

INTERIM MANAGEMENT REPORT

March 31 2023

Pharmanutra S.p.A.

Registered Office

REA

Share Capital

C.F. | P.Iva | Reg. Impr. di Pisa

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€ 1.123.097,70 i.v.

01679440501

Our history

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

Thanks to continuous investments in R&D activities that have led to the development of innovative technologies, in less than 20 years the PharmaNutra Group has become one of the market leaders in the production of iron-based nutritional supplements under the SiderAL® brand, where it boasts a number of important patents on Sucrosomial® technology and, and it is also considered to be one of the emerging top players in the sector of medical devices for the recovery of joint capacity thanks to the Cetilar® branded products.

The PharmaNutra Group has about 60 employees in Italy and a network of over 150 Sales Representatives who are the real driving force of the company in the country. The Group's business model was built to respond to the peculiarities of the national market but has been able to adapt quickly and efficiently to international requirements.

PharmaNutra is present since 2013 on foreign markets with a flexible and innovative business model, based on a consolidated network of top-class partners: growing yet well-structured companies that focus their own business on innovative, high-quality products, sound scientific research and a sales structure that is as close as possible to the values of PharmaNutra. Currently, the Group's products are distributed in more than 67 countries in Europe, Asia, Africa and America, through a network of 45 carefully selected sales partners.

Akern S.r.l., a company specialised in bioelectrical impedance analysis with more than 40 years work and innovation experience, joined the PharmaNutra Group in 2022 in order to enhance and diversify its business lines through strategic synergy.



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

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

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

Akern
Akern S.r.l. was set up in 1980 to research, develop and produce medical instruments and software with which to monitor the body's composition applying bioelectrical impedance techniques; and to support doctors and researchers in their fight against acute, chronic degenerative diseases linked to changes in the body composition.



CORPORATE BODIES

Board of Directors

Andrea Lacorte (Chairman)

Roberto Lacorte (Vice Chairman)

Carlo Volpi (Executive Director)

Germano Tarantino (Executive Director)

Alessandro Calzolari (Independent Director)

Marida Zaffaroni (Independent Director)

Giovanna Zanotti (Independent Director)

Board of Statutory Auditors

Giuseppe Rotunno (Chairman of the Board of Statutory Auditors)

Michele Luigi Giordano (Statutory Auditor)

Debora Mazzaccherini (Statutory Auditor)

Alessandro Lini (Alternate Auditor)

Elena Pro (Alternate Auditor)

Audit Firm

BDO Italia S.p.A.

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INTERIM MANAGEMENT STATEMENT AS AT 31 March 2023

1.1 MAIN CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET DATA

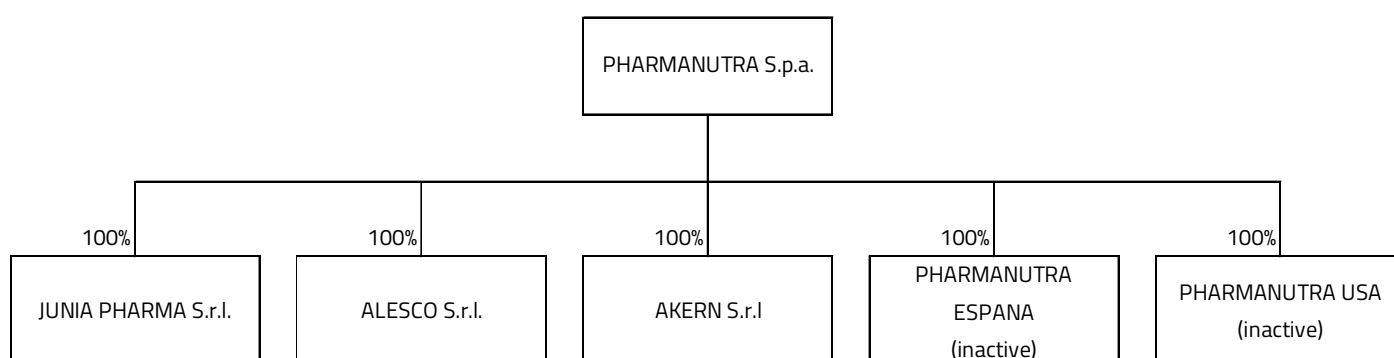
INCOME STATEMENT FIGURES (€/millions)	2023	%	2022	%	Changes
REVENUES	24.6	100.0%	19.0	100.0%	29.6%
REVENUES FROM SALES	23.6	96.1%	18.8	99.3%	25.3%
EBITDA	7.4	31.9%	5.3	27.8%	40.2%
EBITDA net of non-recurring items *	6.6	26.8%	5.3	27.8%	25.0%
NET RESULT	5.4	22.1%	3.5	18.4%	55.8%
NET RESULT excl. non-recurring items *	4.6	18.9%	3.5	18.4%	32.9%
EPS - NET RESULT PER SHARE (Euro)	0.56		0.36		56.1%
EPS - NET RESULT PER SHARE excl. non-recurring items (Euro) *	0.48		0.36		33.2%

BALANCE SHEET FIGURES (€/millions)	2023	2022	Changes
NET INVESTED CAPITAL	51.9	40.3	11.6
NFP (positive cash)	2.9	10.6	(7.7)
SHAREHOLDERS' EQUITY	(54.8)	(51.0)	3.9

*EBITDA, net result and net earnings per share excluding non-recurring items as at 31 March 2023 are net of the contractual indemnity payable by the pre-existing shareholders as at the date of listing on the AIM market (July 2017) taxes, penalties and interest paid for the settlement of tax disputes relating to the financial year 2016 based on the declarations and guarantees issued by them in the admission document Section 1, Chapter 16, paragraph 16.1.

1.2 THE PHARMANUTRA GROUP

Pharmanutra S.p.A. (hereinafter also "Pharmanutra" or the "Parent Company") is a company with registered office in Italy, in Via delle Lenze 216/B, Pisa, which holds controlling interests in the group of companies (the "Group" or also the "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.

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.

Akern S.r.l. (hereinafter also referred to as "Akern") is an Italian company established in 1980 with the purpose of research, development and production of medical instrumentation and software for monitoring body composition using bioimpedance techniques. It joined the group in July 2022 following the parent company's purchase of shares representing 86.48% of the capital. In December 2022, the remaining shares representing 13.52% of the capital have been acquired.

Pharmanutra USA was established in December 2022 to distribute Pharmanutra® branded products in the US market through direct distribution on the territory and selected e-commerce channels. The company has a capital of USD 300,000 and operational headquarters in Florida. Operations are expected to start during the second half of the year.

Pharmanutra Espana was established in March 2023 with its headquarters in Barcelona and capital of Euro 50,000. It will be in charge of the distribution of the Cetilar® and Cetilar® Nutrition line products in the Spanish market through selected online sales channels and a dedicated sales network. Marketing activities started on a reduced scale in April pending the organisational completion of the facilities and the completion of some formalities.

