INTERIM MANAGEMENT REPORT

30th June 2023

PharmaNutra S.p.A.

Headquarters	Via delle Lenze 216/B - 56122 PISA
REA (Economic Administrative Index)	PI
PISA Companies Register	146259
Share capital	Euro 1,123,097.70 fully paid-in
Tax no. | VAT | Co. Reg. of Pisa	01679440501

PHARMANUTRA

Our history

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., Alesco S.r.l. Akern Sr.l., PharmaNutra España and PharmaNutra USA 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 80 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 **over 70 countries** in Europe, Asia, Africa and America, through a network of **over 40 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.

To support new growth strategies, **PharmaNutra España** and **PharmaNutra USA** were established in 2023 with the aim of dealing directly with the distribution of products.

2000

ALESCO

Establishment of a new company specialised in nutraceutical raw materials.

2003

PHARMANUTRA

PharmaNutra is founded, for the development of medical devices and nutraceutical products.

2010

JUNIA PHARMA

Establishment of a new company focusing on the paediatric sector.

2022

AKERN

PharmaNutra started and completed the acquisition of 100% of the shares in Akern S.r.l.

2023

NEW STRATEGIES FOR GROWTH

Incorporation of PharmaNutra USA and PharmaNutra España.

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 objective of improving people's well-being. 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 PharmaNutra Group (hereinafter referred to as the “Group”).

The Board of Directors of PharmaNutra S.p.A. 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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FIRST HALF FINANCIAL REPORT ON OPERATIONS AS AT 30 JUNE 2023

1.1 Main financial, income statement and balance sheet data

This first half financial report for the six months ended 30 June 2023 has been prepared in accordance with article 154-*ter* of Italian Legislative Decree 58/1998, as amended ("TUF").

The main consolidated financial data of PharmaNutra Group for the six-month periods ended 30 June 2023 and 30 June 2022 are shown below:

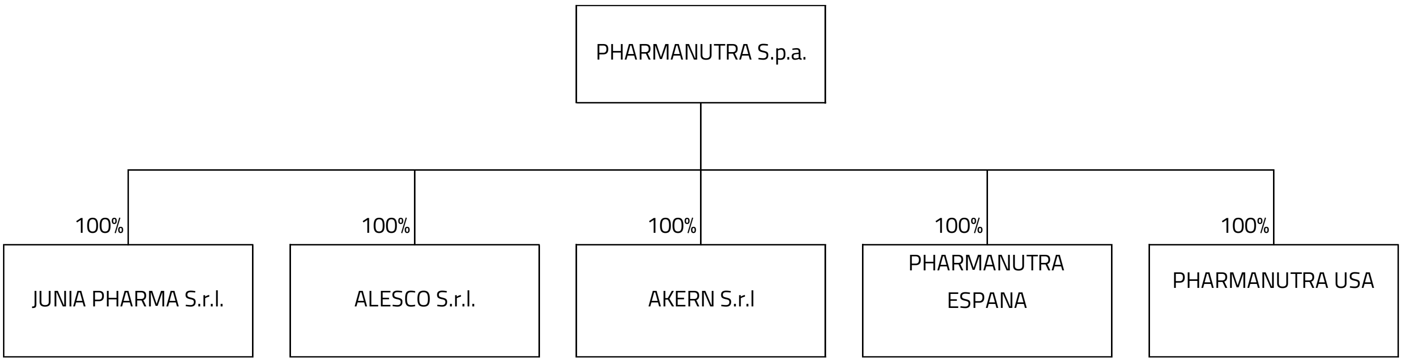
INCOME STATEMENT FIGURES (€/millions)	2023	%	2022	%	Changes
REVENUES	50.3	100.0%	39.9	100.0%	25.8%
REVENUES FROM SALES	49.6	98.8%	39.7	99.5%	25.0%
EBITDA	14.1	28.0%	12.4	31.1%	13.2%
NET RESULT	7.2	14.4%	8.2	20.6%	-12.2%
NET RESULT excl. non-recurring items *	9.2	18.4%	8.2	20.6%	12.2%
EPS - NET RESULT PER SHARE (Euro)	0.75		0.85		-12.0%
EPS - NET RESULT PER SHARE excl. non-recurring	0.96		0.85		12.3%

BALANCE SHEET FIGURES (€/millions)	2023	2022	Changes
NET INVESTED CAPITAL	58.7	40.3	18.4
NET FINANCIAL POSITION	(10.0)	10.6	(20.7)
SHAREHOLDERS' EQUITY	(48.7)	(51.0)	(2.2)

* the Net Result excluding non-recurring items as at 30/06/2023 does not include the accrual made to the Provision for Taxes for the amount of Euro 2 million, which represents the estimate related to the definition of the tax periods between 2017 and 2021 with the aim of adhering to the cooperative compliance provided for by Italian Legislative Decree no. 128 of 5 August 2015.

1.2 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 the pertaining 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.

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.

PharmaNutra USA (hereinafter also referred to as “PHN 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. The sales structure is being created and distribution is expected to start in the second half of 2023.

PharmaNutra España (hereinafter also referred to as "PHN ESP") 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 completion of the company organisation.

PharmaNutra Group's Business Lines

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

Direct Business Line (BL1): 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 "BL1", account for approximately 67% of total revenue, while 28% is accounted for by sales made abroad, through distributors, hereinafter referred to as the "Indirect Business Line" or "BL2".

Indirect Business Line (BL2): 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.

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. Revenues from the Akern business line account for about 5% of total revenues.

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 2023

The Group's growth for the first half of 2023 confirmed the values already shown in the first quarter, with sales revenues increasing by 25% compared to the same period of the previous year. The process of setting up the business activities of the subsidiaries PharmaNutra España, PharmaNutra USA and the new Cetilar® Nutrition line continued, resulting, as expected, in a reduction in margins due to the start-up costs incurred. On the financial side, there was a temporary drawdown of liquidity, which, together with the provision of a mortgage loan to cover the investment for the construction of the new headquarters, led to a reduction in the net financial position.

As already reported in the Annual Financial Report as at 31 December 2022, after having defined the 2016 tax period by means of a deed formalised in March, the Parent Company began discussing with the Provincial Directorate of the Inland Revenue Agency at the Pisa office to also settle the tax periods from 2017 to 2021. This discussion will cover the same type of remarks already considered for the 2016 tax period and, although it follows a general audit carried out by the tax authorities, it will not point out any additional types of tax remarks for the Company. This makes it possible to then pursue the objective, already informally anticipated to the tax supervisory authorities, of adhering to the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015. To this end, in the financial statements as at 31 December 2022, a provision of Euro 1.4 million had been set aside to the tax provision. The checks carried out as part of the dialogue process with the Inland Revenue revealed the need to make a further allowance to the tax provision, which was estimated at Euro 2 million.

Adhering to the collaborative compliance program is a fundamental step in the creation of value for the Group's stakeholders, since it allows for a prior and constant dialogue with the tax authorities, abandoning the current system that envisages assessments after the tax return is submitted aimed at sanctioning any irregularities it may contain. The prior and constant communication with the tax authorities provides the taxpayer with immediate tax certainty prior to the tax return, prevents the risk of tax disputes and eliminates the risk of administrative and criminal sanctions, integrates and strengthens the corporate governance and internal control system, making it possible to correctly plan investments and their expected return because of the certainty of the tax rate.

Revenues from sales

Consolidated sales revenue in the first half of 2023 increased by 25% compared to the corresponding period of the previous year and amounted to Euro 49.6 million (Euro 39.7 million at 30 June 2022).

Revenues - Italy

Revenues from sales on the Italian market increased by 22.6% to Euro 35.5 million (Euro 28.9 million as at 30 June 2022). Revenues from sales in Italy as at 30/06/2023 include Euro 2.3 million generated by Akern, which was not consolidated as at 30 June 2022.

Revenues - Foreign markets

Revenues from sales in foreign markets amounted to Euro 14.2 million (Euro 10.8 million in the first half of the previous year), an increase of 31.5%, and accounted for 28.5% of total revenues compared to 27.1% 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 and fourth quarters.

Akern's revenues generated in foreign markets in the period amounted to Euro 0.4 million.

Operating Costs

Operating expenses for the first half of 2023 amounted to Euro 36.2 million, an increase of 31.5% compared to 30 June 2022 (Euro 27.5 million).

PharmaNutra Group's **EBITDA** for the half year closed at 30 June 2023 was Euro 14.1 million (Euro 12.4 million in the first half of 2022), corresponding to a 28% margin on revenues, and an approximate increase of 13.2% compared to the same period of the previous year.

The **Net result for the period** amounted to Euro 7.2 million for the first half of 2023 (Euro 8.2 million as at 30 June 2022).

The **Net result for the period excluding non-recurring items**, including the accrual to tax provision mentioned above, amounted to Euro 9.2 million.

The **Net result per share** for the first half of 2023 was Euro 0.75 compared to Euro 0.85 as at 30 June 2022.

