout² at public price values in MAT³, YTD⁴ and month



The market for Food Supplements – sellout in volume in MAT, YTD and month



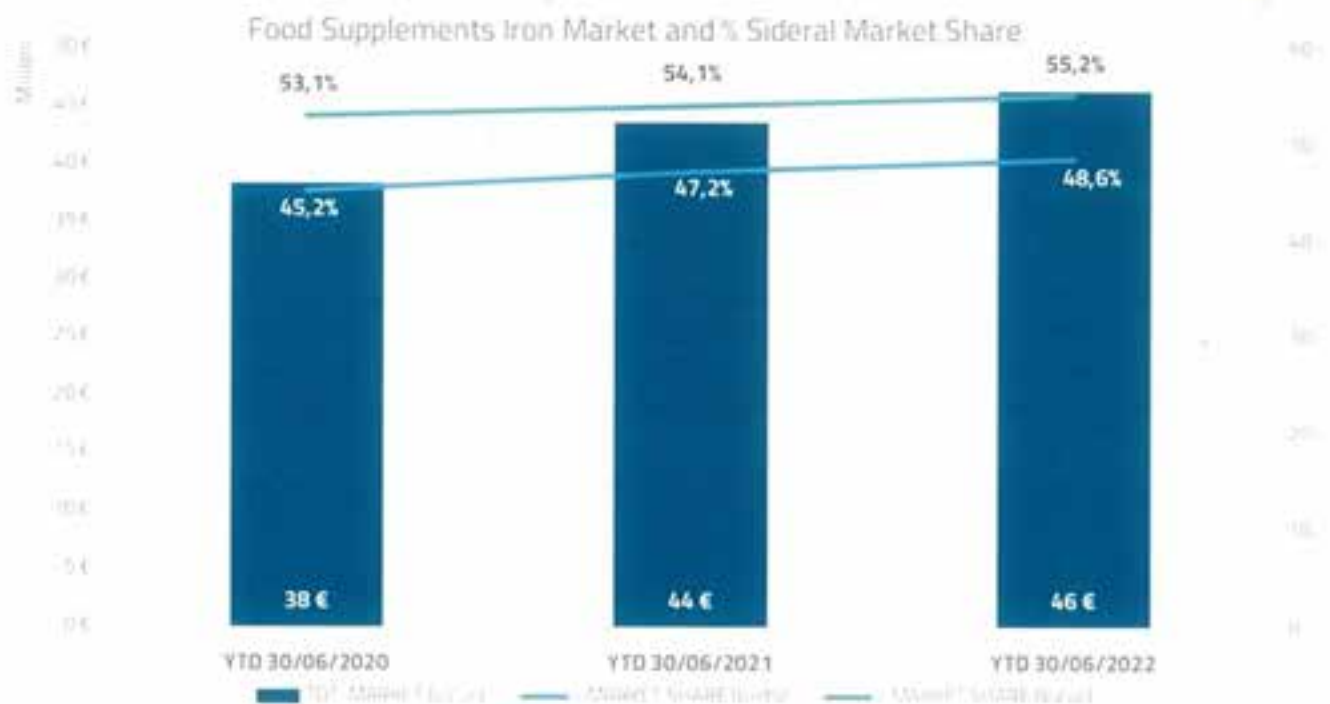
² Sellout: sales to the public expressed in pieces (volume sellout) or valued with the public sales price (value sellout).

³ MAT: Moving Annual Total.

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

Iron market

The Pharmanutra Group operates in the iron-based supplement market (Food Supplements and Drug) with its Sideral® product line, which once again confirms its leadership position with a market share of 55.2% in value and 48.6% in volume⁷.

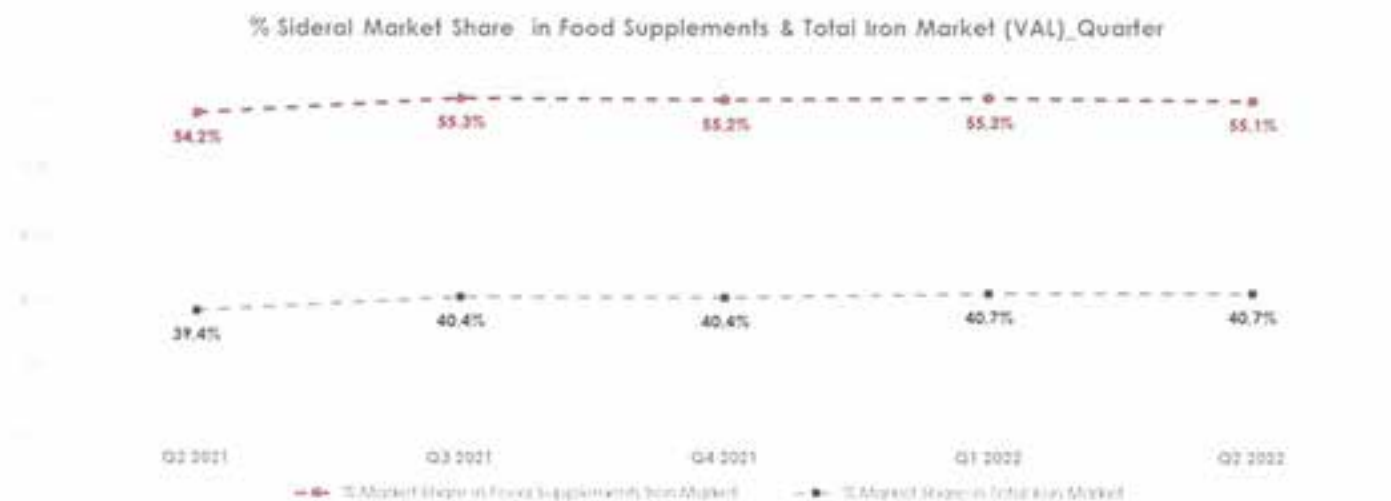


The graph above shows how the market for iron-based supplements has grown since 30 June 2021, with Sideral® increasing its share in both value and quantity.

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 Drugs⁸.

⁷ Source: IQVIA data

⁸ 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 supplements market and the overall iron market is shown in the table below.



In the first half of 2022, the trend of Sideral® products per unit increased compared to the previous half year with the total market share increasing from 20.84% at 30/06/2021, to 21.29% at 30/06/2022.

Going into detail, the different players operating in the iron-based 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 12 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

At 30 June 2022, the painkiller market showed a slight decrease in value terms compared to 30 June 2021 (-1.3%); the Cetilar® line increased its share, both in volume (+6.6%) and value (+10.5%)⁹.



⁹ Source: IQVIA data

The graph below shows the trend by quarter from June 2021 to June 2022 of the overall market for topical products and the Cetilar® line.



Below are the market shares of the main market competitors by value in Q2 2022.



1.7 Investments

In the first half of 2022, the Group invested a total of 5.5 million Euro in fixed assets, of which 434 thousand Euro in intangible assets, for the registration of trademarks and patents (287 thousand Euro), for the implementation of management software (68 thousand Euro) and for ongoing projects not yet completed (79 thousand Euro).

Investments in property, plant and equipment amount to 5 million Euro and refer to 4.7 million Euro for the building of the new headquarters, 80 thousand Euro for the purchase of hardware and for 262 thousand Euro for the purchase of vehicles for the managers and employees of the Group.

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1.8 Research and development activities

The research costs incurred during the period amount to 197 thousand Euro (143 thousand Euro at 30 June 2021) to which personnel costs for research and development activities should be added.