1.3 CONSOLIDATED TREND AS AT 31 March 2023

The first quarter of 2023 confirmed the Group's growth trend with total revenues increasing by about 25% compared to the same period last year and marked the beginning of the implementation of growth strategies for future development.

The process of developing new markets continued with the signing, in January, of new sales agreements for the distribution of products from the SiderAL® and Cetilar® lines in the Indonesian Republic, Kuwait and Mexico.

In February, a collaboration agreement with Ferrari-AF Corse was announced, thanks to which the Cetilar® brand will be present on two official Ferrari 499P prototypes participating in the World Endurance Championship. In the same month, the Group's first Investor Day was held, which was an occasion for sharing the Group's strategic horizons for the coming years and illustrating the main drivers on which development will be based.

The outlined growth strategies were implemented in March, with the establishment of Pharmanutra España and the launch of the new product line dedicated to sports nutrition: Cetilar® Nutrition. This is a truly innovative product line, representing a new, safe and effective approach to supporting the needs of the body engaged in intense sports performance, developed through the application of Sucrosomial® Technology, the Pharmanutra patent that has revolutionised the nutritional supplement market, guaranteeing better absorption and high tolerability of nutrients.

The dispute with the Italian Inland Revenue concerning tax year 2016 was settled by opting for settlement concessions with the payment of Euro 797 thousand. This amount will be subject to reimbursement by the pre-existing shareholders at the date of listing on the AIM market (July 2017) for taxes, penalties and interest paid on the basis of the statements and guarantees made by them in the admission document, Section 1, chapter 16, paragraph 16.1. Discussions continue for the definition of the subsequent financial years up to 2021 with the aim of adhering to the cooperative compliance program.

During the quarter 27,382 treasury shares were purchased as part of the share buyback program approved by the Ordinary Shareholders' Meeting on 26 April 2021 and 27 April 2022. The purpose of the program is to enable the Company to take advantage of the opportunity to make 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 31 March 2023, Pharmanutra holds 65,381 treasury shares equal to 0.68% of the share capital.

Following the expiry of the regulations issued during the Covid-19 outbreak for the use of smart working in a simplified mode, the Group entered into individual agreements with all employees defining how this tool could be used.

During the quarter, there was no Covid-19 contagion between employees in the production plants, in the network and among employees such as to generate negative impacts on regular production and sales.

Performances in the first quarter of 2023

Income Statement

Consolidated net revenues at 31 March 2023 amounted to Euro 23.6 million, an increase of Euro 4.8 million (+25.3%) compared to the same period of the previous year, of which Euro 1.5 million deriving from consolidation of Akern.

Revenues generated on the Italian market amounted to Euro 16.6 million (Euro 13.1 million at 31 March 2022), an increase of 27%, with a 70.2% ratio to total revenues, compared to 69.3% in the same period of the previous year. The increase in revenues derives from higher sales of finished products and consolidation of Akern for Euro 1.3 million; sales of raw materials were substantially in line compared to the same period of the previous year.

Consolidated net sales revenues in foreign markets amounted to Euro 7 million versus Euro 5.8 million as at 31 March 2022, recording a net increase of Euro 1.3 million (+22%). As a result of the above, the ratio of revenues from foreign markets to total revenues increased from 30.7% at 31 March 2022 to 29.8% at 31 March 2023.

Sales volumes of finished products as at 31 March 2023, amounting to approximately 2.8 million units increased by about 12% if compared to the volumes at 31 March 2022 (2.5 million units).

CONSOLIDATED PROFIT&LOSS (€/ 1000)	2023	%	2022	%	Δ 23/22	Δ %
TOTAL REVENUES	24.575	100,0%	18.967	100,0%	5.608	29,6%
Net Revenues	23.608	96,1%	18.840	99,3%	4.768	25,3%
Other revenues	967	3,9%	127	0,7%	840	661,4%
OPERATING EXPENSES	17.197	70,0%	13.703	72,2%	3.494	25,5%
Purchases of Raw, auxiliary mat. and cons.	1.755	7,1%	1.032	5,4%	723	70,1%
Change in Inventories	(2.160)	-8,8%	(434)	-2,3%	(1.726)	397,7%
Services expenses	15.748	64,1%	11.863	62,5%	3.885	32,7%
Employee expenses	1.643	6,7%	1.129	6,0%	514	45,5%
Other operating expenses	211	0,9%	113	0,6%	98	86,7%
EBITDA	7.378	30,0%	5.264	27,8%	2.114	40,2%
Non recurring (Income)/Expenses	(797)	-3,2%	0	n.s.	(797)	n.s.
EBITDA ADJ.	6.581	26,8%	5.264	27,8%	1.317	25,0%
Amortization, Depreciation and Write off	411	1,7%	291	1,5%	120	41,2%
EBIT	6.967	28,3%	4.973	26,2%	1.994	40,1%
EBIT ADJ.	6.170	25,1%	4.973	26,2%	1.197	24,1%
NET FINANCIAL INCOME/(EXPENSES)	118	0,5%	7	0,0%	111	1585,7%
Financial income	243	1,0%	22	0,1%	221	1004,5%
Financial expenses	(125)	-0,5%	(15)	-0,1%	(110)	733,3%
PRE TAX RESULT	7.085	28,8%	4.980	26,3%	2.105	42,3%
Income Taxes	(1.654)	-6,7%	(1.494)	-7,9%	(160)	10,7%
Group's Profit/(loss) of the period	5.431	22,1%	3.486	18,4%	1.945	55,8%

The item Other revenues includes the indemnity due from pre-existing shareholders at the date of listing on the AIM market (July 2017) already referred to, for the amount of Euro 797 thousand.

Operating expenses for the first quarter of 2023, amounting to Euro 17.2 million (+25.5% compared to 31 March 2022), increased due to the increase in revenues.

As a result of the above, the **Pharmanutra Group's EBITDA** amounted to Euro 7.4 million (Euro 5.3 million as at 31 March 2022), representing a margin of 30% on total revenues and an increase of 40.2% compared to the first quarter of 2022.

The **Gross Operating Result excluding non-recurring items (Adj. EBITDA)** of the Pharmanutra Group - obtained by excluding the amount of Euro 797 thousand referred to the indemnity due to the Parent Company for taxes referred to the 2016 financial year - amounted to Euro 6,6 million (Euro 5.3 million as at 31 March 2022), equal to a margin of 26.8% on total revenues with an increase of 25% compared to the first quarter of 2022.

The **Net result** for the period amounts to Euro 5.4 million compared to Euro 3.5 million as at 31 March 2022.

The **Net result** for the period, **excluding non-recurring items**, which have been reported above, amounts to Euro 4.6 million compared with Euro 3.5 million as at 31 March 2022.

Net result per share as at 31 March 2023 amounted to Euro 0.56 compared to Euro 0.36 in the same period last year.

Net result per share excluding non-recurring items as at 31 March 2023 amounted to Euro 0.48 compared to Euro 0.36 in the same period last year.