The **Net result per share excluding non-recurring items** for the first half of 2023 was Euro 0.96 compared to Euro 0.85 as at 30 June 2022.

The **Net Financial Position** as at 30 June 2023 showed a negative balance of Euro 10 million compared to the positive balance of Euro 10.6 million as at 31 December 2022, after paying dividends of Euro 7.7 million and purchasing treasury shares for Euro 1.6 million; capital expenditures in the half year for the progress of construction work of the Group's new headquarters amount approximately to Euro 10 million.

The change in the net financial position compared to 31 December 2022 was also affected by the approval of a mortgage loan based on the progress of the construction of the new headquarters, of which the amount of Euro 9 million was disbursed.

Cash generated by operations in the period amounted to Euro 0.2 million due to the cash drawdown generated by the implementation of inventory management policies, costs incurred in the half-year whose accrual extends to the following half-year, the purchase of tax credits, and the payment of medium/long-term emoluments to Executive Directors following the expiry of their term of office.

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 as at 30 June 2023.

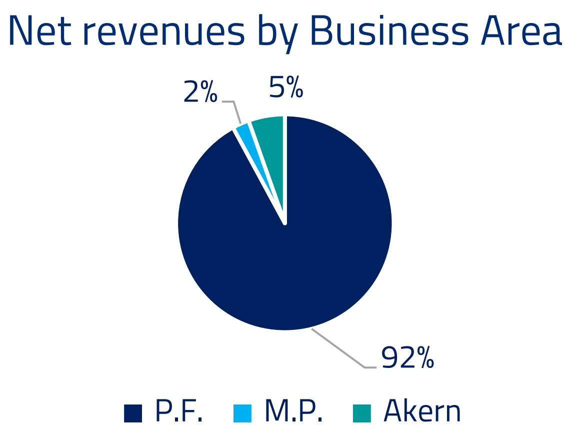
Sales results

The consolidated revenues for the half year closed at 30 June 2023 (amounting to Euro 49.6 million) increased by 25% compared to the half year closed at 30 June 2022 (Euro 39.7 million).

Revenues by area of activity				Incidence	
€/1,000	2023	2022	Δ%	2023	2022
BL1	32,419	28,066	15.5%	65.3%	70.7%
BL2	13,285	10,227	29.9%	26.8%	25.8%
Total Finished Products	***45,704***	***38,292***	***19.4%***	***92.1%***	***96.4%***
Alesco Outgroup - Italy	734	882	*-16.8%*	*59.3%*	*62.2%*
Alesco Outgroup - Foreign	503	537	*-6.2%*	*40.7%*	*37.8%*
Total Raw Material	***1,237***	***1,419***	**-12.8%**	**2.5%**	**3.6%**
Akern Italy	2,324	0	*n.s.*	*86.4%*	*0.0%*
Akern Foreign markets	367	0	*n.s.*	*13.6%*	*0.0%*
Total Akern	***2,691***	***0***	**n.s.**	**5.4%**	**0.0%**
Total	**49,632**	**39,711**	**25.0%**	**100%**	**100%**

Revenues from sales of finished products increased by a total of 19.4% with an increase of 15.5% and 29.9% 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 decrease of Euro 182 thousand compared to 30 June 2022, resulting from the time distribution of orders from distributors.



The following table shows the trend of revenues on foreign markets as at 30 June 2023 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 higher number of active contracts and temporal dynamics of order acquisition by distributors.

Revenues by geographic area €/1,000	2023	2022	Δ%	Incidence 2023	Incidence 2022
Europe	8,118	6,184	31.3%	57.4%	57.5%
Middle East	4,492	3,614	24.3%	31.7%	33.6%
South America	1,061	383	176.8%	7.5%	3.6%
Far East	262	176	48.3%	1.9%	1.6%
Other	222	405	-45.2%	1.6%	3.8%
Total	**14,155**	**10,763**	**31.5%**	**100%**	**100%**

Higher sales in the Chinese market through the e-commerce platform with cross-border marketing structure contributed to the increase in revenues in the Far East for Euro 153 thousand.

In terms of volumes, the sales of finished products as at 30 June 2023 reached 6.4 million units, an increase of approximately 26% compared to 5 million units in the first half of previous year.

F.P. Volumes Units/1,000	2023	2022	Δ%	Incidence 2023	Incidence 2022
BL1	2,320	2,029	14.4%	36.4%	40.2%
BL2	4,051	3,021	34.1%	63.6%	59.8%
Total	**6,371**	**5,049**	**26.2%**	**100%**	**100%**

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

F.P. Revenues by Product Line €/1,000	2023	2022	Δ%	Incidence 2023	Incidence 2022
Sideral	34,814	28,913	20.4%	71.9%	75.5%
Cetilar	4,897	3,866	26.7%	10.1%	10.1%
Apportal	4,058	3,766	7.7%	8.4%	9.8%
Ultramag	580	425	36.5%	1.2%	1.1%
Other	1,355	1,322	2.5%	2.8%	3.5%
Akern	2,691	0	n.s.	5.6%	0.0%
Total	**48,395**	**38,292**	**26.4%**	**100%**	**100%**

The analysis of revenues by product line as at 30 June 2023 shows an increase in revenues of the Sideral® line, the Cetilar® line and Ultramag and a slowdown in the growth of Apportal® due to seasonality effects.

1.4 Significant events occurring during the half year

The most significant events of the first half of 2023 are described below.

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.

In March, the dispute with the Italian Inland Revenue concerning tax year 2016 was settled 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.

In April, three new contracts were formalised for the distribution of products from the Sideral line: the first agreement concerns the Benelux and was signed with GLNP Pharma, a Dutch company specialising in the development and sale of nutritional supplements dedicated to body health and biomedical equipment, and already a partner of Akern; GLNP Pharma will handle the distribution of SiderAL® Forte in the territory. The second agreement was entered into with Laboratorio Ariston, a partner company of PharmaNutra for the distribution of SiderAL® Forte in Argentina, which will expand its distribution to Chile and Uruguay, thereby strengthening

PharmaNutra's presence in South America. The third agreement was concluded with KOL Pharma, a company active in the distribution of medical devices in the American continent, which will distribute SiderAL® Forte and SiderAL® Folic in Guatemala, Panama, El Salvador and Costa Rica.

In May, a partnership was renewed with the Spanish driver Fernando Alonso, already with PharmaNutra on the occasion of his participation in the Dakar 2020. He will be testimonial of the Cetilar® brand and the new Cetilar® Nutrition line, thus significantly contributing to the development of the effectiveness of the new products.

In the same month, a mortgage loan contract based on the progress of the construction of the new headquarters was finalised with Banco BPM S.p.A. for the amount of Euro 12 million, of which Euro 9 million was disbursed at the signing of the contract.

In June, the Parent Company invested a portion of its liquidity, amounting to Euro 4.3 million, by purchasing tax credits from the so-called "superbonus", "ecobonus" and other building tax relief measures, in the various forms of tax relief obtained in connection with the interventions referred to in articles 119-121 of Italian Decree-Law No. 34/2020, converted by Law No. 77/2020, as later amended and supplemented ("Relaunch Decree"), Italian Decree-Law No. 63/2013, converted by Law No. 90/2013, articles 14, 16, 16-*bis* and 16-*ter*, and Italian Law No. 160/2019 article 1, paragraph 219, as later amended and supplemented.

27,382 treasury shares were purchased during the half year 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 a profitable investment, 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. As at 30 June 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 period, 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.

1.5 PharmaNutra Group Results

Below are the profit and loss accounts as at 30 June 2023 and 2022:

CONSOLIDATED OPERATING INCOME STATEMENT (€/1,000)	2023	%	2022	%	Δ 23/22	Δ %
REVENUES	**50,247**	**100.0%**	**39,930**	**100.0%**	**10,317**	**25.8%**
Net revenues	49,632	98.8%	39,711	99.5%	9,921	25.0%
Other revenues	615	1.2%	219	0.6%	396	180.8%
OPERATING COSTS	**36,193**	**72.0%**	**27,515**	**68.9%**	**8,678**	**31.5%**
Purchases of raw materials, consum. and supplies	3,213	6.4%	1,894	4.7%	1,319	69.6%
Change in inventories	(1,925)	-3.8%	(349)	-0.9%	(1,576)	451.6%
Costs for services	31,144	62.0%	23,392	58.6%	7,752	33.1%
Personnel costs	3,296	6.6%	2,309	5.8%	987	42.8%
Other operating costs	465	0.9%	269	0.7%	196	72.9%
GROSS OPERATING MARGIN (EBITDA)	**14,054**	**28.0%**	**12,415**	**31.1%**	**1,639**	**13.2%**
Amortisation, depreciation and write-offs	854	1.7%	594	1.5%	260	43.8%
OPERATING MARGIN (EBIT)	**13,200**	**26.3%**	**11,821**	**29.6%**	**1,379**	**11.7%**
FINANCIAL INCOME (EXPENSES) BALANCE	**7**	**0.0%**	**0**	**0.0%**	**7**	**n.s.**
Financial income	362	0.7%	49	0.1%	313	n.s.
Financial expenses	(355)	-0.7%	(49)	-0.1%	(306)	n.s.
PRE-TAX RESULT	**13,207**	**26.3%**	**11,821**	**29.6%**	**1,386**	**11.7%**
Taxes	(5,975)	-11.9%	(3,589)	-9.0%	(2,386)	66.5%
Group net income	**7,232**	**14.4%**	**8,232**	**20.6%**	**(1,000)**	**-12.2%**

In the first half of 2023, there was an expected reduction in margins attributable to the costs incurred for the start-up of the business of the subsidiaries PHN USA and PHN ESPAÑA, in particular recruiting, administrative and commercial advisory service and personnel costs, and higher marketing investments made to support the Group's brands. The 25.8% increase in revenue was offset by a 31.5% increase in operating expenses compared to the first half of 2022.