In February 2022, with its publication in the Official Journal, the European Union authorised the marketing of cetylated fatty acids as novel food. The novel food (Lipocet®) consists mainly of a mixture of myristic acid, oleic acid and, to a lesser extent, other cetylated fatty acids, which until now could only be used in topical products under the Cetilar® brand name. Cetylated fatty acids patented by Pharmanutra will therefore be included in the Union list of authorised novel foods established by Implementing Regulation (EU) 2017/2470. With the inclusion of Lipocet® in this list, the registration process, which in July 2021, had already seen EFSA (the European Food Safety Authority) issue its positive opinion for the classification of Lipocet® as a novel food, is officially concluded.

New dietary supplements based on cetylated fatty acids (CFA) are expected to come onto the market in the second half of the year.

Three new patent applications were filed during the semester.

1.9 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 30.06.2022	60.30
Capitalisation at the date of admission	96,809,770
Capitalisation at 30.06.2022	583,762,913

* = 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 confer 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 2022.

Declarant or subject at the top of the investments chain	Direct shareholder	Number of shares	% of S.C. with voting rights
Andrea Lacorte	ALH S.r.l.	3,038,334 1)	31.38%
Roberto Lacorte	RLH S.r.l.	2,224,833 2)	22.98%
	Roberto Lacorte	14,000	0.14%
		2,238,833	23.13%
Carlo Volpi	Beda S.r.l.	1,014,993	10.48%
	Market	3,354,098	34.65%
	Pharmanutra	34,719	0.36%
	Total	9,680,977	100.0%

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

2) Including 953,333 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. under a specific fiduciary mandate.

Andrea Lacorte is the sole shareholder and sole director of ALH S.r.l., Roberto Lacorte is the sole shareholder and sole director of RLH S.r.l. and Carlo Volpi is the sole shareholder and sole director of Beda S.r.l.



During the first half of 2022, the Company's shares recorded an average price of 63.74 Euro (51.90 Euro in 2021), a maximum price of 79.00 Euro (as of 5 January 2022) and a minimum price of 55.10 Euro (as of 6 May 2022). During the same period, average daily trading volumes amounted to approximately 7,313 shares (compared to 11,402 average volumes in 2021).

From the beginning of the year to 30 June 2022, the market value of the Company's shares was affected by the changed macroeconomic scenario, international geopolitical tensions and the rotation from "growth" to "value" stocks, recording a drop of 20.0%. However, the share's performance was better than that of the FTSE Italia STAR index, which fell 29.2% over the same period, and the FTSE Italia Mid Cap index, which fell 24.2%. The graph below shows the prices and traded volumes of the Company's shares and the performance of the FTSE Italia Mid Cap and FTSE Italia STAR indices, respectively, during the first half of 2022.



The graph below shows the performance and traded volumes of the Company's shares from the start of trading on the AIM Italia segment (18 July 2017) until 30 June 2022, compared with the performance of the FTSE Italia STAR and FTSE Italia Mid Cap indices over the same period. On this time horizon, PharmaNutra's stock has recorded an increase of 331% compared to +32% of the FTSE Italia STAR index and -5.6% of the FTSE Mid Cap index.



ANALYST COVERAGE	ALANTRA	MIDCAP PARTNERS	STIFEL	INTERMONTE
Inizio copertura	04/02/2019	15/12/2020	01/06/2021	03/06/2021
Update	10/05/2022	16/06/2022	16/06/2022	10/05/2022
Target price	75,0	77,0	86,0	85,0

1.10 Transactions with related parties

All transactions with related parties are carried out at market conditions, form part of the Group's ordinary operations and are undertaken solely in the interests of the Group.

Pursuant to Consob Resolution no. 17221 of 12 March 2010, it is hereby acknowledged that during 2022 the Group did not enter into any significant transactions with related parties or transactions which had a material impact on the Group's financial position or results.

Transactions with related parties are as follows:

- Transactions entered into by Pharmanutra with its subsidiaries and transactions between subsidiaries:

regard the sale of goods and services that are part of the Group's ordinary operations. The related costs and revenues, receivables and payables have been eliminated in the preparation of the consolidated financial statements. The transactions between companies of the Group concern the supply by Alesco of the main active ingredients, the payment by Pharmanutra and Junia Pharma to Alesco of royalties for the exploitation of the patent relating to Sucrosomial® Iron technology, and the charge-back of personnel costs between companies of the Group.

- Transactions carried out with related parties other than Group companies, mainly consisting of commercial transactions involving the rental of property, advertising consultancy services, the provision of services for sponsored events and agency agreements.

In general, the transactions with related parties are governed by the procedure for transactions with related parties that Pharmanutra has adopted from time to time, aimed at ensuring effective correctness and transparency, both substantive and procedural, in this area and to encourage - where necessary - full co-responsibility of the Board of Directors in the related decisions.

Please refer to Note 13 to the Condensed consolidated first half financial statements for details of the amounts related to transactions with related parties.

1.11 Treasury shares and shares held by subsidiaries

The Ordinary Shareholders' Meeting of Pharmanutra held on 27 April 2022, after revocation of the previous resolution, 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 3 million Euro, so as to allow the company to take advantage of the opportunity to make advantageous capital expenditures, 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 the first half of 2022, the Company purchased a total of 34,719 treasury shares (equal to 0.36 % of the share capital) at a weighted average price of 62.189 Euro each, net of commissions, and for a total outlay of 2,159 thousand Euro. This amount is recorded as a reduction of the company's shareholders' equity in a special unavailable reserve.

The purchases were made in accordance with current regulations, in particular with the provisions of Article 132 of Legislative Decree 58 of 24 February 1998 and Article 144-bis of the Regulations approved by Consob

Resolution 11971 of 14 May 1999 and subsequent amendments and additions, with the operating procedures established by the Regulations of the markets organised and managed by Borsa Italiana S.p.A. As of 31 December 2021, the Company did not hold any treasury shares.

Pharmanutra's subsidiaries do not hold shares in the parent company.

1.12 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 was obtained for the amount of 6 million Euro to partially cover the purchase of the shares of Akern S.r.l. and that another medium/long-term unsecured loan for the same amount is being formalised.

1.13 Significant events after the end of the period

After obtaining the "Golden Power" authorisation from the Prime Minister's Office, the sale of the shares representing 14.33% of the capital of Red Lions S.p.A. held by the parent company to the reference shareholders of Red Lions S.p.A. and the fulfilment of the other suspensive conditions provided for in the preliminary agreement, on 26 July, the first stage of the acquisition of the Akern shares for 86.48% of the company's share capital was executed, of which 72.96% was acquired by Red Lions S.p.A. and 13.52% by Jacopo Talluri, against the payment of a total amount of 10,783,200 Euro.



The second closing of the Transaction, relating to the purchase of the remaining 13.52% of Akern's share capital held by Liside S.r.l., will take place within the current year, for a price of 1,216,800 Euro.

Furthermore, a deferred, incentive earn-out to the sellers of up to a maximum of 3 million Euro, subject to the achievement of Akern's incremental EBITDA and industrial margin targets in 2022, 2023 and 2024, is also envisaged.

To complete the financial coverage of the investment mentioned above, a medium-long term unsecured loan was obtained in the same month with a duration of 72 months, plus two months of pre-amortisation, for an amount of 6 million Euro from Banco BPM. The loan is not backed by covenants or guarantees of any kind. The interest rate is calculated by applying a spread of 0.85% to the three-month Euribor.

Considering that the regulatory changes introduced in 2021 did not allow the continuation of the renewal applications of the existing Patent Box agreements submitted in 2020, on 28 July the Italian Inland Revenue Agency sent Pharmanutra and Alesco a formal notice of non-acceptance of the Patent Box renewal application under the previous regulations. Possible further steps are being considered.

1.14 Business outlook

Directors believe that the second part of the 2022 financial year will be characterised by an increase in revenue that will enable the achievement of the planned targets. As far as foreign markets are concerned, the orders in the backlog relating to foreign revenues fully cover the targets for the third quarter of 2022 and a large part of those for the fourth quarter. A slight decrease in margins is expected as a consequence of the implementation of marketing and sales initiatives.