Balance sheet

OPERATING BALANCE SHEET (€/1000)	31 March	31 December
TRADE RECEIVABLES	24,156	21,647
INVENTORIES	7,419	5,261
TRADE PAYABLES	(15,238)	(16,882)
OPERATING WORKING CAPITAL	16,337	10,026
OTHER RECEIVABLES	8,280	4,958
OTHER PAYABLES	(7,454)	(5,292)
NET WORKING CAPITAL	17,163	9,692
INTANGIBLE ASSETS	21,860	21,560
TANGIBLE ASSETS	20,001	17,055
FINANCIAL ASSETS	1,734	1,310
TOTAL FIXED ASSETS	43,595	39,925
PROVISIONS AND OTHER M/L-TERM LIABILITIES	(8,898)	(9,307)
TOTAL USES	51,860	40,310
SHAREHOLDERS' EQUITY	54,798	50,948
NON-CURRENT FINANCIAL LIABILITIES	14,078	14,110
CURRENT FINANCIAL LIABILITIES	4,082	3,616
NON-CURRENT FINANCIAL ASSETS	(1,502)	(1,503)
CURRENT FINANCIAL ASSETS	(5,325)	(4,810)
LIQUID FUNDS	(14,271)	(22,051)
NET FINANCIAL POSITION	(2,938)	(10,638)
TOTAL SOURCES	51,860	40,310

The change in Operating Working Capital is a consequence of the higher business volumes carried out by the Group during the period in question and of receipt and payment timeframes.

Other receivables increase is due to the recognition of deferrals on costs related to marketing activities whose accrual extends beyond 31 March 2022 and the recognition of the receivable related to the indemnity to be received from pre-listing shareholders mentioned above.

The increase in the item Other payables mainly refers to the recognition of taxes on the result for the period.

The increase in the item Tangible fixed assets is due to the costs of building the new headquarters, whilst the increase in the item Intangible fixed assets is due to the registration of patents obtained during the period.

The change in the item Provisions and other M/L-term liabilities includes the use of the Provision for Taxes following the settlement of the dispute concerning tax year 2016.

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 accounting period covered by this Interim 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 Interim Report:

- EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation.
- Adjusted EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of non-recurring items.
- EBIT: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of depreciation, amortisation and write-downs.
- Adjusted EBIT: it is represented by the Earnings before interest and taxes net of non-recurring items.
- Net Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables and of all other items in the Balance sheet 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 table below shows the changes in financial position:

	31 March 2023	31 December
Cash	(16)	(21)
Liquid funds	(14,255)	(22,030)
Total cash and cash equivalents	(14,271)	(22,051)
Current financial assets	(5,325)	(4,810)
Current financial liabilities: due to banks	0	0
Financial payables	285	
Current portion of non-current debt	3,381	3,365
Current financial payables for rights of use	416	251
Net current financial indebtedness FA	(1,243)	(1,194)
Net current financial (assets)/indebtedness	(15,514)	(23,245)
Non-current financial assets	(1,259)	(1,259)
Deposits paid	(243)	(244)
Non-current bank payables	13,041	13,612
Derivative financial instruments		
Non-current financial payables for rights of use	1037	498
Non-current financial indebtedness	12,576	12,607
Net financial position	(2,938)	(10,638)

The **Net Financial Position** at 31 March 2023 was a positive Euro 2.9 million compared to Euro 10.6 million at 31 December 2022. Operations for the period resulted in a cash absorption of Euro 2.1 million compared to Euro 1.8 million generated as at 31 March 2022; capital expenditures of Euro 4 million were made (Euro 1.4 million as at 31 March 2022) and treasury shares were repurchased for the amount of Euro 1.6 million. See the Statement of Cash Flows for further details.

The increase in the item Non-current financial assets occurred following the subscription of the insurance policy taken out to cover the Directors' termination indemnity provision set aside.

1.4 Pharmanutra Group's Business Lines

The Pharmanutra Group's distribution and sales model consists of the following two business Lines:

- **Direct Business Line (BL1):** it is characterised by direct presence in the reference markets in which the Group operates; the logic that governs this model is to ensure complete control of the territory through an organisational structure of sales representatives who, through sales and scientific information activities, ensure full control of all the players in the distribution chain: hospital doctors, outpatient doctors, pharmacies and hospital pharmacies.

This model, adopted in the Italian market, characterises Pharmanutra and Junia Pharma.

Alesco's commercial activity in Italy is directed both outside the Group, to companies in the food, pharmaceutical and nutraceutical industries as well as to nutraceutical production workshops that produce on behalf of third parties and, within the Group, supplying and selling products and raw materials to Pharmanutra and Junia Pharma.

- **Indirect Business Line (BL2):** the business model is common to all three companies and is mainly used in foreign markets. It is characterised by the marketing of finished products (Pharmanutra and Junia Pharma) and raw materials (Alesco) through local partners which, under long-term exclusive distribution contracts, distribute and sell the products in their own markets.
- **Akern Business Line:** The business model involves the sale of instrumentation and software for body bioimpedance analysis in Italy and foreign markets through agents, distributors and online sales.

Consolidated net revenues at 31 March 2023 (Euro 23.6 million) increased by 25.3% compared to the same period last year (Euro 18.8 million).

Revenues by area of				Incidence		
	€/1000	2023	2022	Δ%	2023	2022
BL1		14,812	12,572	17.8%	62.7%	66.7%
BL2		6,430	5,467	17.6%	27.2%	29.0%
Total Finished Products		21,243	18,039	17.8%	90.0%	95.7%
Alesco Outgroup - Italy		445	482	-7.7%	53.6%	60.2%
Alesco Outgroup - Foreign		385	319	20.4%	46.4%	39.8%
Total raw material		830	802	3.5%	3.5%	4.3%
Akern Italy		1,339	0	n.s.	87.2%	0.0%
Akern Foreign markets		196	0	n.s.	12.8%	0.0%
Total Akern		1,535	0	n.s.	6.5%	0.0%
Total		23,608	18,841	25.3%	100%	100%

The breakdown of revenues into the Group's business areas shows that, as at 31 March 2023, revenues from sales of finished products increased by 17.8% in the Italian market (BL1) and by 17.6% in foreign markets (BL2) compared to 31 March of the previous year.

Revenues from the sale of proprietary and non-proprietary raw materials to companies in the food, pharmaceutical and nutraceutical industry, as well as to nutraceutical product production plants working on behalf of third parties (Alesco outgroup), managed by the subsidiary Alesco, showed an overall increase of 3.5% with an increase in sales on foreign markets and a reduction in the Italian market.

Revenues related to the Akern business line amounted to Euro 1.5 million, of which Euro 1.3 million related to the Italian market and Euro 196 thousand to foreign markets.

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

Revenues by Business Line				Incidence	
€/1000	2023	2022	Δ%	2023	2022
Total BL1	15,258	13,055	16.9%	64.6%	69.3%
Total BL2	6,815	5,786	17.8%	28.9%	30.7%
Akern	1,535	0	n.s.	6.5%	0.0%
Total	23,608	18,841	25.3%	100%	100%

Overall, revenues from sales on the BL1 line increased by about 17%, and amounted to Euro 15.3 million (Euro 13 million in the previous year), and represent 64.6% of total revenues.