The item Taxes as at 30 June 2023 includes the accrual to the tax provision of approximately Euro 2 million, already mentioned.

PharmaNutra Group applies some alternative performance indicators that are not identified as accounting measures under IFRS, in order to allow for a better assessment of management performance. Therefore, the assessment criteria used by the Group may not be consistent with those used by other groups and the balance obtained may not be comparable with that determined by the latter.

Such alternative performance indicators, determined in accordance with the requirements of the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015, refer only to the performance of the six-month accounting period covered by this First half financial report and of the periods compared and not to the expected performance of the Group.

Below is a definition of the alternative performance indicators used in this Financial Report:

- EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation.

- Adjusted EBITDA: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of non-recurring items

- EBIT: it is represented by the Earnings before interest, taxes, depreciation and amortisation net of depreciation, amortisation and write-downs.

- Net Working Capital: it is calculated as the sum of inventories and trade receivables net of trade payables

and all other balance sheet items classified as Other receivables or Other payables.

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

of trade payables.

- Net Invested Capital: it is the sum of Net Working Capital, Total Fixed Assets net of Provisions and other medium/long-term liabilities, excluding items of a financial nature which are included in the Net Financial Position balance.

- Net Financial Position (NFP): it is calculated as the sum of current and non-current bank loans and borrowings, current and non-current liabilities for rights of use, net of cash and cash equivalents, and current and non-current financial assets.

- Total Sources: it is represented by the sum of Shareholders' Equity and NFP.

The reclassified income statement figures as at 30 June 2023 and as at 31 December 2022 are shown below:

OPERATING BALANCE SHEET (€/1,000)	30/06/2023	31/12/2022
TRADE RECEIVABLES	24,654	21,647
INVENTORIES	7,338	5,261
TRADE PAYABLES	(16,267)	(16,882)
OPERATING WORKING CAPITAL	**15,725**	**10,026**
OTHER RECEIVABLES	6,959	4,958
OTHER PAYABLES	(5,542)	(5,292)
NET WORKING CAPITAL	**17,142**	**9,692**
INTANGIBLE FIXED ASSETS	22,274	21,560
TANGIBLE FIXED ASSETS	25,156	17,055
FINANCIAL FIXED ASSETS	3,150	1,310
TOTAL FIXED ASSETS	**50,580**	**39,925**
PROVISIONS AND OTHER M/L-TERM LIABILITIES	(8,978)	(9,307)
TOTAL USES	**58,744**	**40,310**
SHAREHOLDERS' EQUITY	**48,712**	**50,948**
NON-CURRENT FINANCIAL LIABILITIES	22,037	14,110
CURRENT FINANCIAL LIABILITIES	3,669	3,616
NON-CURRENT FINANCIAL ASSETS	(291)	(1,503)
CURRENT FINANCIAL ASSETS	(5,070)	(4,810)
CASH AND CASH EQUIVALENTS	(10,313)	(22,051)
NET FINANCIAL POSITION	**10,032**	**(10,638)**
TOTAL SOURCES	**58,744**	**40,310**

The change in operating working capital compared to 31 December 2022 is attributable to the higher sales volumes realised in the period, the increase in inventories due to the production cost management policies implemented, and the timing dynamics of cash in and out. The increase in the item Other receivables is due to the recognition of deferrals related to marketing activities whose accrual extends beyond 30 June 2023, the recognition of the receivable related to the indemnity to be received from pre-listing shareholders mentioned above, and the current portion of purchased tax credits.

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 Fixed 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 increase in Financial Fixed Assets is attributable to tax credits acquired as an investment of a portion of the Group's liquidity.

The reduction in Non-current Financial Assets resulted from the collection of the insurance policy taken out to cover the Directors' termination indemnity provision, which was liquidated following the expiry of the Executive Directors' term of office.

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.

	30/06/2023	31/12/2022
Cash	(14)	(21)
Cash in banks	(10,299)	(22,030)
Total cash and cash equivalents	**(10,313)**	**(22,051)**
Current financial assets	(5,070)	(4,810)
Current financial liabilities: due to banks	0	0
Current portion of non-current debt	3,267	3,365
Current financial payables for rights of use	402	251
Net current financial indebtedness FA	(1,401)	(1,194)
Net current financial (assets)/indebtedness	**(11,714)**	**(23,245)**
Non-current financial assets		(1,259)
Deposits paid	(291)	(244)
Non-current bank payables	21,070	13,612
Non-current financial payables for rights of use	967	498
Non-current financial indebtedness	**21,746**	**12,607**
Net financial position	**10,032**	**(10,638)**

The increase in the item Non-current bank payables derives from a mortgage loan disbursed in May by Banco BPM S.p.A. The amount of the loan is Euro 12 million, of which Euro 9 million was disbursed when the contract was signed. The loan expires on 30 June 2038 and will be repaid in 60 quarterly instalments of which 4 are interest-only. It is secured by a first mortgage and is subject to an annual financial covenant. The interest rate is equal to the quarterly Euribor rate plus a spread of 1.45 b.p.

For changes in Non-current financial assets, please refer to what has already been reported.

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

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

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

Food supplements market [1]

Over the past twelve months, the supplement market has performed well compared to last year with +7.1% in turnover and +4.6% in volume. When referring to the first half of the year, the cumulative figure shows an increase of +6.4% in value and +2.9% in volume respectively.

The weights of the channels in the first six months of the year see the Pharmacy channel leading the way; in percentage terms, compared to the average annual figure, the weight of this channel on the total slightly increased, as did that of the Parapharmacy channel, while the weight of the Mass Market decreased.

Supplement Market - 5 Channels:

	Periodo	Valore (Mio€)	Trend	Contributo alla Crescita*	Quota Canale
FARMACIA	MAT 2023	3.514,5	+7,1%	+5,4%	77,8%
	YTD 6/23	1.765,8	+6,4%	+5,0%	77,6%
	Ultimo mese	293,1	+0,1%	+0,0%	76,1%
PARAFARMACIA	MAT 2023	353,1	+0,4%	+0,0%	7,8%
	YTD 6/23	175,2	-1,0%	-0,1%	7,7%
	Ultimo mese	29,5	-3,0%	-0,2%	7,7%
ONLINE	MAT 2023	312,9	-2,1%	-0,2%	6,9%
	YTD 6/23	161,2	+4,8%	+0,3%	7,1%
	Ultimo mese	25,5	+0,8%	+0,1%	6,6%
IPER+SUPER No Corner	MAT 2023	225,7	+8,9%	+0,4%	5,0%
	YTD 6/23	116,9	+6,4%	+0,3%	5,1%
	Ultimo mese	25,4	+2,9%	+0,2%	6,6%
IPER+SUPER Con Corner	MAT 2023	108,5	+6,8%	+0,2%	2,4%
	YTD 6/23	56,1	+7,0%	+0,2%	2,5%
	Ultimo mese	11,5	+6,2%	+0,2%	3,0%

Totale 5 canali: MAT 4.514,8 Mio€, +5,9% | YTD 2.275,1 Mio€, +5,7% | UM 385,0 Mio€, +0,2%