The process of integrating Akern will begin in the second half of the year, from which synergistic benefits are expected to develop the company's presence on the Italian and foreign markets, owing to Pharmanutra's sales network and foreign distributors, increase sales of the Group's products, and set the stage for the launch of new product lines.

Marketing of the Group's products on the Chinese market through an e-commerce platform with a cross-border marketing structure is scheduled to begin in the third quarter.



New products are expected to be launched by the end of the year, including the first food supplement containing cetylated fatty acids (Cetilar® Oro).

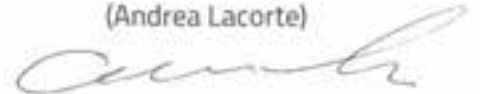
Against the background of general uncertainty during this period, the PharmaNutra Group will continue to work towards meeting its commitments and objectives, maintaining a constant focus on the efficient management of its economic and financial structure to flexibly and immediately respond to the uncertainties of the second half of 2022.

Pisa, 05 September 2022

For the Board of Directors

The President

(Andrea Lacorte)

A handwritten signature in dark ink, appearing to read 'A. Lacorte', written over a horizontal line.

**CONDENSED CONSOLIDATED FIRST HALF FINANCIAL
STATEMENTS AT 30 JUNE 2022 PHARMANUTRA GROUP**



FINANCIAL STATEMENTS

Consolidated Balance Sheet

€ / 1000	NOTE	30/06/2022	31/12/2021
NON CURRENT ASSETS	-	20.777	15.837
Buildings, plant and equipment	8.1.1	12.920	8.372
Intangible assets	8.1.2	5.790	5.500
Investments	8.1.3	4	254
Non current financial assets	8.1.4	225	221
Other non current assets	8.1.5	747	254
Deferred tax assets	8.1.6	1.091	1.236
CURRENT ASSETS	-	59.030	55.519
Inventories	8.2.1	3.234	2.865
Cash and cash equivalents	8.2.2	25.617	29.409
Current financial assets	8.2.3	4.776	4.530
Trade receivables	8.2.4	20.994	16.673
Other current assets	8.2.5	2.564	1.099
Tax receivables	8.2.6	1.595	943
Asset held for sale	8.2.7	250	-
TOTAL ASSETS	-	79.807	71.356
NET EQUITY	8.3.1	44.301	45.082
Share Capital		1.123	1.123
Statutory Reserve		225	225
Treasury shares		(2.159)	
Other reserves		36.852	29.949
IAS 19 Reserve		184	56
Fair value OCI reserve		(86)	28
FTA Reserve		(70)	(70)
Result of the period		8.232	13.771
Group Equity		44.301	45.082
Third parties equity			
NON CURRENT LIABILITIES	-	14.019	9.526
Non current financial liabilities	8.4.1	9.980	5.530
Provision for non current risks and charges	8.4.2	1.006	1.475
Provision for empl. and directors benefit	8.4.3	3.033	2.521
CURRENT LIABILITIES	-	21.487	16.748
Current financial liabilities	8.5.1	1.783	820
Trade payables	8.5.2	10.422	9.751
Other current liabilities	8.5.3	2.677	2.748
Tax payables	8.5.4	6.605	3.429
TOTAL LIABILITIES & EQUITY	-	79.807	71.356

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

€/1000	NOTES	2022	2021
TOTAL REVENUE		39,930	32,417
Net revenues	8.6.1	39,711	32,273
Other revenues	8.6.2	219	144
OPERATING COSTS		27,515	22,137
Purchases of raw materials, consumables and supplies	8.7.1	1,894	1,551
Change in inventories	8.7.2	(349)	(141)
Costs for services	8.7.3	23,392	18,269
Personnel costs	8.7.4	2,309	2,142
Other operating costs	8.7.5	269	316
EBITDA		12,415	10,280
Amortisation, depreciation and write-offs	8.8	594	560
OPERATING RESULT		11,821	9,720
FINANCIAL INCOME (EXPENSE) BALANCE		-	66
Financial income	8.9.1	49	79
Financial expenses	8.9.2	(49)	(13)
PRE-TAX RESULT		11,821	9,786
Taxes	8.10	(3,589)	(2,746)
Net result of third parties			
Group net income		8,232	7,040
Net earnings per share (Euro)	8.11	0.85	0.73

Statement of Comprehensive Income

€/1000	2022	2021
Result for the period	8,232	7,040
Gains (losses) from IAS application that will be recognised in the		
Gains (losses) from IAS application that will not be recognised in the	18	76
Overall result for the period	8,250	7,116

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.

Consolidated Statement of Changes in Shareholders' Equity

€/1000	Note	Share Capital	Treasury Shares	Legal reserve	Other reserves	FTA Reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
Balance as at 1.1.22		1.123		225	29.949	(70)	28	56	13.771	45.082
Other changes					4		(114)	(28)		18
Purch. of treasury shares			(2.159)							(2.159)
Dividends paid	8.3.1				(6.873)					(6.873)
Allocation of result	8.3.1				13.771				(13.771)	-
Result of the period									9.232	9.232
Balance as at 30.6.2022		1.123	(2.159)	225	36.852	(70)	(86)	184	9.232	44.301

€/1000	Note	Share capital	Treasury Shares	Legal reserve	Other reserve: FTA reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total	
Balance as at 1.1.21		1.123		225	22.363	(70)	67	(50)	14.072	37.730
Other changes						23	53			76
Dividends paid					(6.486)					(6.486)
Allocation of the result					14.072			(14.072)		-
Result of the period								7.040		7.040
Balance as at 30.6.21		1.123		225	29.949	(70)	90	3	7.040	38.360

Consolidated cash flow statement

CONSOLIDATED CASH FLOW (€/1000) - INDIRECT METHOD	Note	2022	2021
Net result before minority interest		8.232	7.040
NON MONETARY COSTS/REVENUES			
Amortization, depreciation and write offs	9.8	594	560
Allowance to provision for employee and directors benefits		384	295
CHANGE IN OPERATING ASSETS AND LIABILITIES			
Change in provision for non current risks and charges	9.4.2	(469)	147
Change in provision for employee and directors benefits	9.4.3	128	(82)
Change in inventories	9.2.1	(369)	(142)
Change in trade receivables	9.2.4	(4.415)	(2.728)
Change in other current assets	9.2.5	(1.465)	(954)
Change in tax receivables	9.2.6	(652)	298
Change in other current liabilities	9.5.3	(69)	(850)
Change in trade payables	9.5.2	671	1.211
Change in tax payables	9.5.4	3.176	2.822
CASH FLOW FROM OPERATIONS		5.746	7.617
Investments in intangible assets, buildings, plant and machinery	9.1.1-9.1.2	(5.499)	(1.516)
Disposal of intangible assets, buildings, plant and machinery	9.1.1-9.1.2	160	26
Change in insurance TFM receivable	9.1.5	(493)	(254)
Change in deferred tax assets	9.1.6	145	325
CASH FLOW FROM INVESTMENTS		(5.687)	(1.419)
Other changes in Net Equity	9.3.1	18	76
Dividends paid	9.3.1	(6.873)	(6.486)
Treasury shares purchases	9.2.3	(2.159)	
Financial assets increase	9.2.3	(371)	(39)
Financial assets decrease	9.1.4	121	
Fin. liabilities increase	9.5.1	6.000	82
Fin. liabilities decrease	9.4.1	(503)	(455)
ROU fin. liabilities increase	9.5.1	2	454
ROU fin. liabilities decrease	9.4.1	(86)	(49)
CASH FLOW FROM FINANCING		(3.851)	(6.417)
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS		(3.792)	(219)
Cash and cash equivalent at the beginning of the period	9.2.2	29.409	16.455
Cash and equivalents at the end of the period	9.2.2	25.617	16.236
CHANGE IN CASH AND CASH EQUIVALENTS		(3.792)	(219)

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF PHARMANUTRA GROUP

1. LAYOUT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These condensed Consolidated First Half Financial Statements at 30 June 2022 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 at 31 December 2021, with the exception of the new standards and interpretations effective from 1 January 2022. 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 at 31 December 2021.