Revenues from the BL2 line as of 31 March 2023 amounted to Euro 6.8 million (Euro 5.8 million as of 31 March 2022), representing about 29% of total revenues.

Akern's revenues accounted for 6.5% of total revenues.

Revenues by geographic				Incidence	
€/1000	2023	2022	Δ%	2023	2022
Europe	4,338	3,263	32.9%	61.9%	56.4%
Middle East	1,690	1,920	-12.0%	24.1%	33.2%
South America	689	195	252.9%	9.8%	3.4%
Far East	147	74	100.7%	2.1%	1.3%
Other	147	334	-56.1%	2.1%	5.8%
Total	7,011	5,786	21.2%	100%	100%

Europe remains the market with the highest impact on foreign revenues. The increase in South America stems from the start of the commercialisation of products following contracts signed in previous years. The changes in the other areas are attributable to the time dynamics required for the distributors to formalise purchase orders.

Revenues on foreign markets are represented almost exclusively by the SiderAL® line.

The analysis of finished products revenues by product line (Trademark) reported in the following table shows the growth of all the main product lines, namely Cetilar®, Apportal® and Ultramag®.

Revenues P.F. by Product Line				Incidence	
€/1000	2023	2022	Δ%	2023	2022
Sideral	16,111	14,073	14.5%	70.7%	78.0%
Cetilar	2,425	1,816	33.5%	10.6%	10.1%
Apportal	1,813	1,383	31.1%	8.0%	7.7%
Ultramag	258	194	33.2%	1.1%	1.1%
Other	635	573	10.9%	2.8%	3.2%
Akern	1,535	0	n.s.	6.7%	0.0%
Total	22,778	18,039	26.3%	100%	100%

In terms of volumes, sales of finished products at 31 March 2023 amounted to 2,823 thousand units, an increase of approximately 12% compared to 2,518 thousand units in the corresponding period of the previous year.

F.P. Volumes				Incidence	
Units/1,000	2023	2022	Δ%	2023	2022
BL1	1,067	922	15.7%	37.8%	36.6%
BL2	1,756	1,596	10.0%	62.2%	63.4%
Total	2,823	2,518	12.1%	100%	100%

1.5 Reference markets in which the Group operates

The Pharmanutra Group, specialised in the development of nutraceutical products and medical devices, is one of the main players in the Italian market with a growing presence abroad.

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

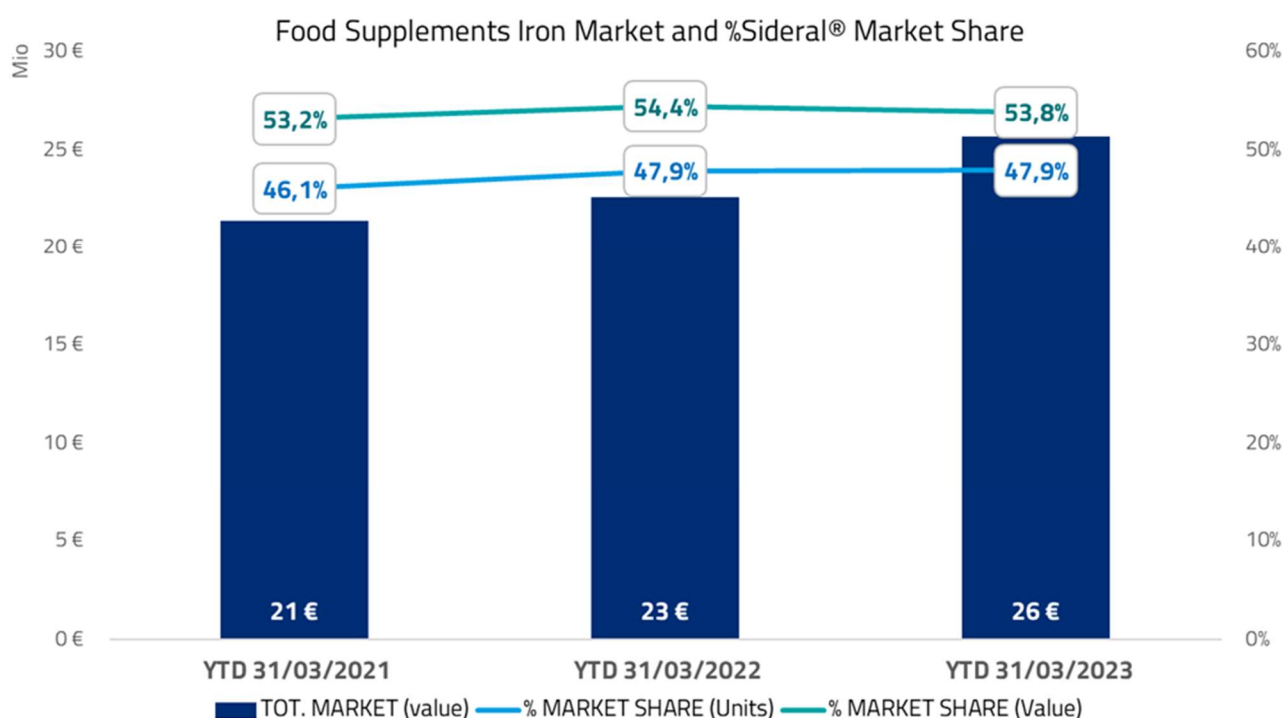
Supplement market

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 analysis of the reference markets in Italy of the two most important product lines in terms of turnover, the Sideral® line, the Cetilar® line and Apportal®.

1.5.1 Iron market

The graph below show the quarterly trend in Sideral®'s market share (expressed in value) in relation to the market for iron-based supplements only (Food Supplements Iron Market) and the total market consisting of both food supplements and pharmaceuticals (Total Iron Market)¹.

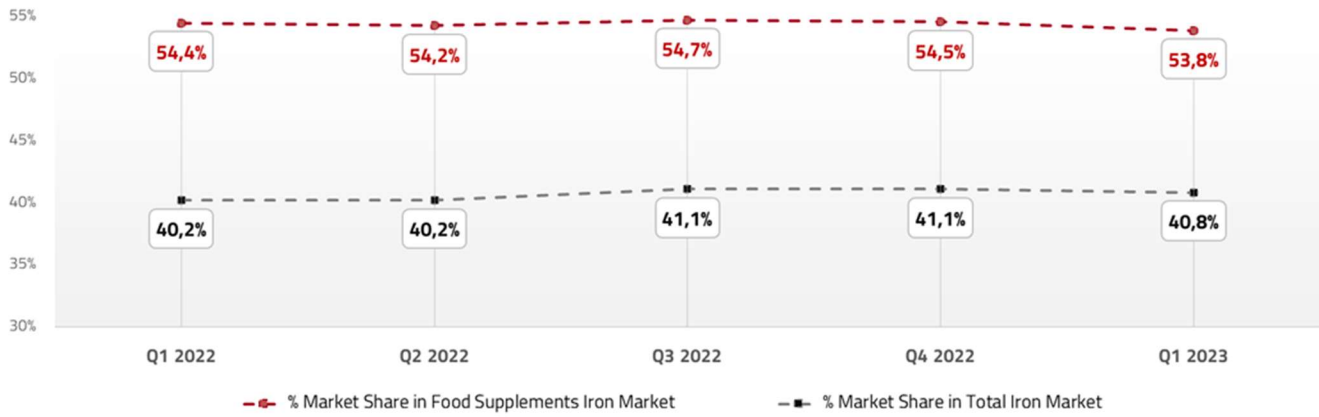


The graphs below show the quarterly trends in the market share for the Sideral® line (expressed in value) in relation to the market for iron-based supplements only (Food Supplements Iron Market) and the total market consisting of both food supplements and pharmaceuticals (Total Iron Market)².