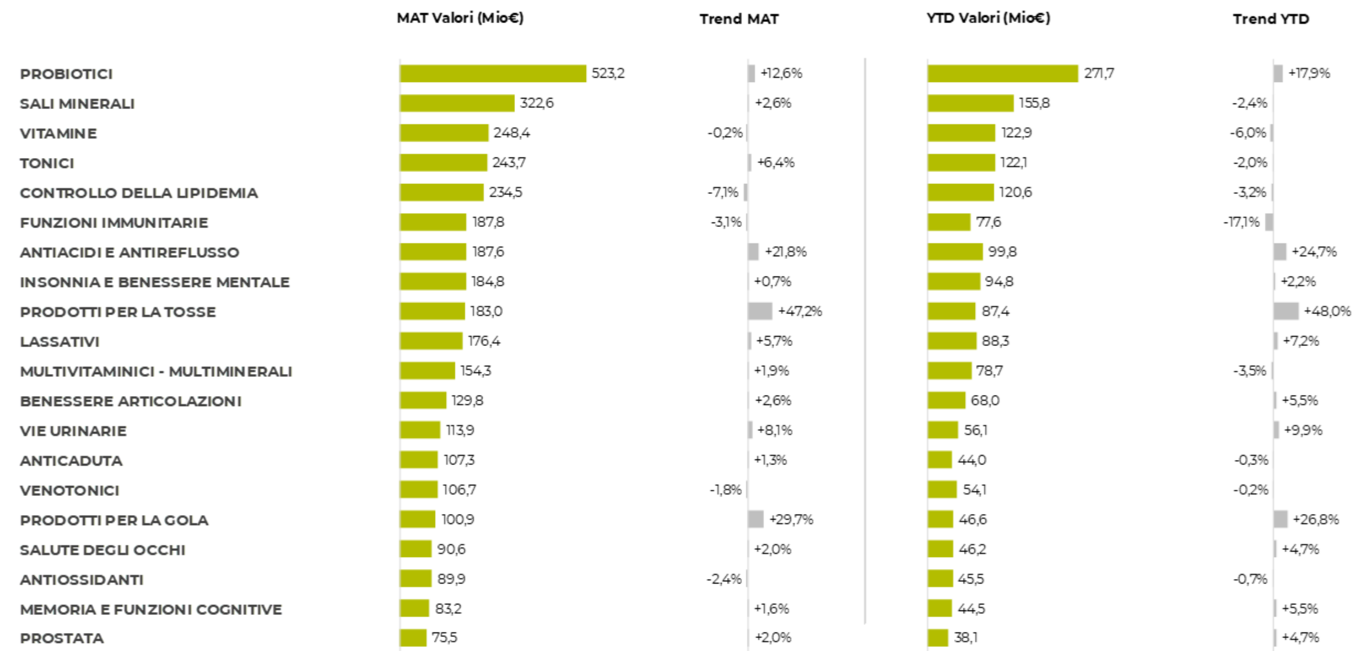
[1] Source: NewLine data processing - rolling year ending June 2023

Again with reference to the last twelve months, about 18 thousand new references (representing 14% of the managed products) were placed on the supplement market, generating a value of Euro 138 million, or 3% of the total turnover.

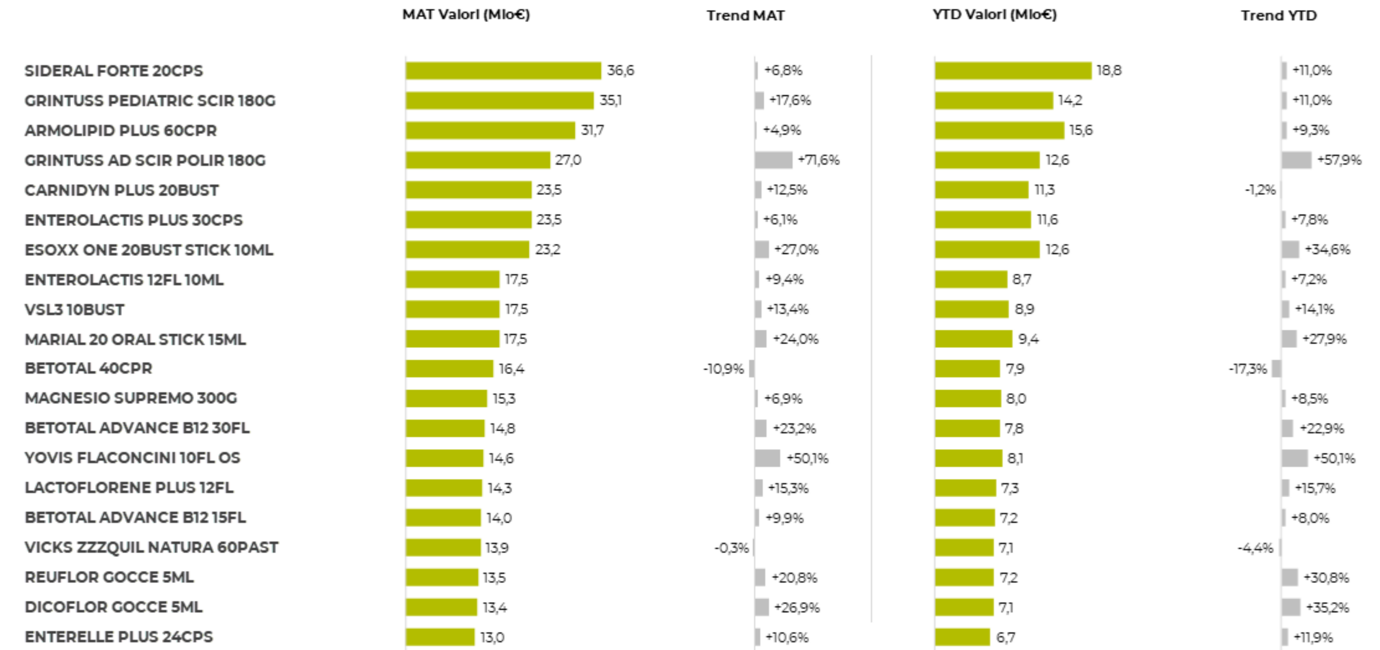
The price trend records a more or less significant impact than the market average on some segments. Specifically, compared to an average price increase across all channels of about 2.6%, the categories that see significant price increases are:

TOTALE 5 CANALI	+2,6%
ANTIACIDI E ANTIREFLUSSO	+15,5%
AUMENTO DELLA RESISTENZA FISICA	+11,1%
AZIONE TERMOGENICA	+10,5%
DEPURATIVI E DETOSSINANTI	+9,2%
FOTOPROTEZIONE	+8,2%
TIROIDE	+8,1%
VITAMINE	+7,7%
ALTRI NUTRICOSMETICI	+6,7%
SALI MINERALI	+6,0%
DRENANTI	+5,8%

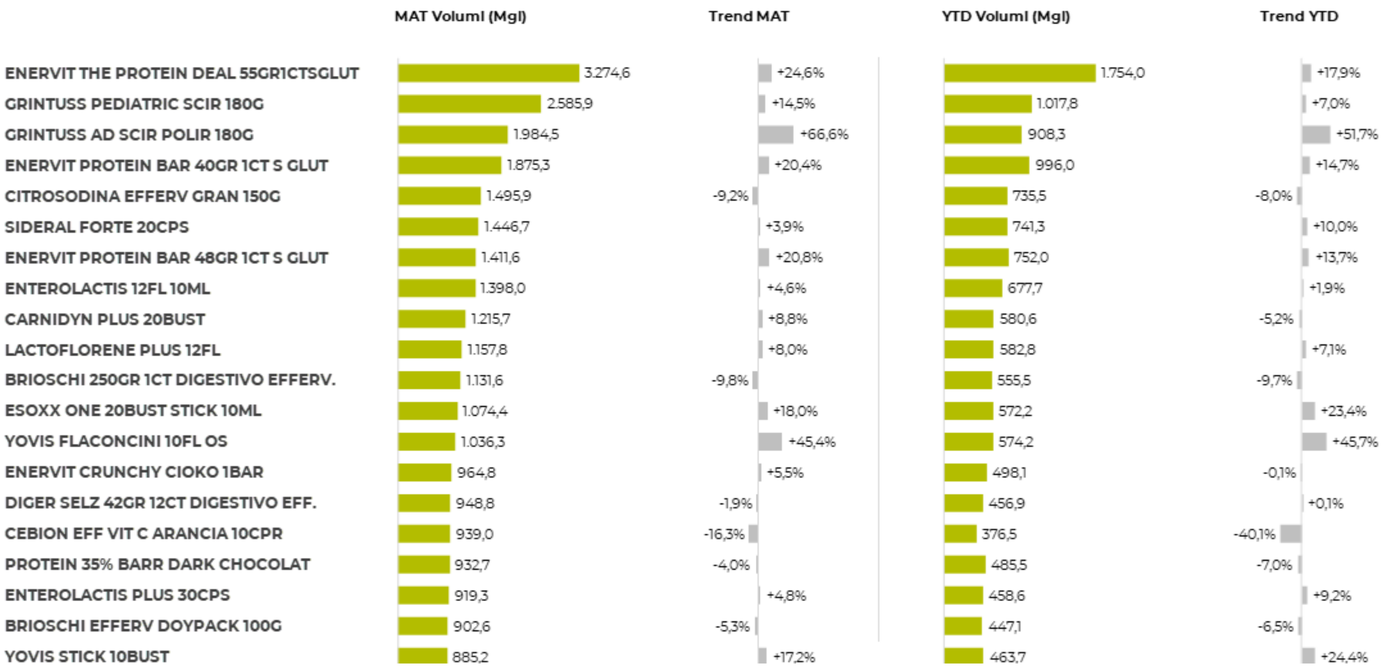
Looking at the main categories that make up the supplement market in the first six months of the year, the markets with the largest year-on-year growth variances are probiotics (+19.8%), cough products (+50.1%) and throat products (+29.6%). The markets for vitamins (-6.2%), mineral salts (-2.1%) and tonics (-2.2%) declined slightly.