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 2022, 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 2021), while those on the Balance Sheet are made with reference to the previous year (31 December 2021).

The reference date of the condensed consolidated first half financial statements coincides with the closing date of the first half of 2022 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.

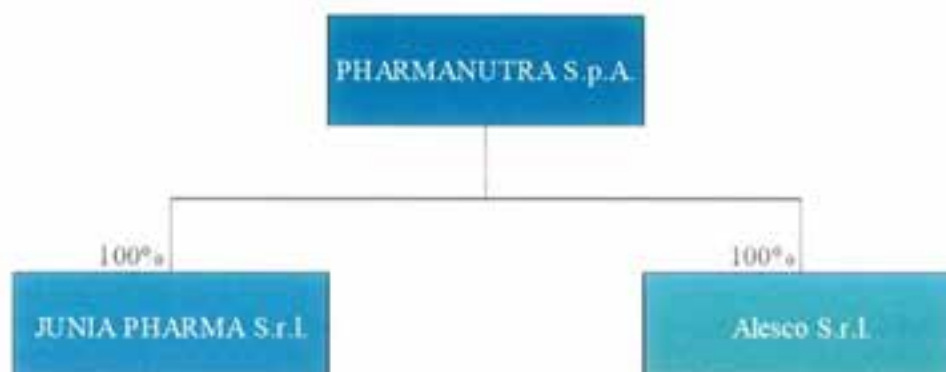
It is believed that these classifications provide information that is better suited to represent the financial position, results of operations and cash flows of the company.

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	Direct stake	Indirect 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.r.l.	Pisa, Via delle Lenze 216 b	100%	0%	100%	

The scope of consolidation has not changed since 31 December 2021.

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, charges and income of companies consolidated on a line-by-line basis are fully included in the consolidated financial statements;
- The book value of investments is netted against the related share in the shareholders' equity of consolidated companies, attributing to balance sheet assets and liabilities the respective current value at the time control was 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 at 30 June 2022, the same accounting policies were applied as in the preparation of the consolidated financial statements for the year ended 31 December 2021, to which reference should be made, except as noted in the section "Accounting standards, amendments and interpretations applicable/applied from 1 January 2022".

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 at 30 June 2022.

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 2021, 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 2022, 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 at 30 June 2022, subject to a limited audit by BDO Italia S.p.A., was authorised by a resolution of the Board of Directors on 5 September 2022.

5. IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED OR APPLICABLE/APPLIED FROM 1.1.2022

5.1.1 Accounting standards and interpretations endorsed and effective from 1 January 2022

- the following amendments entered into force on 1 January 2022: "Amendments to IFRS 3 Business Combinations", "Amendments to IAS 16 Property, Plant and Equipment", "Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets" e "Annual Improvements 2018-2020".

The amendments above 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 Non-Current" and on 15 July 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 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 07 May 2021, the IASB published an amendment referred to as "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment to IAS 12)". All amendments will take effect on 1 January 2023.

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 and based on the current state of analysis, no significant impact is expected.

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")



Despite the continuation of the COVID-19 pandemic (so-called "Coronavirus") also in 2022, the Group achieved excellent business results with revenues increasing by approximately 23%, in line with increases in pre-pandemic years. The evolution of the health situation, with the gradual lifting of the restrictive measures implemented and the end of the state of emergency point to a gradual return to normality. In view of the above, there is no particular risk to the regularity of production and sales trends, although a further deterioration in the situation cannot be ruled out, which could expose the Group to the risk of a drop 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.

With reference to the geopolitical situation related to the conflict between Russia and Ukraine and the sanctions issued by the European Union against Russia, the Group does not currently have any exposure to the Russian distributor. During the first half of the year, the supply of an order issued before the start of the conflict was completed and fully collected. Regarding Ukraine, a marginal market, there are no open positions as of today.

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 76% of the Group's revenues at 30 June 2022. 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 risks to which the Group is exposed are related to 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 to 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 food 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 operating financial requirements through its own means, without resorting to new credit lines from the banking system. Although the management had short-term bank credit lines, aimed at managing needs related to increases in working capital, it did not consider it necessary to use these instruments during the year due to the 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.

Trade payables and other liabilities are all due within 12 months.

6.3.3 Interest rate risk

Group companies have variable-rate loan agreements in place and are thus exposed to the risk of changes in interest rates. Current and non-current variable rate debt as a percentage of total medium/long-term borrowings was about 51% at 30 June 2022 and 10% as at 31 December 2021.

The Group does not currently adopt policies to hedge the risk of interest rate fluctuations in consideration of the fact that the medium/long-term loan was granted recently and the spread applied is still advantageous compared to a fixed rate. Any risks related to changes in interest rates will be mitigated through the use of derivative financial instruments to hedge the interest rate risk (IRS - Interest Rate Swap) on the basis of sensitivity analyses that will

be prepared to assess the impact of interest rate changes on the prospective economic results and financial position.

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 since these are mainly fixed-rate financial instruments.

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 at 30 June 2022 and 31 December 2021, the following table shows the fair value hierarchy for the Group's assets that are measured at fair value:



€/1000	30 June 2022				31 December 2021			
	Level				Level			
	1	2	3	Total	1	2	3	Total
Current financial assets								
Bonds	2,758		203	2,961	2,505		203	2,708
Investment Funds	1,815			1,815	1,822			1,822
Total	4,573	-	203	4,776	4,327	-	203	4,530

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.

6.3.4 Risk of changes in cash flows

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

There is no particular need for access to bank credit except for investment activities, given, however, the bank's willingness to extend existing credit facilities with Group companies when necessary.

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.

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 initiated disputes aimed at ascertaining the existence of an employment relationship and claimed for compensation. For the risks highlighted, specific provisions are set aside to cover the estimated liabilities. The provision set aside as at 31 December 2021 was maintained against this position. At the end of February 2022, all disputes were settled by conciliation with the exception of one position. The provision set aside at 31 December 2021 was maintained against this position.



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 220,000 Euro) plus penalties and interest.

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 June 2022	LB1	LB2	30 June 2021	LB1	LB2
A) REVENUES	39.930	29.168	10.762	32.419	24.434	7.985
Net revenues	39.711	28.949	10.762	32.273	24.292	7.981
Other revenues	219	219	-	146	142	4
B) OPERATING COSTS	(27.515)	(19.954)	(7.563)	(22.140)	(16.750)	(5.390)
Costs for services, goods and operating costs	(22.065)	(15.981)	(6.086)	(17.871)	(13.537)	(4.334)
Costs for personnel and corporate bodies	(5.450)	(3.973)	(1.477)	(4.269)	(3.213)	(1.056)
(A-B) EBITDA	12.415	9.214	3.199	10.279	7.684	2.595
EBITDA (% on revenues)	31,1%	31,6%	29,7%	31,7%	31,4%	32,5%
C) Amortisation, depreciation and write-offs	(594)			(560)		
(A-B-C) EBIT	11.821			9.719		
D) FINANCIAL INCOME (COSTS)	-			67		
Financial income	49			77		
Financial costs	(49)			(10)		
PRE-TAX RESULT (A-B-C+D)	11.821			9.786		
Taxes	(3.589)			(2.746)		
Net result	8.232			7.040		

The performance of the two business lines in 2022 compared to the previous year reflects what has already been reported above in relation to the Group's performance. Sales on the Italian market rose by 19.4% and those on foreign markets by 34.8%.