¹ Source: IQVIA data

² Source: IQVIA Rework Data March 2023

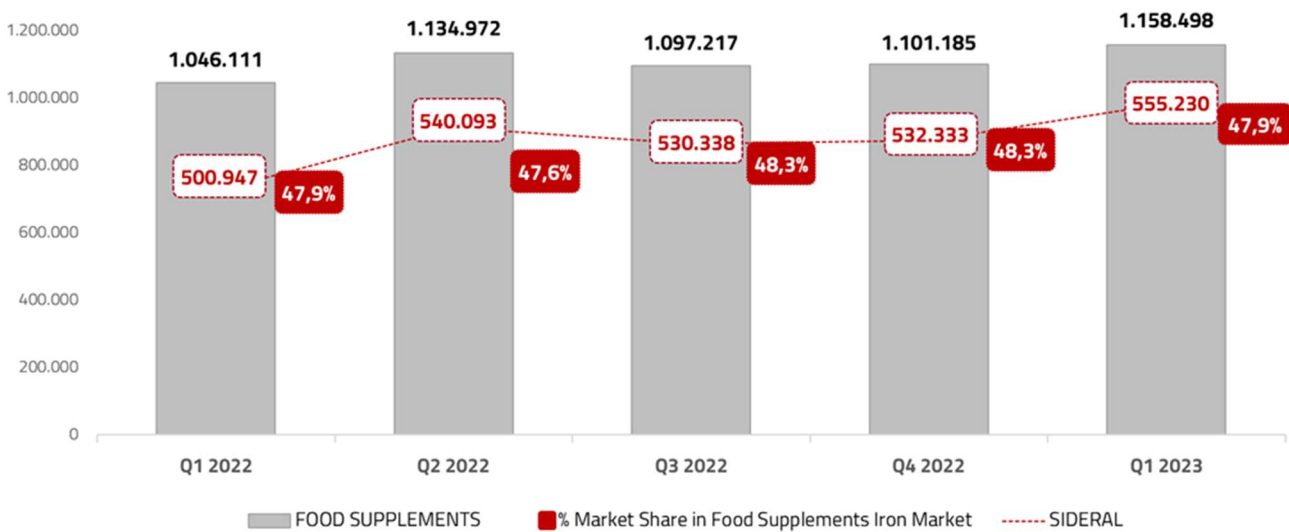
% Sideral® Market Share in Food Supplements & Total Iron Market (VAL)_Quarter



It is worth noting that the Sideral® product line also has a significant market share in the overall market, amounting to 40.8%.

The development of Sideral® in terms of units in the iron supplement market is shown in the table below.

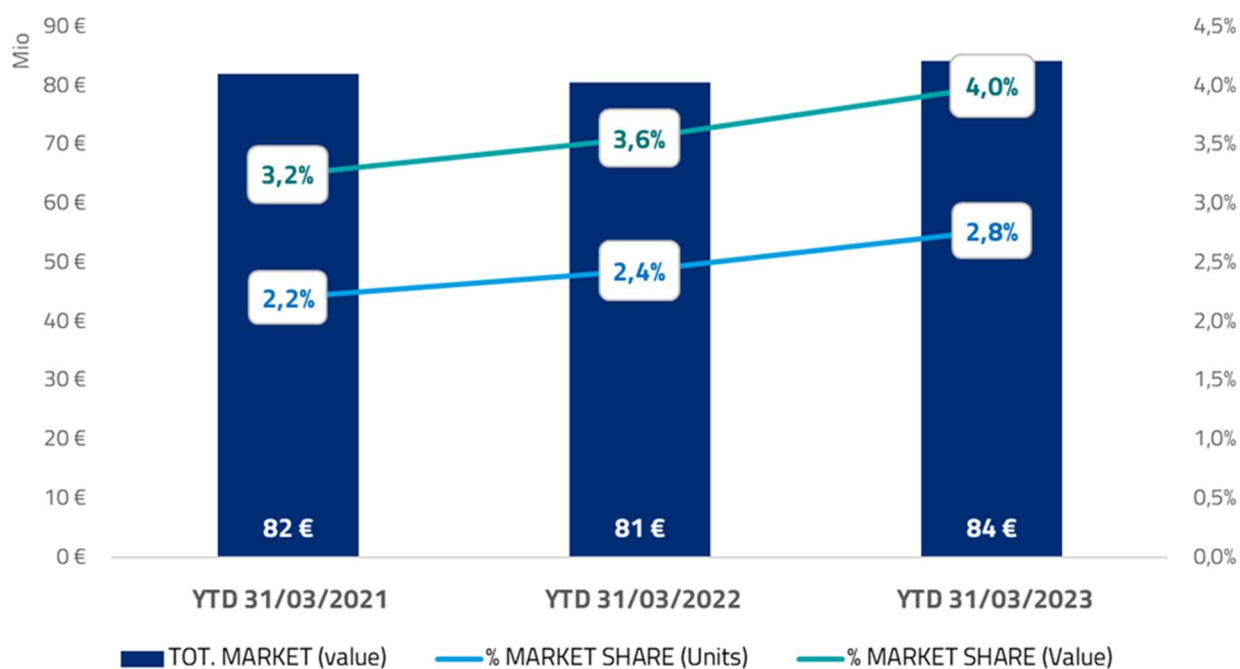
Trend Sideral® in Food Supplements Iron Market (UN)_Quarter



1.5.2 Market for topical painkillers

The following chart shows the trend of Cetilar's market share (expressed in value and units) in relation to the reference market.