The Food Supplements Market - Top 20 products (sellout at MAT and YTD values) [2]



The market for Food Supplements – Top 20 product codes (sell-out in volume MAT and YTD) [3]



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

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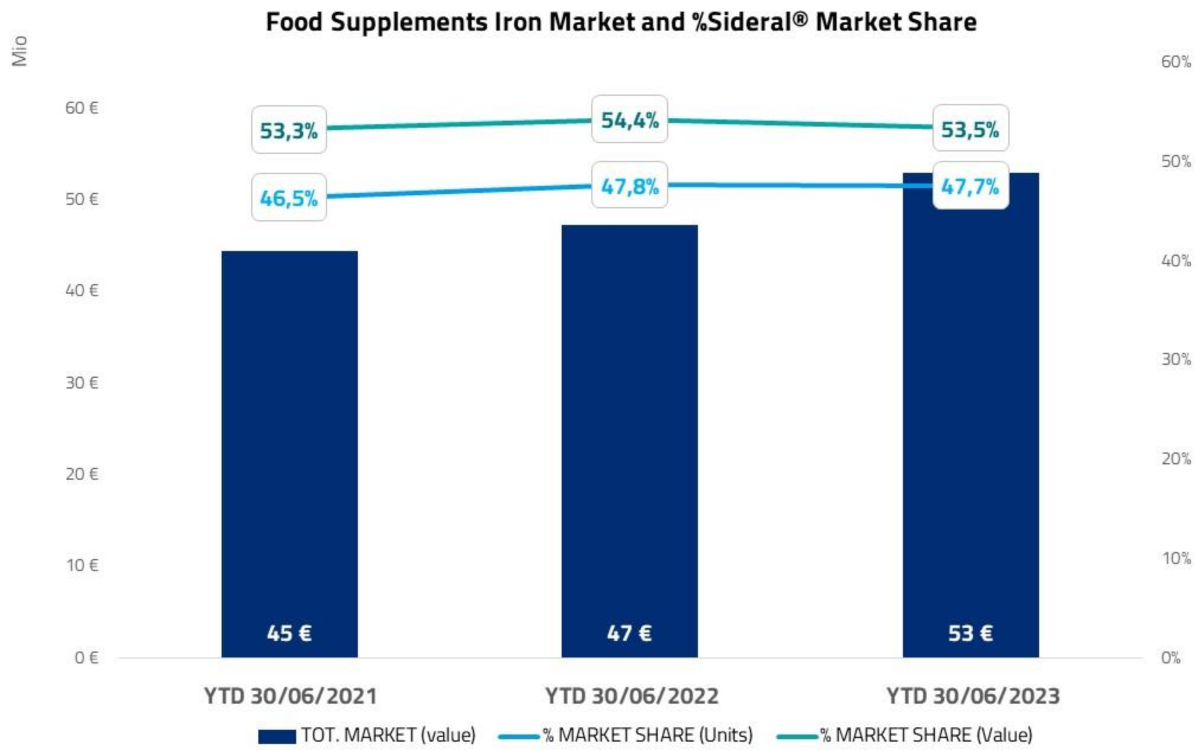
[2] Values in millions of Euro

[3] Values in millions of Euro

Iron market

PharmaNutra Group operates in the iron supplement market (Food Supplements and Drug) with its Sideral© product line, which once again confirms its leadership position with a market share of 53.5% in value and 47.7% in volume[4].

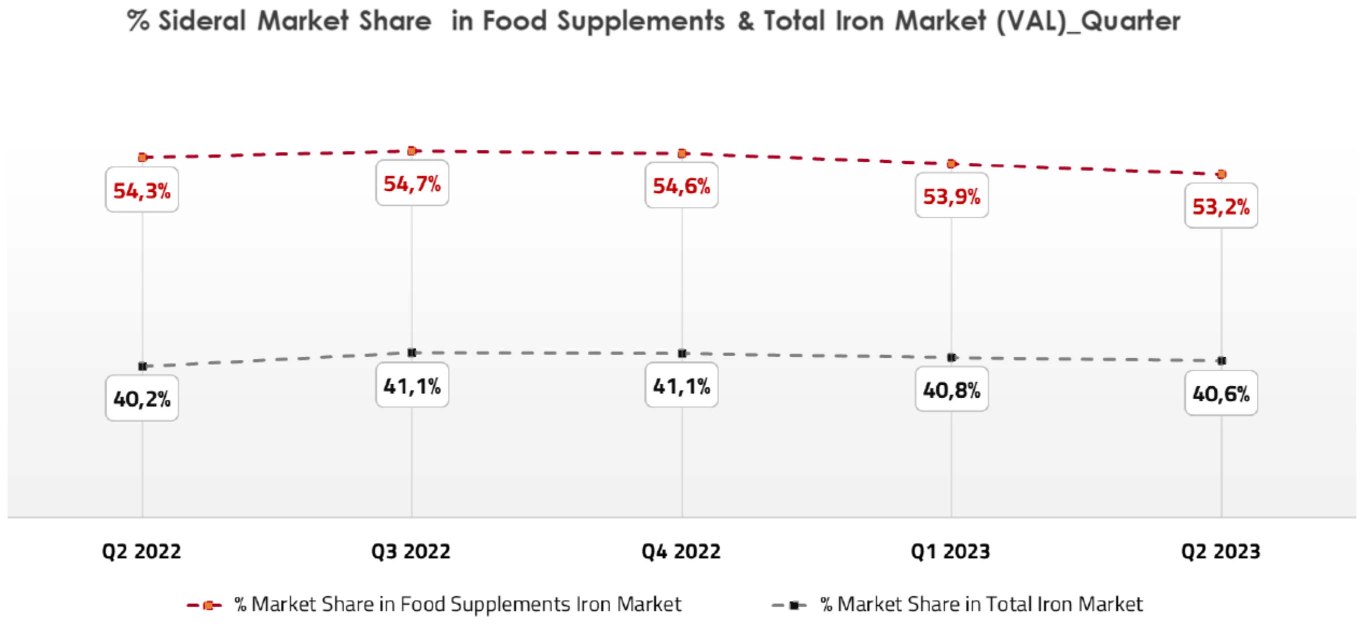


The chart above shows how the market for iron-based supplements has grown since 30 June 2022, with Sideral maintaining its share in volume with a slight decrease of the same in terms of value.

The charts below show the quarterly trends in the market share of Sideral© (expressed in value) in relation to the market for iron supplements only (Food Supplements) and the overall market consisting of both Food Supplements and Drugs[5].