Costs for services attributable to the Italian market, which amounted to 19.9 million Euro, increased by about 18% compared to the previous year due to higher revenue in the year. Costs for services attributable to foreign markets for 2022 amounted to 7.6 million Euro, compared to 5.4 million Euro in the first half of 2021 due to higher business volumes.

As a result of the above, the EBITDA of the LB1 segment in 2022 amounted to 9.2 million Euro (7.6 million Euro in 2021), an increase of about 20% compared to 2021, while the EBITDA of the LB2 segment increased by about 23% from 2.6 million Euro in 2021 to 3.2 million Euro in 2022.

8. COMMENTS ON THE MAIN ITEMS

8.1 Non-current assets

8.1.1. Tangible fixed assets

Net value	Initial balance	Increases	Decreases	Depreciation	Other Changes	Final balance
Land and buildings	34	5		-3		36
Plant and machinery	146	8		-20		134
Office furniture and equip.	374	80		-61		393
Vehicles	894	249	-143	-141		859
Rights of use	786		-17	-132		637
Assets in progress	6,138	4,723				10,861
TOTAL	8,372	5,065	-160	-357	0	12,920

Historical cost	Initial balance	Increases	Decreases	Other Changes	Final balance
Land and buildings	644	5		0	649
Plant and machinery	257	8		0	265
Equipment	18			0	18
Furniture and office machines	1,075	80		0	1,155
Vehicles	1,498	249	-348	0	1,399
Rights of use	1,358		-17	0	1,341
Assets in progress	6,138	4,723		0	10,861
TOTAL	10,988	5,065	-365	0	15,688

Accumulated depreciation/amortisation	Initial balance	Depreciation	Uses	Other Changes	Final balance
Land and buildings	610	3		0	613
Plant and machinery	111	20		0	131
Equipment	18			0	18
Furniture and office machines	701	61		0	762
Vehicles	604	141	-205	0	540
Rights of use	572	132		0	704
TOTAL	2,616	357	-205	0	2,768

The year's increases include 4,723 thousand Euro for construction work and advances paid for the construction of the new headquarters, 249 thousand Euro for the purchase of cars for use by management and the sales force, and the remainder for the purchase of laboratory instruments and electronic equipment.

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.

	Initial balance	Increases	Decreases	Depreciation	Other transactions	Final balance
Industrial patent rights	1,038	287		-83	0	1,242
Concessions, licenses and TM	1,410	68		-60	0	1,418
Goodwill	2,750				0	2,750
Other intangible assets	3			-1	0	2
Assets under development	299	79			0	378
TOTAL	5,500	434	0	-144	0	5,790

The increases in intangible fixed assets refer to patent and trademark management activities for 355 thousand Euro. The increase in fixed assets under construction refers to costs capitalised on research contracts in progress and software being implemented.

With reference to Goodwill at 30 June 2022, there were no indicators of impairment that required updating the impairment test performed at 31 December 2021.

8.1.3 Investments



€/1000	30 June 2022	31 December 2021	Change
Investments in other companies	4	254	-250
Investments	4	254	-250

The change is due to the reclassification of the investment held in Red Lions S.p.A. under investments held for sale as a result of the events described above.

8.1.4 Non-current financial assets

€/1000	30 June 2022	31 December 2021	Change
Deposits and advances	225	221	4
Non-current financial assets	225	221	4

The item includes security deposits, amounting to 123 thousand Euro, which refer to 105 thousand Euro for sums paid at the signing of leasing contracts entered into with the related company Solida S.r.l.; they also include advance payments made by Pharmanutra to Solida S.r.l. amounting to 85 thousand Euro.

8.1.5 Other non-current assets

€/1000	30 June 2022	31 December 2021	Change
Insurance for Directors' termination	747	254	493
Other non-current assets	747	254	493

The change is due to the payment made during the half-year period on the insurance policy subscribed for the Directors' Severance Indemnity Provision.

8.1.6 Deferred tax assets

	Initial balance	Increases	Decreases	Final balance
All. Provision for legal dispute risks	111		-97	14
Allowance to provision for inventory	65	25	-6	84
All. Provision for doubtful accounts	340		-1	339
Directors' fees	546	272	-330	488
Allocation to the provision for severance	70		-4	66
Ind. for termination of agency contracts	-8		-36	-44
Consolidation entries	112	32		144
Total	1,236	329	-474	1,091

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 deferred tax assets relating to the application to the Provision for Termination Indemnity, the Provision for Supplementary Agents Indemnity and the Provision for Bad Debts as a result of the IAS/IFRS valuation of these items, were the result of all adjustments made from the FTA up to the closing of the financial statements under review.

Deferred tax assets relating to the remuneration of corporate bodies relate to the deferred deductibility of the variable remuneration for the first half of 2022.

8.2 Current assets

8.2.1 Inventories

€/1000	30 June 2022	31 December 2021	Change
Raw materials, cons. & supplies	572	455	117
Finished products and goods	2,960	2,642	318
Provision for write-off of inventories	-298	-232	-66
Total inventories	3,234	2,865	369

The increase in inventories of finished goods and merchandise is attributable to the planning of production based on expected business volumes.

The value of finished product inventories is net of the sum of 298 thousand Euro (232 thousand Euro at 31/12/2021) set aside as a write-down of finished product inventory.

8.2.2 Liquid funds

€/1000	30 June 2022	31 December 2021	Change
Bank and postal accounts	25,581	29,391	-3,810
Cash and cheques	36	18	18
Total cash and cash equivalents	25,617	29,409	-3,792

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 year and to what is indicated in the Management Report.

8.2.3 Current financial assets

€/1000	30 June 2022	31 December 2021	Change
Mutual fund units	1,815	1,822	-7
Bonds	2,961	2,708	253
Total current fin. assets	4,776	4,530	246

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. A 30/06/22, a comparison with the market value of the bonds held shows a net capital loss of 87 thousand Euro, which was recorded in a shareholders' equity reserve, based on the valuation criteria adopted by the Group in accordance with IFRS9. A loss of 7 thousand Euro was recorded in the income statement for the year on the fund units.

In consideration of the available liquidity and the normal continuation of business as described above, the Group does not anticipate the need to resort to the early disposal of these financial instruments.

8.2.4 Trade receivables

€/1000	30 June 2022	31 December 2021	Change
Trade receivables - Italian customers	14,270	11,635	2,635
Trade receivables - Other countries	2,698	2,652	46
Other receivables (subject to collection)	5,850	4,223	1,627
Invoices to be issued	109	5	104
Provision for doubtful accounts	-1,933	-1,842	-91
Total trade receivables	20,994	16,673	4,321

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. For an update on the ongoing litigation involving contractual indemnities, refer to note 12.

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

€/1000	30 June 2022	31 December 2021	Change
Italy	18,331	14,051	4,280
Asia	1,492	1,966	(474)
Europe	1,089	568	521
Africa	0	83	(83)
America	81	5	76
Total trade receivables	20,994	16,673	4,321

Changes in the Provision for doubtful accounts during 2022 were as follows:

	PROV. FOR DOUBT.ACC.
Opening balance	(1.842)
Accruals	(94)
Decreases	3
Closing Balance	(1.933)

8.2.5 Other current assets

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

€/1000	30 June 2022	31 December 2021	Change
Receivables from employees	47	48	-1
Advances	1,003	903	100
Prepayments and accrued	1,514	148	1,366
Total other current assets	2,564	1,099	1,465

"Advances" include receivables due from agents in the amount of 330 thousand Euro (333 thousand Euro as of 31/12/2021), relating to amounts paid in advance by the Group's companies when signing agency agreements, advances to suppliers for 247 thousand Euro (as of 31/12/2021 144 thousand Euro), and 426 thousand Euro for the advance payment made for the purchase of an aircraft that will be used to optimise management's travel by ensuring greater flexibility in terms of routes travelled and timetables, and greater economy and efficiency (in terms of flight duration and reduced waiting times).