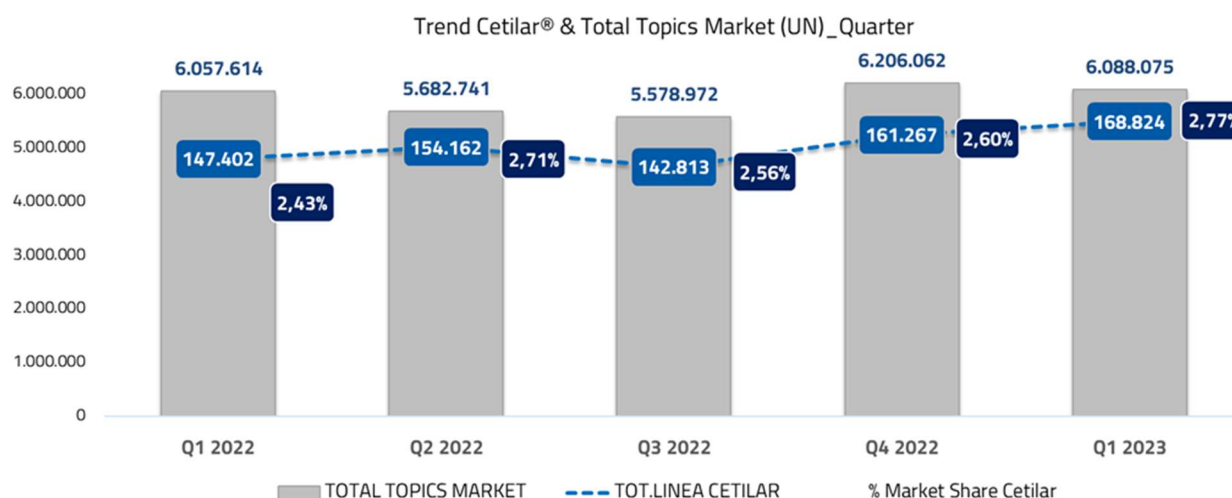
Tot. Market Units and % Cetilar® Market Share



Against a backdrop of a slightly growing market (approximately +5%) in the first quarter of 2023 compared to the first quarter of 2022 and a highly fragmented competitive scenario, the market share of the Cetilar® range increased by 18%, from 3.6% to 4.0% in value and from 2.4% to 2.8% in volume terms³.

The graph below shows the trend by quarter from January 2022 to March 2023 of the overall market for topical products and the Cetilar® line.

With the overall market slightly up approximately 1% compared to the first quarter of 2022, the Cetilar® line is up 15%.

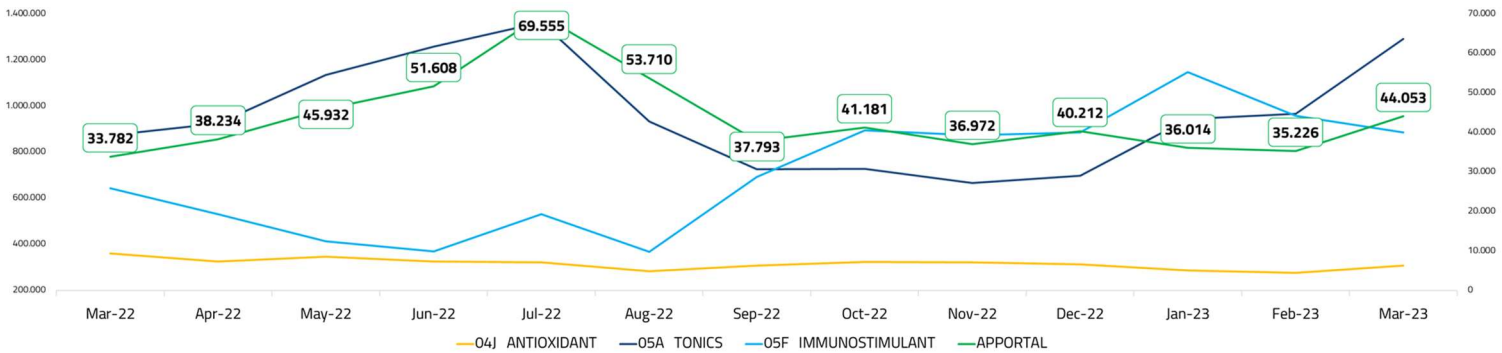


³ Source: IQVIA, Rework Data March 2023

1.5.3 Apportal

Due to the product's very specific characteristics, unlike Sideral® and Cetilar® it is not possible to assign Apportal® to a specific target market.

Therefore, the table below shows the monthly trend on a rolling basis of Apportal® sales compared to sales of products in the categories of antioxidants, tonics and immunostimulants.



1.6 Significant events after the end of the period

In April, new agreements were formalised for the distribution of Sideral® line products in Benelux, Chile and Uruguay, and for Central American countries (Guatemala, Panama, El Salvador and Costa Rica).

1.7 Business outlook

The solid foundation represented by a double-digit organic growth trend in terms of revenues and margins, coupled with strong financial consistency and the generation of significant cash flows from operations, is the foundation for the implementation of new growth strategies to exploit significant market opportunities that will pay off in the medium term.

During 2023, the Group will focus on the launch of a new line of dietary supplements designed specifically for those who take part in sporting activities (Cetilar® Nutrition). At the end of the quarter marketing started through a dedicated network of agents and the e-commerce channel, the start of operations of the newly established American subsidiary (Pharmanutra USA), through which the distribution of all the Group's main products in the US will begin, and the beginning of operations at Pharmanutra España to market the Cetilar® (cream, patch, tape and gold) and Cetilar® Nutrition line products in the Spanish market.

The process of integrating Akern will continue to create synergies that are expected to contribute to the development of the subsidiary's and the Group's business volume.

The new building is scheduled to be completed by summer 2023. Thanks to this investment, the Group will have its own research centre and a factory for the production of proprietary raw materials with a significant reduction in research time and the possibility of directly controlling the most important part of the production process.

The investments planned to support the projects described are expected to result in a moderate reduction in margins for the next two financial years.

In parallel with the new projects, Pharmanutra's strategy will continue to be geared towards strengthening its leadership in the oral iron market, to further increase market share in Cetilar® brand products, and to continue developing sales of Apportal® and Ultramag®.

The current international tensions and unpredictable developments in the scenarios linked to the conflict between Russia and Ukraine generate widespread macroeconomic uncertainty that could affect the achievement of the company objectives.

Pisa, 08 May 2023

For the Board of Directors

The Chair

(Andrea Lacorte)

**CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 March
2023 AND EXPLANATORY NOTES**

Consolidated Balance Sheet

€/1000	31 March 2023	31 December 2022
NON-CURRENT ASSETS	45,097	41,428
Property, plant and equipment	20,001	17,055
Intangible assets	21,860	21,560
Investments	339	4
Non-current financial assets	243	244
Other non-current assets	1,259	1,259
Deferred tax assets	1,395	1,306
CURRENT ASSETS	59,451	58,727
Inventories	7,419	5,261
Cash and cash equivalents	14,271	22,051
Current financial assets	5,325	4,810
Trade receivables	24,156	21,647
Other current assets	6,655	2,881
Tax receivables	1,625	2,077
TOTAL ASSETS	104,548	100,155
SHAREHOLDERS' EQUITY	54,798	50,948
Share capital	1,123	1,123
Legal reserve	225	225
Equity shares	(3,983)	(2,362)
Other reserves	51,839	36,791
IAS 19 reserve	235	226
OCI Fair Value Reserve	(84)	(115)
FTA reserve	12	12
Result for the period	5,431	15,048
SHAREHOLDERS' EQUITY	54,798	50,948
Non-controlling interest		
NON-CURRENT LIABILITIES	22,976	23,417
Non-current financial liabilities	14,078	14,110
Provisions for risks and charges	4,685	5,414
Provisions for employee and director	4,213	3,893
CURRENT LIABILITIES	26,774	25,790
Current financial liabilities	4,082	3,616
Trade payables	15,287	16,885
Other current liabilities	4,146	3,765
Tax payables	3,259	1,524
TOTAL LIABILITIES	104,548	100,155