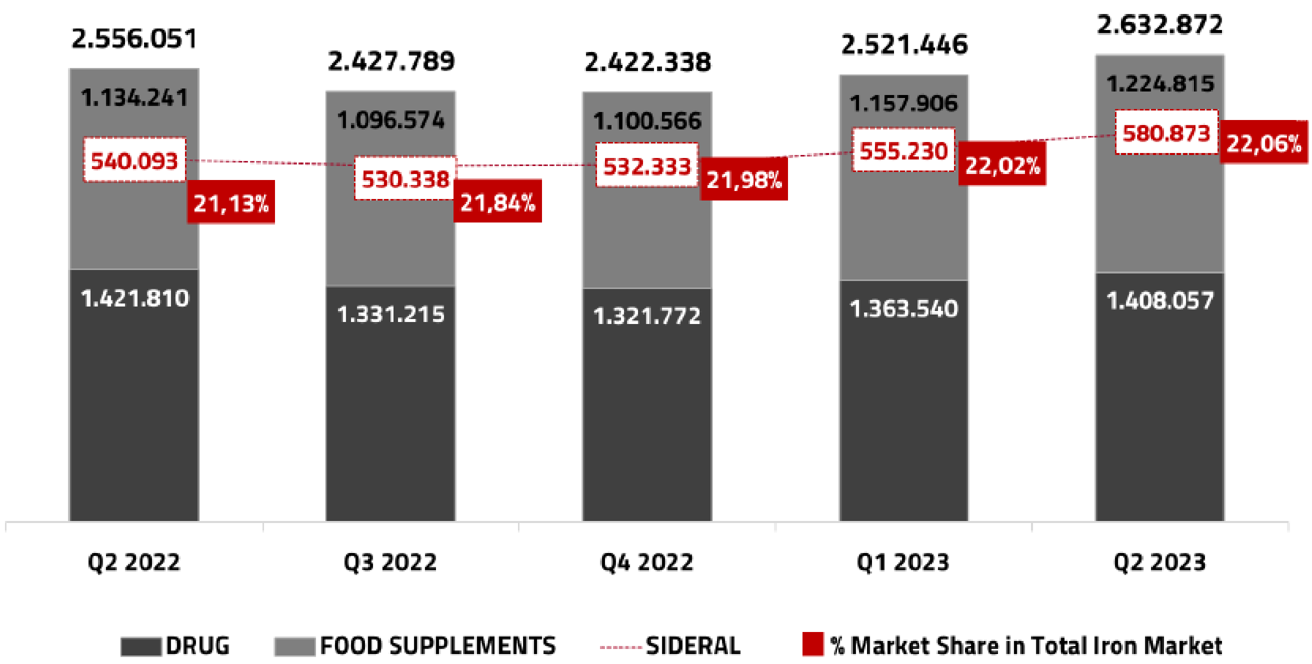
[4] Source: IQVIA data

[5] Source: IQVIA data



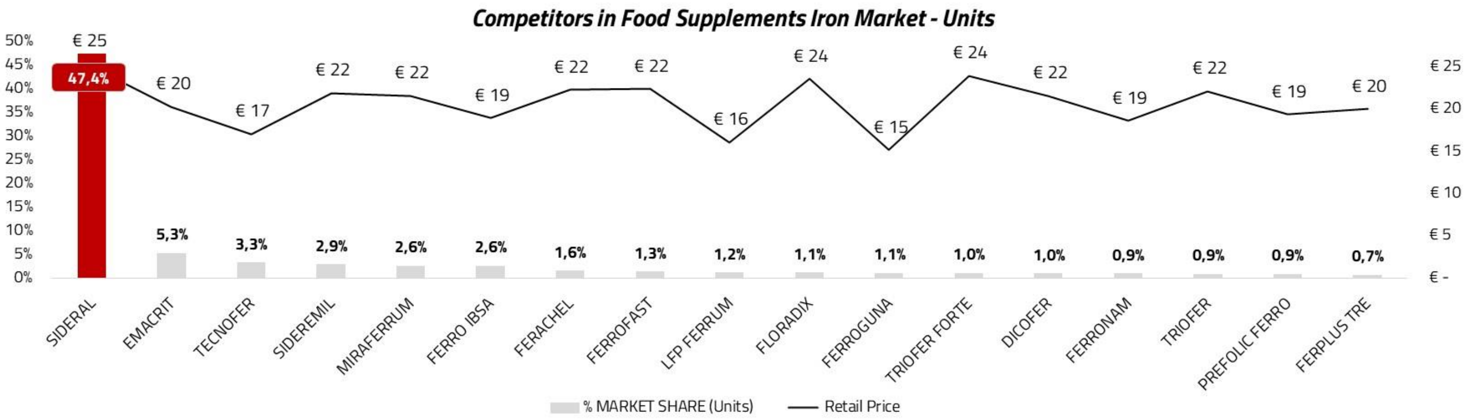
It should be noted that the Sideral© product line also has a significant market share in the entire panorama of the overall market, whose growth is driven by the food supplements segment at the expense of the drugs one.

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



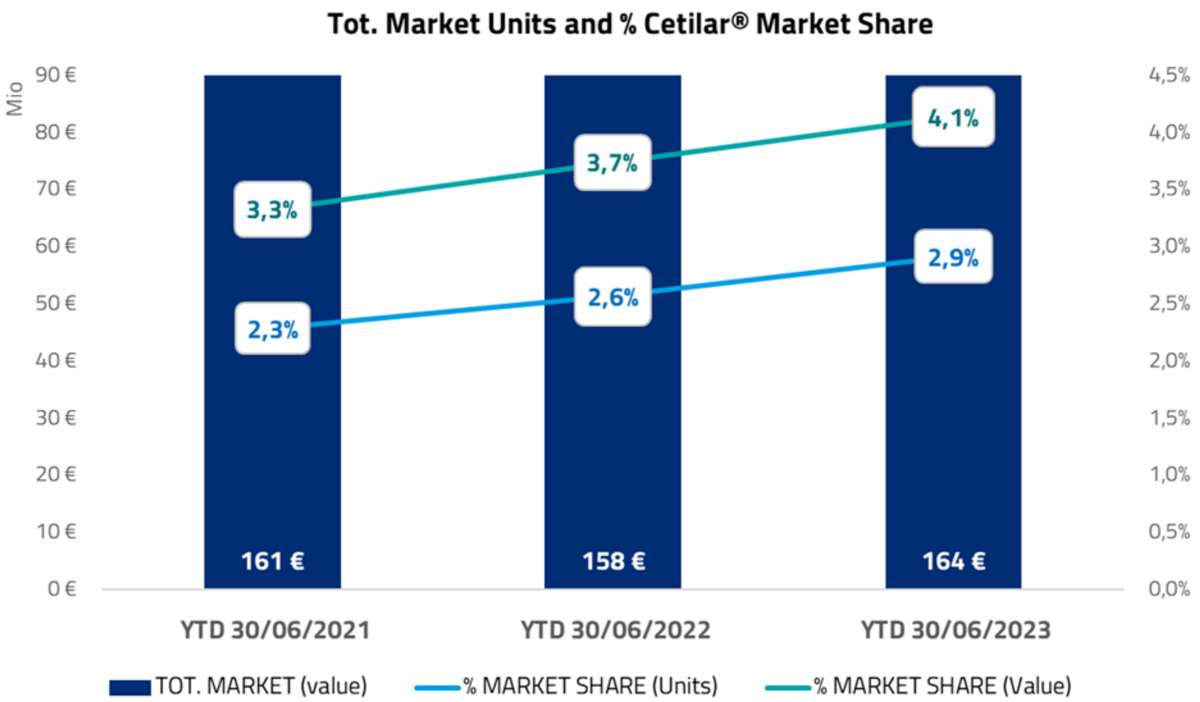
In the second half of 2023, the trend of Sideral© products per unit increased compared to the previous half year with the total market share increasing from 21.13% at 30/06/2022, to 22.06% at 30/06/2023.

Going into detail, the different players operating in the iron supplements segment in terms of market shares and average price, the direct competitors of Sideral© have much smaller market shares (the second competitor has a market share almost 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.

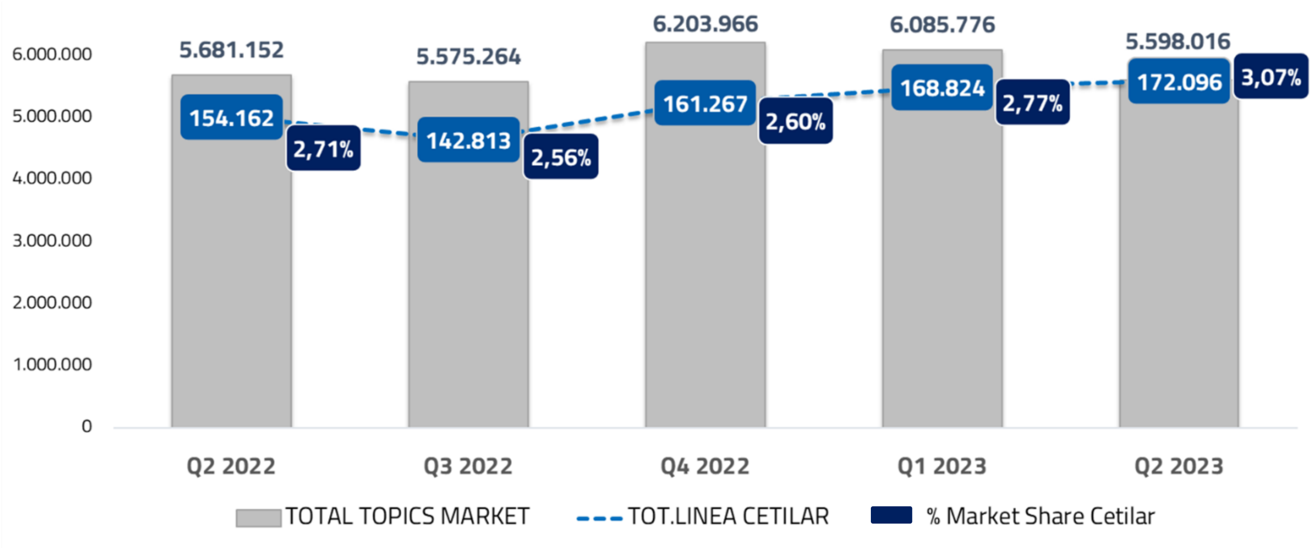


Market for topical painkillers

As at 30 June 2023, the painkiller market showed a slight increase in value compared to 30 June 2022 (+4%); the Cetilar® line increased its share in both volume and value.



The chart below shows the overall market trend (Topical products and Cetilar® line) from the second quarter of last year.



The following are the market shares (value) referring to the second quarter of 2023 of the key market competitors.