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.

8.2.6 Tax receivables

"Tax receivables" can be broken down as follows:

	30 June 2022	31 December 2021	Change
VAT receivables	1,227	499	728
R&D tax receivables	316	387	-71
Other tax receivables	52	57	-5
Tax receivables	1,595	943	652

The increase in "VAT credits" resulted from the payment of advance payments for the construction of the new headquarters.

8.2.7 Assets held for sale



The item represents the underwriting value of the equity investment in the company Red Lions S.p.A., in which Pharmanutra S.p.A. holds 179,512 shares, equal to 14.33% of the capital. As described in the Subsequent Events of the Financial Report on Operations, in July 2022, the entire stake held was sold to the reference shareholders of Red Lions S.p.A.. The sale value of the shareholding was higher than the book value.

8.3 Shareholders' Equity

8.3.1 Shareholders' equity

The changes in the Group's shareholders' equity items are shown below:

€/1000	Share Capital	Treasury Shares	Legal reserve	Other reserves	FTA Reserve	OCI Fair value reserve	IAS 19 Reserve	Result of the period	Total
Balance as at 1.1.22	1.123		225	29.949	(70)	28	56	13.771	45.082
Other changes				4		(116)	128		18
Purch. of treasury shares		(2.159)							(2.159)
Dividends paid				(6.873)					(6.873)
Allocation of result				13.771				(13.771)	-
Result of the period								8.232	8.232
Balance as at 30.6.2022	1.123	(2.159)	225	36.852	(70)	(86)	184	8.232	44.301

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.

On 21 January 2022, the programme for the purchase of treasury shares was started with the aim of allowing the Parent Company to seize the opportunity to make an advantageous investment in cases where the market price trend of Pharmanutra's shares, also due to factors external to the company, cannot adequately express its value, and thus provide the company with a useful strategic investment opportunity for any purpose permitted by current provisions. As of 30 June 2022, Pharmanutra held 34,719 treasury shares, equal to 0.36% of the share capital, for a market value of 2,159 thousand Euro.

On 27 April 2022 the Shareholders' Meeting held by the Parent company's shareholders resolved the distribution of 0.71 Euro dividend per share, corresponding to a payout ratio of approximately 50% of the 2021 consolidated net result, for a total amount of 6,873 thousand Euro.

8.4 Non-current liabilities

8.4.1 Non-current financial liabilities



€/1000	30 June 2022	31 December 2021	Change
Payables for derivative fin. instruments		4	-4
BPER mortgages	4,751	5,000	-249
Credem mortgage	4,819		4,819
Non-current fin. payables for rights of use	410	526	-116
Non-current financial liabilities	9,980	5,530	4,450

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

The increase in non-current financial liabilities derives from the disbursement of the medium/long-term unsecured loan of 6 million Euro by Credem S.p.A. mentioned earlier.

Non-current payables for rights of use represent the discounted amount due beyond one year of the lease contracts in force as at 31.12.2021 in accordance with IFRS 16.

The following table shows the breakdown of bank indebtedness by company and due date at 30/06/2022. It is important to stress that payables due within one year are classified as "Current financial liabilities" (see paragraph 8.5.1).

	Balance as at 30/06/2022	Due within 12 months	Due after 12 months
PharmaNutra S.p.A.	11,039	1,469	9,570
Junia Pharma S.r.l.	79	79	0
Alesco S.r.l.	5	5	0
<i>Total Loans and borrowings</i>	<i>11,123</i>	<i>1,553</i>	<i>9,570</i>
PharmaNutra S.p.A.	456	159	297
Junia Pharma S.r.l.	64	36	28
Alesco S.r.l.	120	35	85
<i>Total payables for rights of use</i>	<i>640</i>	<i>230</i>	<i>410</i>
Total	11,763	1,783	9,980

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 at 30 June 2022 is as follows:



	30 June 2022	31 December 2021
A Cash and cash equivalents	(25,617)	(29,409)
B Cash equivalents		
C Other current financial assets	(4,776)	(4,530)
D Liquidity (A+B+C)	(30,393)	(33,939)
1) E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	276	515
F Current portion of non-current financial debt	1,507	305
G Current financial debt (E+F)	1,783	820
of which guaranteed	77	77
of which not guaranteed	1,706	743
H Net current financial debt (G-D)	(28,610)	(33,119)
2) I Non-current financial debt (excluding current portion and debt instruments)	9,980	5,526
J Debt instruments		4
K Trade payables and other non-current payables		
L Non-current financial debt (I+J+K)	9,980	5,530
of which guaranteed	0	0
of which not guaranteed	9,980	5,530
M Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)	(18,630)	(27,589)
3) N Other current and non-current financial assets	(972)	(475)
O Net financial debt (M-N)	(19,602)	(28,064)

- 1) It includes the following items of the financial statements: Current financial liabilities (Bank overdrafts Euro 46 thousand, Financial payables for rights of use Euro 230 thousand).
- 2) It includes the following items of the financial statements: Non-current financial liabilities (M/L-term loans 9,570 thousand Euro, Financial payables for non-current rights of use 410 thousand Euro);
- 3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid Euro 225 thousand) and Other non-current assets (Insurance for Directors' termination indemnity Euro 747 thousand).

8.4.2 Provisions for non-current risks and charges

	30 June 2022	31 December 2021	Change
Provision for termination indemnity of agency	956	970	-14
Provision for sundry risks and legal disputes	50	505	-455
Provision for non-current risks and charges	1,006	1,475	-469

Provisions for risks and charges include:

Provision for risks to cover the risk of legal disputes, which was used during the period as a result of the settlement of outstanding disputes with agents following the termination of the agency contract; the balance refers to the only dispute still outstanding.

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).

8.4.3 Provisions for employee benefits and director benefits

	30 June 2022	31 December 2021	Change
Provision for employee severance	828	929	-101
Directors' termination indemnity provision	1,230	942	288
Provision Comp. Variable ML	975	650	325
Provisions for employee and director benefits	3,033	2,521	512

Provisions for benefits refer to:

Directors' termination indemnity provision.

The amount set aside of Euro 288 thousand was calculated on the basis of the provisions of the Ordinary Shareholders' Meeting held on 26 April 2021 and corresponds to the Company's actual commitment to the Directors at the reporting date.

Provision for medium/long-term variable compensation

In view of the changeover to the STAR market, a remuneration policy for directors has been adopted that meets the requirements of the Governance Code issued by Borsa Italiana (the "Code"). Therefore, for the financial years 2021 and 2022, a new criterion for determining the variable remuneration to be allocated to Executive Directors has been adopted, which meets the criteria set out in the Code, which are summarised below:

- fixed and variable component adequately balanced according to the strategic objectives;
- provision of maximum limits for variable components;

- adequacy of the fixed component to compensate directors' performance if the variable component is not achieved due to failure to meet targets;
- objectives whose achievement is linked to the payment of variable components that are predetermined, measurable and linked to the creation of value for shareholders;
- deferred payment of a significant portion of the variable component in an appropriate timeframe with respect to the vesting period.

Based on the foregoing, and the expected achievement of the targets envisaged for disbursement, the medium- and long-term portion of variable remuneration due to Executive Directors accrued in the half-year amounted to 325 thousand Euro.

Employees leaving entitlement amounts set aside by companies included in the consolidated financial statements.

The liability for employees leaving entitlement 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 set aside 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 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

€/1000	30 June 2022	31 December 2021	Change
Bank loans and borrowings for loans	1,507	305	1,202
Bank loans and borrowings	46	254	-208
Current fin. payables for rights of use	230	261	-31
Tot. Current fin. liabilities	1,783	820	963

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 financial 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:

€/1000	30 June 2022	31 December 2021	Change
Trade payables - suppliers in Italy	8,362	7,570	792
Trade payables - suppliers in Other countries	335	921	-586
Payments on account	1,725	1,260	465
Total trade payables	10,422	9,751	671

The increase in the item Payables to Italian suppliers is due to the higher operating costs incurred during the year.