Consolidated Income Statement

€/1000	NOTES	2023	2022
TOTAL REVENUE		24,575	18,967
Net revenues	2.1.1	23,608	18,840
Other revenues	2.1.2	967	127
<i>of which other non-recurring revenues</i>		797	
OPERATING COSTS		17,197	13,703
Purchases of raw materials, consumables and supplies	2.2.1	1,755	1,032
Change in inventories	2.2.2	(2,160)	(434)
Costs for services	2.2.3	15,748	11,863
Personnel costs	2.2.4	1,643	1,129
Other operating costs	2.2.5	211	113
EBITDA		7,378	5,264
Amortisation, depreciation and write-downs	2.3	411	291
OPERATING RESULT		6,967	4,973
FINANCIAL INCOME (EXPENSE) BALANCE		118	7
Financial income	2.4.1	243	22
Financial charges	2.5.1	(125)	(15)
PRE-TAX RESULT		7,085	4,980
Taxes	2.6	(1,654)	(1,494)
Net result of third parties			
Group net income		5,431	3,486
Net result per share (Euro)	<u>2.7</u>	0.56	0.36

Comprehensive consolidated income statement

€/1000	2023	2022
Result for the period	5,431	3,486
Gains (losses) from IAS application that will be recognised in the		
Gains (losses) from IAS application that will not be recognised in the	40	38
Overall result for the period	5,471	3,524

Statement of changes in Consolidated shareholders' equity

€/1000	Share capital	Equity shares	Legal reserve	Other reserves	FTA reserve	OCI Fair Value Reserve	IAS 19 reserve	Result for the period	Total
Balance at 1/1	1,123	(2,362)	225	36,791	12	(115)	226	15,048	50,948
Other changes		(1,621)				31	9		(1,581)
Result dest.				15,048				(15,048)	-
Result for the period								5,431	5,431
Balance as at	1,123	(3,983)	225	51,839	12	(84)	235	5,431	54,798

€/1000	Share capital	Equity shares	Legal reserve	Other reserves	FTA reserve	OCI Fair Value Reserve	IAS 19 reserve	Result for the period	Total
Balance at 1/1/n-1	1,123		225	29,949	(70)	28	56	13,771	45,082
Other changes		(1,887)		4		(5)	39		(1,849)
Result dest.				13,771				(13,771)	-
Result for the period								3,486	3,486
Balance at 31/3/n-1	1,123	(1,887)	225	43,724	(70)	23	95	3,486	46,719

Consolidated cash flow statement

CASH FLOW STATEMENT (€/1000) - INDIRECT METHOD	2023	2022
Net result before minority interests	5,431	3,486
NON-MONETARY COSTS/REVENUES		
Depreciation and write-downs amortisation	411	291
Allowances to provisions for employee and director benefits	209	199
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provisions for non-current risks and charges	(729)	(435)
Change in provisions for employee and director benefits	111	99
Change in inventories	(2,158)	(434)
Change in trade receivables	(2,572)	(2,451)
Change in other current assets	(3,774)	(1,264)
Change in tax receivables	452	164
Change in other current liabilities	382	385
Change in trade payables	(1,598)	362
Change in tax payables	1,735	1,388
CASH FLOW FROM OPERATIONS	(2,100)	1,790
Investments in intangible assets, property, plant and equipment	(3,700)	(1,043)
Transfer of int. assets, property, plant and equipment	102	98
Net investments in financial fixed assets	(335)	0
Change in credit ass. TFM	0	(493)
Change in deferred tax assets	(89)	46
CASH FLOW FROM INVESTMENTS	(4,022)	(1,392)
Increase/(decrease) in assets	40	38
Purchase of Treasury shares	(1,621)	(1,887)
Sales of own shares		
Cash flow from dividend distribution		
Increase in financial assets	(515)	(78)
Decrease in financial assets	1	
Increase in financial liabilities		
Decrease in financial liabilities	(299)	(333)
Increase in ROU financial liabilities	841	16
Decrease in ROU financial liabilities	(105)	(82)
CASH FLOW FROM FINANCING	(1,658)	(2,326)
TOTAL CHANGE IN CASH	(7,780)	(1,928)
Liquid funds at the beginning of the year	22,051	29,409
Liquid funds at the end of the year	14,271	27,481
CHANGE IN LIQUID FUNDS	(7,780)	(1,928)

EXPLANATORY NOTES TO CONSOLIDATED ACCOUNTING STATEMENTS

1. CRITERIA FOR DRAFTING AND CONSOLIDATION PRINCIPLES

This Interim Management Report as at 31 March 2023 (hereinafter the "Interim Report") has been drafted as required for a STAR issuer (High Standard Mid Cap Segment) in accordance with the provisions of Borsa Italiana Notice No. 7587 of 21 April 2016 "STAR issuers": information on interim management statements STAR/issuers; its content is consistent with the provisions of Art. 154-ter, paragraph 5, of Italian Legislative Decree of 24 February 1998 no.58.

The Interim Report has been drafted 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 financial standards implemented in drafting this Interim Report are the same as those implemented in drafting Consolidated Financial Statements for the year ended 31 December 2022, except for the new standards and interpretations effective from 1st January 2023 and are required to be, which did not have a material impact on the period.

It should be noted that the Pharmanutra España and Pharmanutra USA, incorporated in March 2023 and December 2022 respectively, are not yet operational and therefore have not been consolidated.

This Interim Report has not been audited by the independent auditors.

The Interim Report was approved by Pharmanutra Board of Directors on 08 May 2023 and on the same date the same body authorised its publication.

2. COMMENTS ON THE MAIN ITEMS

2.1 REVENUES

2.1.1 Net revenues

Net revenues at 31 March 2023 increased by Euro 4.8 million compared to the same period last year. As shown in the table below, the increase in revenues is due to higher sales on both the Italian and foreign markets, as well as the contribution from the consolidation of Akern.