1.7 Investments

In the first half of 2023, the Group invested a total of Euro 9.8 million in fixed assets, of which Euro 981 thousand in intangible assets, for the registration of trademarks and patents (Euro 351 thousand), for the implementation of management software (Euro 154 thousand) and for ongoing research projects (Euro 381 thousand).

Investments in property, plant and equipment roughly amount to Euro 8.8 million and refer to Euro 6.3 million for the building of the new headquarters, Euro 1 thousand for the rights of use referred to the purchase of stakes in an aircraft, and Euro 900 thousand for the lease contracts for the purchase of machines and equipment for the new headquarters. During the first half of the year, motor vehicles were purchased for the Group's management and employees for an amount of Euro 386 thousand. The remaining amount refers to investments in laboratory and IT equipment.

1.8 Research and development activities

The research costs incurred during the period amount to Euro 862 thousand, of which Euro 481 thousand posted to the income statement (Euro 214 thousand as at 30 June 2022) and Euro 381 thousand capitalised, to which personnel costs for research and development activities should be added.

During the half year, 4 applications for the registration of new patents, 10 applications for the registration of new trademarks and 17 applications for the extension of trademarks in new countries were filed.

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 as at 30/06/2023	60.70
Capitalisation at the date of admission	96,809,770
Capitalisation as at 30/06/2023	587,635,304

*= 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 2023.

Declarant or subject at the top of the investments chain	Direct shareholder	Number of shares		% of S.C. with voting
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	3,323,436		34.33%
	PharmaNutra	65,381		0.68%
	Total	**9,680,977**		**100.0%**

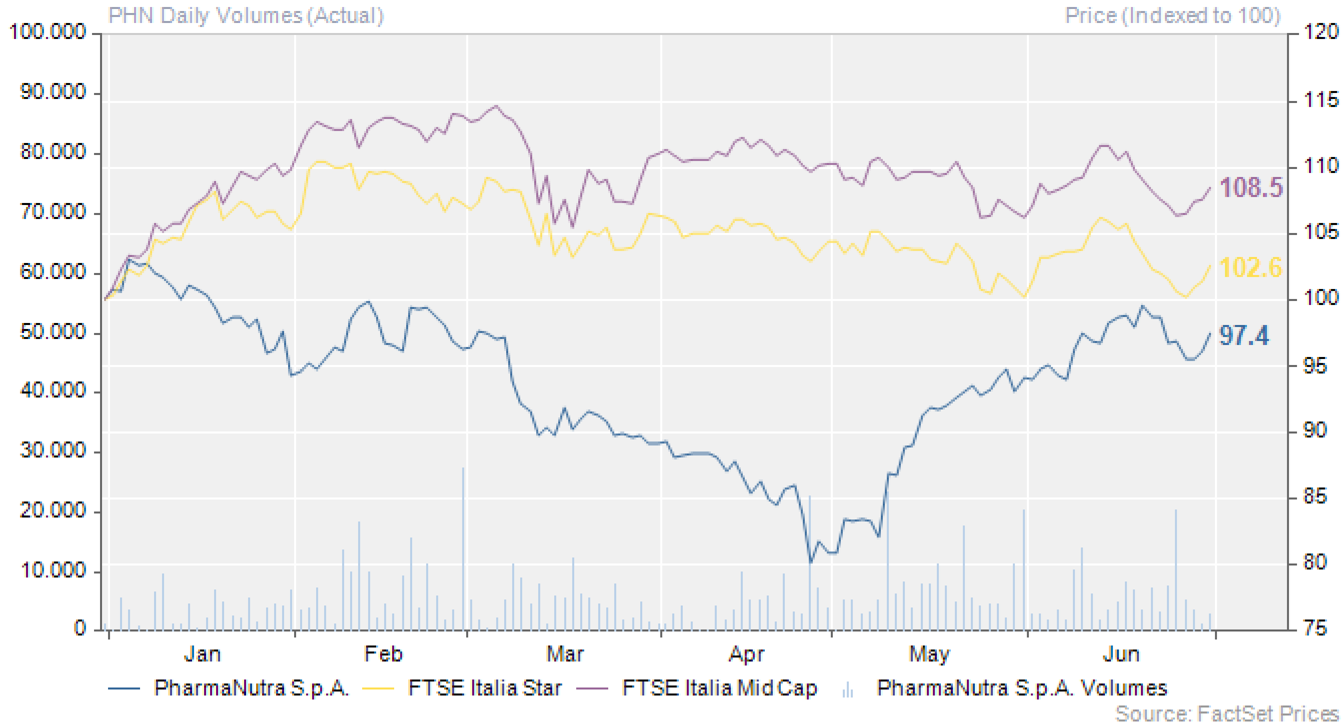
1) Including 953,334 PHN ordinary shares through the trust company COFIRCONT Compagnia Fiduciaria S.r.l. under a specific fiduciary mandate.

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

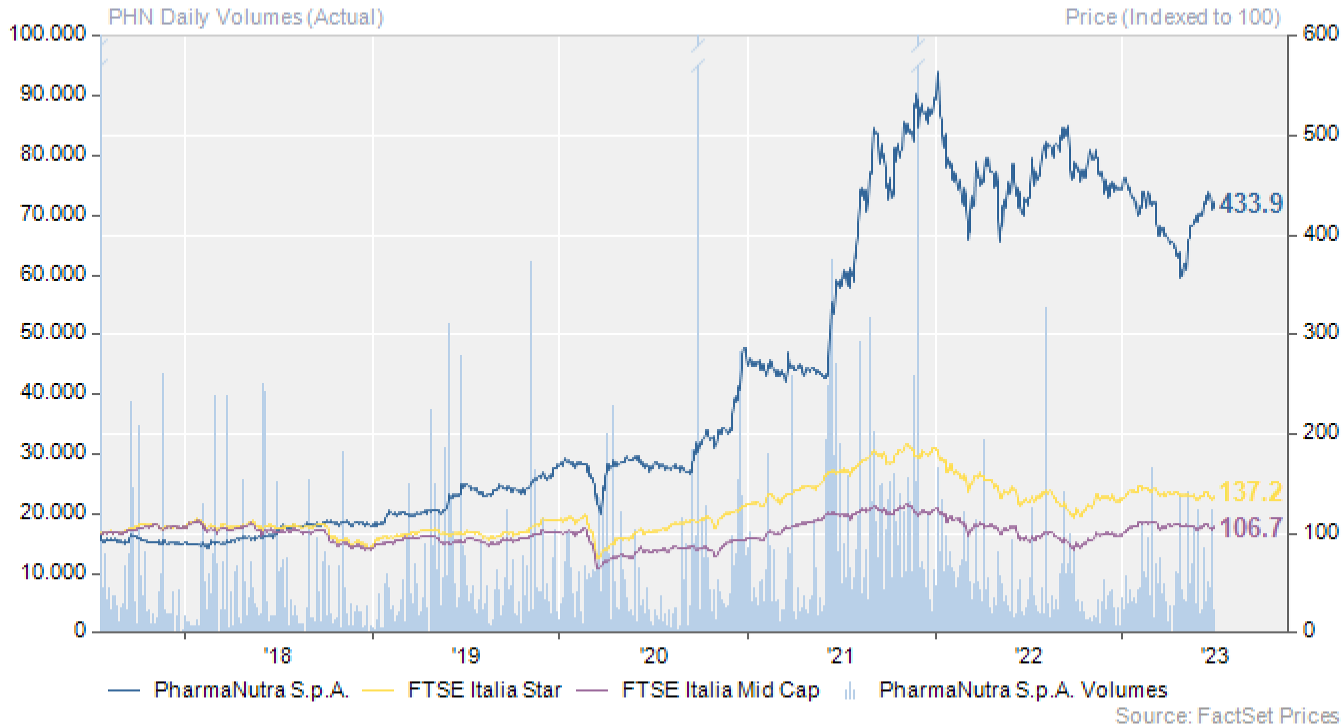
Andrea Lacorte is the sole shareholder and sole director of ALH S.r.l., Roberto Lacorte is the sole shareholder and sole director of RLH S.r.l. and Carlo Volpi is the sole shareholder and sole director of Beda S.r.l.

In the first half of 2023, the Company's shares had an average price of Euro 58.42 (Euro 63.74 in 2022), a maximum price of Euro 64.20 (as at 4 January 2023) and a minimum price of Euro 50.00 (as at 26 April 2023). During the same period, average daily trading volumes were approximately 6,163 shares (against the 7,313 average trading volumes in 2022).

From the beginning of the year to 30 June 2022, the market value of the Company's shares fell by 2.6%, in contrast to the rises recorded during the same period by the FTSE Italia STAR index (+2.6%) and the FTSE Italia Mid Cap index (+8.5%). The graph below sets out respectively the prices and traded volumes of the Company's Shares and the performance of the FTSE Italia Mid Cap and FTSE Italia STAR indices in the first half of 2023.