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

€/1000	30 June 2022	31 December 2021	Change
Italy	8,230	7,493	737
Asia	1,343	1,064	278
Europe	699	1,167	(468)
America	62	3	59
Other	89	23	66
Total trade payables	10,422	9,751	671

8.5.3 Other current liabilities

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

	30 June 2022	31 December 2021	Change
Payables for wages and salaries	816	563	253
Payables to social security institutions	529	409	120
Payables to directors and statutory	816	1,469	-653
Sundry debtors	51	50	1
Leaving entitlement provision for agents	107	154	-47
Guarantee withholding	358	103	255
Total other current liabilities	2,677	2,748	-71

Payables to directors and auditors include the amount of short-term variable remuneration accrued by executive directors.

8.5.4 Tax payables

	30 June 2022	31 December 2021	Change
Income taxes	6,357	2,918	3,439
Payables for withholdings	248	511	-263
Total tax payables	6,605	3,429	3,176

The change is caused by the provision for taxes on the result for the period.

8.6 Revenues

8.6.1 Net revenues

	2022	2021	Change
LB1 REVENUES	28,948	24,291	4,657
LB2 REVENUES	10,763	7,982	2,781
TOTAL SALES	39,711	32,273	7,438

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

€ / 1000	2022	2021	Change	Δ%	Incidence 2022	Incidence 2021
Italy	28,066	23,240	4,825			
Total LB1	28,066	23,240	4,825	20.8%	70.7%	72.0%
Europe	6,350	4,892	1,458	29.8%		
Middle East	3,530	2,317	1,213	52.4%		
Far East	-	211	(211)	-100.0%		
Africa	237	345	(108)	-31.4%		
Other	110	-	110	n.s.		
Total LB2	10,227	7,765	2,462	31.7%	25.8%	24.1%
Raw materials - Italy	882	1,051	(169)	-16.1%	2.2%	3.3%
Raw materials - Abroad	537	217	320	147.6%	1.4%	0.7%
Total net revenues	39,711	32,273	7,438	23.1%	100%	100%

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

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 2022, the direct business line accounted for 72.9 % (approx. 75.3 % in 2021) of net revenue.

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 sales agents who are entrusted with the marketing of products throughout the national territory.
- Wholesalers who directly supply the pharmacies and parapharmacies with the products.

The activity carried out by sales representatives/scientific agents 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.

At 30 June 2022, the Indirect Business Line accounted for 27.1% of turnover (approximately 24.7% in the previous year).

8.6.2 Other revenues and income

	2022	2021	Change
Tax Credits	7		7
Contractual indemnities	2	77	-75
Refunds and recovery of expenses	13	14	-1
Contingent assets	120	47	73
Other revenues and income	77	6	71
Total Other revenues and income	219	144	75

8.7 Operating costs

8.7.1 Purchases of raw materials, consumables and supplies



Purchases are broken down in the following table:

	2022	2021	Change
Costs for raw materials and semi-fin. goods	889	342	547
Costs for consumables	243	230	13
Costs for the purchase of Fin. Goods	762	979	-217
Total purch of raw materials, cons and F.G.	1,894	1,551	343

The increase in the purchase costs of raw materials, supplies and consumables is related to the higher business volumes compared to the previous half-year.

8.7.2 Change in inventories

	2022	2021	Change
Change in raw materials	-117	-159	42
Change in finished product inventories	-318	-12	-306
All. to provision for inventories write-off	86	30	56
Change in inventories	-349	-141	-208

The change in inventories at 30/06/22 results from the planning of production according to the implemented company strategies.

8.7.3 Costs for services

	2022	2021	Change
Marketing and advertising costs	5,433	3,654	1,779
Production and logistics	6,521	5,420	1,101
General service costs	1,919	1,221	698
Research and development costs	197	143	54
Costs for IT services	180	130	50
Commercial costs and commercial network	5,004	4,667	337
Corporate bodies	4,021	2,939	1,082
Rental and leasing costs	11	5	6
Financial costs	106	90	16
Total costs for services	23,392	18,269	5,123

The increase in the Cost of Services for Production and Logistics and Commercial Costs is due to the higher revenues generated during the period. The increase in the item Marketing and advertising costs is generated by the initiatives undertaken to support the group's brands. The increase in General Services Costs resulted mainly from travel costs, which had been contained in the first half of 2021 due to the restrictions adopted to contain the Covid-19 outbreak.

8.7.4 Personnel costs

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

	2022	2021	Change
Wages and salaries	1,682	1,550	132
Social security charges	524	479	45
Severance Indemnity	96	104	-8
Other personnel costs	7	9	-2
Total personnel costs	2,309	2,142	167

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 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	2022	2021	Change
Executives	2	2	0
White collars	61	57	4
Blue collars	2	2	0
Total	65	61	4

8.7.5 Other operating costs

	2022	2021	Change
Capital losses	34	9	25
Sundry tax charges	42	44	-2
Membership fees	14	21	-7
Charitable donations and social security charges	14	62	-48
Other costs	165	180	-15
Total other operating costs	269	316	-47

8.8 AMORTISATION, DEPRECIATION AND PROVISIONS

	2022	2021	Change
Amortisation of intangible fixed assets	276	298	-22
Depreciation of tangible fixed assets	224	185	39
Allowance to provision for doubtful accounts from customers	95	59	36
Allowance to provision for non-deductible doubtful accounts from customers	-1	18	-19
Total amort., deprec. and write-offs	594	560	34

8.9 FINANCIAL MANAGEMENT

8.9.1 Financial revenues

	2022	2021	Change
Interest income	44	48	-4
Dividends	0	29	-29
Exchange gains	2		2
Other financial income	3	2	1
Total financial income	49	79	-30

8.9.2 Financial expenses

	2022	2021	Change
Other financial charges	-13	-3	-10
Interest expense	-9	-10	1
Realised exchange losses	-27		-27
Total financial expenses	-49	-13	-36

8.10 INCOME TAXES

	2022	2021	Change
Direct taxes on business income	3,419	2,878	541
Deferred tax assets	170	325	-155
Other taxes and duties		-457	457
Total taxes	3,589	2,746	843

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

Other taxes and duties at 30 June 2021 refer to the tax credit obtained for costs incurred in 2020 for translisting to the Star Market .

Please refer to the description in the Significant Events and Noteworthy Facts after the Closing Date section of the Report on Operations for the relative update of the Patent Box benefit.

8.11 EARNINGS PER SHARE

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

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

EURO	2022	2021
Group net income	8,232,258	7,041,448
Number of outstanding shares	9,673,497	9,680,977
Earnings per share	0.85	0.73

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, if any, is shown below:

Directors: Euro 3,682 thousand

Board of Statutory Auditors: Euro 25 thousand



Independent auditors: Euro 41 thousand

10. EVENTS AFTER THE CLOSE OF 30 JUNE 2022

With regard to events after the close of 30 June 2022, please refer 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 1,000,000 Euro;

To Alesco, a guarantee for credit limit subject to collection for 210,000 Euro;

To Alesco, a guarantee for credit facility on current account for 52,000 Euro.

In June 2021, the Parent Company entered into a contract for the construction of the new headquarters. The amount of the contract, equal to 14.5 million Euro plus VAT, will be paid on the basis of progress reports issued by the constructor. Due to the increase in raw material prices in the first half of 2022, the contract amount was increased by 1.6 million Euro, already paid, and the delivery date was postponed to early 2023. The outstanding amount of commitments under the contract at 30 June 2022 is 11.1 million Euro.