	2023	2022	Change
BL1 REVENUES	15,258	13,054	2,204
BL2 REVENUES	6,815	5,786	1,029
BL AKN REVENUES	1,535		1,535
TOTAL SALES	23,608	18,840	4,768

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

€/1000	2023	2022	Change	Δ%	Incidence 2022	Incidence 2021
Italy	14,812	12,572	2,240			
Total BL1	14,812	12,572	2,240	17.8%	62.7%	66.7%
Europe	4,081	3,190	891	27.9%		
Middle East	1,515	1,844	(329)	-17.9%		
South America	689	195	494	252.9%		
Far East	145	-	145	n.s.		
Other	-	236	(236)	-100.0%		
Total BL2	6,430	5,466	964	17.6%	27.2%	29.0%
Raw materials - Italy	445	482	(37)	-7.7%	1.9%	2.6%
Raw materials - Abroad	385	319	65	20.4%	1.6%	1.7%
Akern Italy	1,339	-	1,339	n.s.	5.7%	0.0%
Akern Foreign markets	196	-	196	n.s.	0.8%	0.0%
Total net revenues	23,608	18,840	4,768	25.3%	100%	100%

2.1.2 Other revenues and income

	2023	2022	Change
Contractual indemnities	797	2	795
Refunds and recovery of expenses	17	9	8
Contingent assets	31	87	-56
Other revenues and income	122	29	93
Total Other revenues and income	967	127	840

The item Contractual indemnities refers to the reimbursement due to the Parent Company by the pre-existing shareholders as at the date of listing on the AIM market (July 2017) for taxes, penalties and interest paid for the settlement of tax disputes relating to the financial year 2016 based on the declarations and guarantees issued by them in the admission document Section 1, Chapter 16, paragraph 16.1.

2.2 OPERATING COSTS

2.2.1 Purchases of raw materials, consumables and supplies

Purchases are broken down in the following table:

	2023	2022	Change
Costs for raw materials and semi-fin. goods	1,120	479	641
Costs for consumables	151	115	36
Costs for the purchase of fin. goods	484	438	46
Total purchases of raw materials,	1,755	1,032	723

2.2.2 Change in inventories

	2023	2022	Change
Change in raw materials	-11	-113	102
Change in finished product inventories	-2,246	-360	-1,886
Change in semi-finished products	6		6
All. write-down provision Inventories	91	39	52
Change in inventories	-2,160	-434	-1,726

The decrease in inventories of finished goods resulted from higher revenues in the quarter under review.

The final value of inventories is adjusted by the inventory write-down provision of Euro 490 thousand (Euro 400 thousand at 31 December 2022).

2.2.3 Costs for services

	2023	2022	Change
Marketing and advertising costs	3,577	2,828	749
Production and logistics	5,133	3,478	1,655
General service costs	1,449	850	599
Research and development costs	240	80	160
Costs for IT services	124	94	30
Commercial costs and commercial network	2,831	2,468	363
Corporate bodies	2,328	2,016	312
Rental and leasing costs	16	4	12
Financial costs	50	45	5
Total costs for services	15,748	11,863	3,885

The increase in item Production and logistics is related to the higher sales volumes compared to the same period last year and the cost efficiency policies implemented. The increase in item Commercial costs and commercial

network costs also resulted from higher sales volumes in the period. The increase in item General service costs mainly results from costs related to new projects being implemented.

2.2.4 Personnel costs

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

	2023	2022	Change
Wages and salaries	1,200	814	386
Social security charges	382	255	127
Severance Indemnity	55	55	0
Other personnel costs	6	5	1
Total personnel costs	1,643	1,129	514

The increase compared to the figure at 31 March 2022 is due to hirings made in the period as the organisational structure was gradually adjusted to deal with increasing business volumes and to consolidation of Akern (20 employees).

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

Units	2023	2022	Change
Executives	2	2	0
White	71	57	14
Blue collars	4	2	2
Total	76	61	15

As at 31 March 2023, the number of employees was 90 compared to 62 at 31 March 2022.

2.2.5 Other operating costs

	2023	2022	Change
Capital losses		5	-5
Sundry tax charges	15	7	8
Membership fees	9	8	1
Charitable donations and social security	53	7	46
Other costs	134	86	48
Total other operating costs	211	113	98

2.3 AMORTISATION, DEPRECIATION AND PROVISIONS

	2023	2022	Change
Amortisation of intangible fixed assets	98	68	30
Depreciation of tangible fixed assets	250	177	73
Allowance to provision for doubtful accounts	63	46	17
Total amortisation, depreciation and write-	411	291	120

2.4 FINANCIAL INCOME/CHARGES

2.4.1 Financial income

	2023	2022	Change
Interest income	75	22	53
Exchange gains	4		4
Other financial income	164		13
Total financial income	243	22	70

2.4.2 Financial charges

	2023	2022	Change
Other financial charges	-41	-2	112
Interest expense	-82	-4	-78
Realised exchange losses	-2	-9	7
Total financial charges	-125	-15	41

2.5 INCOME TAXES

	2023	2022	Change
Direct taxes on business income	1.743	1.448	295
Deferred tax assets	-89	46	-135
Total taxes	1.654	1.494	160

Taxes are accrued on an accrual basis and have been determined on the basis of current rates and regulations.

NET FINANCIAL POSITION

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA update with reference to the "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", we report that the Group's Net Financial Position as at 31 March

2023 towards 31 December 2022 is as follows:

	31 March 2023	31 December 2022
A Cash and cash equivalents	(14,271)	(22,051)
B Cash equivalents		
C Other current financial assets	(5,325)	(4,810)
D Liquidity (A+B+C)	(19,596)	(26,861)
1) E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	701	251
F Current portion of non-current financial debt	3,381	3,365
G Current financial debt (E+F)	4,082	3,616
of which guaranteed	0	0
of which not guaranteed	4,082	3,616
H Net current financial debt (G-D)	(15,514)	(23,245)
2) I Non-current financial debt (excluding current portion and debt instruments)	14,078	14,110
J Debt instruments		
K Trade payables and other non-current payables		
L Non-current financial debt (I+J+K)	14,078	14,110
of which guaranteed	0	0
of which not guaranteed	14,078	14,110
M Net financial debt (H+L) - CONSOB comm. (4/3/21 ESMA32-382-1138)	(1,436)	(9,135)
3) N Other current and non-current financial assets	(1,502)	(1,503)
O Net financial debt (M-N)	(2,938)	(10,638)

- 1) It includes the following items of the financial statements: Current financial liabilities (Payables to subsidiaries Euro 285 thousand, Financial payables for rights of use Euro 416 thousand);
- 2) It includes the following items of the financial statements: Non-current financial liabilities (M/L-term loans Euro 13,041 thousand, Financial payables for non-current rights of use Euro 1,037 thousand);
- 3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid Euro 243 thousand) and Other non-current assets (Insurance for Directors' termination indemnity Euro 1,259 thousand).

Pisa, 08 May 2023

For the Board of Directors

The Chair

(Andrea Lacorte)

Declaration pursuant to paragraph 2 art 154-*bis* of the Italian Consolidated Finance Act (Testo Unico della Finanza)

The undersigned Francesco Sarti, Manager in charge of drafting the corporate accounting documents of Pharmanutra S.p.A.

DECLARES

pursuant to paragraph 2 of Article 154 *bis* of the Italian Consolidated Finance Act, that the accounting information contained in the Pharmanutra Group's Interim Management Report as at 31 March 2023 corresponds to the documented results, books and accounting records.

Pisa, 08 May 2023

Pharmanutra S.p.A.

Executive in charge for drafting
the financial statements

Francesco Sarti