The Parent Company entered into a contract for the purchase of shares in an aircraft that will be used to optimise management travel for a total amount of USD 1.1 million. An advance payment of USD 400 thousand was made upon signing the contract. The balance for the purchase of the shares will be paid upon delivery of the goods.

In December 2022, the purchase and sale of the portion of shares representing the remaining 13.52% of Akern's share capital owned by Laside will take place, for an amount of 1.2 million Euro.

The purchase agreement for the shares of Akern S.r.l. provides for the payment of an incentive and deferred earn-out to the sellers up to a maximum of 3 million Euro, subject to the achievement of Akern's incremental EBITDA and industrial margin targets in 2022, 2023 and 2024.

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 2021, the appeals lodged in 2021 by some ISC agents following termination of the agency contract were settled by means of a settlement agreement. In particular, the above-mentioned appeals centred on the annulment of the contractual termination and the recognition of an employment relationship, as well as the request for payment of the fees related to the agency contract.

With regard to the pending litigation concerning an indemnity contractually due to the subsidiary Junia Pharma following the termination of the contract by the supplier, the Judge set the date for the closing arguments, given the request for an expert opinion, at the date of the second quarter of 2023.

The lawsuit as lodged by the opposing party is based on two claims, the second of which is submitted alternatively, i.e. in the event that the main claim is not granted. The counterparty's main request is to ascertain the invalidity or nullity of the clause of the contract stipulated between the supplier and Junia Pharma Srl - according to the counterparty's assumption, the aforementioned clause would have been vexatious and therefore not stipulated according to legal criteria. The subordinate request relates to the allegedly excessive amount of the "penalty" referred to in the above clause.

The fact that Junia Pharma S.r.l. lost the case is to be considered rather remote.

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 of transactions with related parties in the period is shown in the tables below:



Related party Balance sheet (€/1000)	ROU Assets	Non current financial assets	Other current assets	Provisions for employees and directors benefit	Trade payables	Non current ROU financial liabilities	Current ROU financial liabilities
Members of Pharmanutra BoD			786	2.205	27		
Members of subsidiaries BoD			31				
Statutory Auditors					16		
231 Surveillance Committee					9		
Senior management compensation			22	156			
Solida S.r.l.	532	218				345	192
Calabughi S.r.l.					75		
Ouse S.r.l.					59		
Studio Bucarelli, Lacorte, Cognetti					3		
Other related parties							
TOTAL	532	218	838	2.362	189	345	192

Subject Related Party Income Statement (€/1000)	Costs for services	Personnel costs	Amort. rights of use
Pharmanutra Board of Directors	3,240		
Members of subsidiaries BoD	442		
Board of Statutory Auditors	25		
Compensation of Supervisory Body	16		
Senior management compensation		294	
Solida S.r.l.			113
Calabughi S.r.l.	475		
Ouse S.r.l.	158		
Studio Bucarelli, Lacorte, Cognetti	39		
Other related parties			
TOTAL	4,396	294	113

On 29 June 2021, Pharmanutra's Board of Directors approved the new procedure for related party transactions, in compliance with the provisions of Consob Resolution no. 21624 of 10 December 2020, the "New RPT Procedure". This procedure, which is effective as of 01 July 2021, is available on the website www.pharmanutra.it, "Governance" 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 variable component paid to Executive Directors is divided between a short-term component and a medium/long-term component based on the recommendations contained in the Corporate Governance Code defined by the Corporate Governance Committee.

Financial charges refer to interest expense accrued on outstanding lease agreements with the related company Solida S.r.l.

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 part of 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 President 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 in Europe and the United States.

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 (€/1000)	30/06/2022	of which with related parties	31/12/2021	of which with related parties
NON CURRENT ASSETS	20.777	750	15.837	943
Buildings, plant and machinery	12.920	532	8.372	753
Intangible assets	5.790		5.500	
Investments	4		254	
Non current financial assets	225	218	221	190
other non current assets	747		254	
Deferred taxes	1.091		1.236	
CURRENT ASSETS	59.030	0	55.519	0
Inventories	3.234		2.865	
Trade receivables	20.994		16.673	
Other current assets	2.564		1.099	
Tax receivables	1.595		943	
Current financial assets	4.776		4.530	
Cash and cash equivalents	25.617		29.409	
Assets held for sale	250			
TOTAL ASSETS	79.807	750	71.356	943
NET EQUITY	44.301		45.082	
Share capital	1.123		1.123	
Treasury shares	(2.159)			
Legal reserve	225		225	
Other reserves	36.852		29.949	
Reserve IAS 19	184		56	
Reserve Fair Value OCI	(86)		28	
Reserve FTA	(70)		(70)	
Net result	8.232		13.771	
GROUP SHAREHOLDERS EQUITY	44.301		45.082	
Third parties equity				
NON CURRENT LIABILITIES	14.019	2.707	9.526	1.224
Non current financial liabilities	9.980	345	5.530	535
Provisions for risks and non current expenses	1.006		1.475	
Provision for employee and directors benefit	3.033	2.362	2.521	689
CURRENT LIABILITIES	21.487	1.219	16.748	460
Current financial liabilities	1.783	192	820	222
Trade payables	10.422	189	9.751	60
Other current liabilities	2.677	838	2.748	178
Tax payables	6.605		3.429	
TOTAL LIABILITIES & EQUITY	79.807	3.926	71.356	1.684

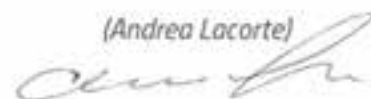
	30 June 2022	of which with related parties	30 June 2021	of which with related parties
REVENUES	39,930	0	32,417	0
Net revenues	39,711		32,273	
Other revenues	219		144	
of which other non-recurring revenues				
OPERATING COSTS	27,515	4,690	22,137	3,550
Purchases Raw materials, consum. and	1,894		1,551	
Change in inventories	(349)		(141)	
Costs for services	23,392	4,396	18,269	3,305
of which Costs for non-recurring services				
Personnel costs	2,309	294	2,142	245
Other operating costs	269		316	
EBITDA	12,415	(4,690)	10,280	(3,550)
Amortisation, depreciation and write-downs	594	113	560	113
of which non-recurring provisions and write-				
OPERATING RESULT	11,821	(4,803)	9,720	(3,663)
FINANCIAL INCOME (EXPENSE) BALANCE	0	0	66	0
Financial income	49		79	
Financial charges	(49)		(13)	
PRE-TAX RESULT	11,821	(4,803)	9,786	(3,663)
Taxes	(3,589)		(2,746)	
Net result of third parties				
Group result	8,232	(4,803)	7,040	(3,663)
Net earnings per share	0.85		0.73	

Pisa, 05 September 2022

For the Board of Directors

The President

(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 the consolidated financial statements during the period from January to June 2022.

2. It is also certified that:

the condensed first half financial statements at 30 June 2022:

- is prepared in accordance with the applicable international accounting standards recognised in 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 provisions issued in implementation of Article 9 of Legislative Decree 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, 05 September 2022.

Pharmanutra S.p.A.
Managing Director



Pharmanutra S.p.A.
Manager in charge



INDEPENDENT AUDITOR'S REPORT





Pharmanutra S.p.A.

*Review report on interim condensed
consolidated financial statements
as of June 30, 2022*

(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, 2022.

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 14, 2022

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

 PHARMANUTRA

 JUNIAPHARMA

 ALESCO

PharmaNutra SpA

Fiscal Code 01679440501 - VAT No. 01679440501 Registered

office: VIA DELLE LENZE 216/B - 56122 PISA PI

R.E.A. (Economic Administrative Index) 146259 Register of

Companies of Pisa no. 01679440501 Share Capital Euro

1,123,097.70 fully paid-in.

www.pharmanutra.it