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 2023, 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 334% compared to +37% of the FTSE Italia STAR index and 7% of the FTSE Mid Cap index.



ANALYST COVERAGE	**STIFEL**	**INTERMONTE**
Start of coverage	01/06/2021	03/06/2021
Update	09/05/2023	09/05/2023
Target price	86.0	87.0

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 2023 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's companies:

they mainly consist 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 on the amounts related to the 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 Euro 3 million, so as to allow the company to take advantage of the opportunity to make an advantageous investment, in cases where the market price of PharmaNutra shares, also due to factors external to the Company, is not able to adequately express its value. As at 31 December 2022, the Company held 37,999 treasury shares; during the first half of 2023, the Company purchased a total of 27,382 treasury shares at a weighted average price of Euro 59.20 each, net of fees, for a total outlay of Euro 1,621 thousand. As at 30 June 2023, the Company held a total of 65,381 treasury shares corresponding to a value of Euro 3,983 thousand.

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 Italian Legislative Decree no. 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.

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 mortgage loan was obtained from Banco BPM S.p.A. for the amount of Euro 12 million, of which Euro 9 million was disbursed, to cover the investment related to the construction of the new headquarters, as already mentioned.

1.13 Significant events after the end of the period

In July, the 2022 Sustainability Report was published. The document is available at https://www.pharmanutra.it/it/sostenibilita and - in addition to representing the progress made and the objectives achieved - outlines the medium-term sustainability strategy (the **Sustainability Plan**) for the first time. It is a concrete plan, made up of actions and projects, which aims to lead the Group towards a fair and sustainable future, while continuing to generate value for investors, customers and all stakeholders.

At the end of August, the Food Standards Agency (FSA) and Food Standards Scotland (FSS) - the Food Safety Agencies of England, Wales, Northern Ireland and Scotland, respectively - have officially issued their approval for the UK Novel Food classification application of Lipocet, an oral formulation based on cetylated fatty acids (CFAs), the same active ingredient used in the Cetilar® range of products.

1.14 Business outlook

The solid base 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 basis for the implementation of new growth strategies to exploit significant market opportunities that are expected to pay off in the medium term.

During the second half of 2023, the Group's strategy will focus on the commercial development of the new line of food supplements designed specifically for those who take part in sporting activities (Cetilar® Nutrition), which were put on the market at the end of the first quarter through a dedicated network of agents and the e-commerce channel, the start of operations of PharmaNutra USA, through which the distribution of all the Group's main products in the US will begin, and the start of operations of PharmaNutra España to market the Cetilar® (cream, patch, tape and gold) and Cetilar® Nutrition line products in the country. 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 the end of 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. Discussions will continue with the Inland Revenue for the settlement of tax periods not yet defined with the aim of accessing the cooperative compliance program.

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, 11 September 2023

For the Board of Directors

The Chairman

(Andrea Lacorte)

CONDENSED CONSOLIDATED FIRST HALF FINANCIAL STATEMENTS AS AT 30 JUNE 2023 PHARMANUTRA GROUP

FINANCIAL STATEMENTS

Consolidated Balance Sheet

€/1,000	NOTES	30/06/2023	31/12/2022
NON-CURRENT ASSETS		**50,871**	**41,428**
Property, plant and equipment	8.1.1	25,156	17,055
Intangible assets	8.1.2	22,274	21,560
Investments	8.1.3	4	4
Non-current financial assets	8.1.4	291	244
Other non-current assets	8.1.5	2,114	1,259
Deferred tax assets	8.1.6	1,032	1,306
CURRENT ASSETS		**54,334**	**58,727**
Inventories	8.2.1	7,338	5,261
Cash and cash equivalents	8.2.2	10,313	22,051
Current financial assets	8.2.3	5,070	4,810
Trade receivables	8.2.4	24,654	21,647
Other current assets	8.2.5	6,265	2,881
Tax receivables	8.2.6	694	2,077
TOTAL ASSETS		**105,205**	**100,155**

SHAREHOLDERS' EQUITY	**8.3.1**	**48,712**	**50,948**
Share capital		1,123	1,123
Legal reserve		225	225
Treasury shares		(3,983)	(2,362)
Other reserves		44,125	36,791
IAS 19 reserve		227	226
OCI Fair Value Reserve		(242)	(115)
FTA reserve		12	12
Result for the period		7,232	15,048
SHAREHOLDERS' EQUITY		48,712	50,948
Non-controlling interest			
NON-CURRENT LIABILITIES		**31,015**	**23,417**
Non-current financial liabilities	8.4.1	22,037	14,110
Provisions for risks and charges	8.4.2	7,341	5,414
Provisions for employee and director	8.4.3	1,637	3,893
CURRENT LIABILITIES		**25,478**	**25,790**
Current financial liabilities	8.5.1	3,669	3,616
Trade payables	8.5.2	16,267	16,885
Other current liabilities	8.5.3	3,522	3,765
Tax payables	8.5.4	2,020	1,524
TOTAL LIABILITIES		**105,205**	**100,155**

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

€/1,000	NOTES	2023	2022
TOTAL REVENUES		**50,247**	**39,930**
Net revenues	8.6.1	49,632	39,711
Other revenues	8.6.2	615	219
OPERATING COSTS		**36,193**	**27,515**
Purchases of raw materials, consumables and supplies	8.7.1	3,213	1,894
Change in inventories	8.7.2	(1,925)	(349)
Costs for services	8.7.3	31,144	23,392
Personnel costs	8.7.4	3,296	2,309
Other operating costs	8.7.5	465	269
EBITDA		**14,054**	**12,415**
Amortisation, depreciation and write-offs	8.8	854	594
OPERATING RESULT		**13,200**	**11,821**
FINANCIAL INCOME (EXPENSES) BALANCE		**7**	**-**
Financial income	8.9.1	362	49
Financial expenses	8.9.2	(355)	(49)
PRE-TAX RESULT		**13,207**	**11,821**
Taxes	8.10	(5,975)	(3,589)
Net result of third parties			
Group net income		**7,232**	**8,232**
Net result per share (Euro)	**8.11**	**0.75**	**0.85**

Comprehensive Income Statement

€/1,000	2023	2022
Result for the period	7,232	8,232
Gains (losses) from IAS application that will be recognised in the P&L		
Gains (losses) from IAS application that will not be recognised in the P&L	(126)	18
Overall result for the period	**7,106**	**8,250**

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	Share capital	Treasury shares	Legal reserve	Other reserves	FTA reserve	OCI Fair Value Reserve	IAS 19 reserve	Conversion 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)		-		(127)	1			(1,747)
Dividends distr.				(7,714)						(7,714)
Result dest.				15,048					(15,048)	-
Result for the period									7,232	7,232
Exchange rate	-							(7)		(7)
Balance at 30/6	**1,123**	**(3,983)**	**225**	**44,125**	**12**	**(242)**	**227**	**(7)**	**7,232**	**48,712**

€/1000	Share capital	Treasury 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		(2,159)		4		(114)	128		(2,141)
Dividends distr.				(6,873)					(6,873)
Result dest.				13,771				(13,771)	-
Result for the period								8,232	8,232
Balance at 30/06/n-1	**1,123**	**(2,159)**	**225**	**36,852**	**(70)**	**(86)**	**184**	**8,232**	**44,301**

Consolidated cash flow statement

CASH FLOW STATEMENT (€/1,000) - INDIRECT METHOD	2023	2022
Net result before minority interests	**7,232**	**8,232**
NON-MONETARY COSTS/REVENUES		
Depreciation, amortisation and write-offs	854	594
Allowances to provisions for employee and director benefits	410	384
CHANGES IN OPERATING ASSETS AND LIABILITIES		
Change in provisions for non-current risks and charges	1,927	(469)
Change in provisions for employee and director benefits	(2,666)	128
Change in inventories	(2,077)	(369)
Change in trade receivables	(3,126)	(4,415)
Change in other current assets	(3,384)	(1,465)
Change in tax receivables	1,383	(652)
Change in other current liabilities	(241)	(69)
Change in trade payables	(618)	671
Change in tax payables	496	3,176
CASH FLOW FROM OPERATIONS	**190**	**5,746**
Investments in intangible assets, property, plant and equipment	(9,761)	(5,499)
Disposal of int. assets, property, plant and equipment	211	160
Net investments in financial fixed assets	0	0
Change in other assets	(855)	(493)
Change in deferred tax assets	274	145
CASH FLOW FROM INVESTMENTS	**(10,131)**	**(5,687)**
Increase/(decrease) in assets	(133)	18
Purchase of Treasury shares	(1,621)	(2,159)
Cash flow from dividend distribution	(7,714)	(6,873)
Increase in financial assets	(423)	(371)
Decrease in financial assets	113	121
Increase in financial liabilities	12,280	6,000
Decrease in financial liabilities	(4,919)	(503)
Increase in ROU financial liabilities	808	2
Decrease in ROU financial liabilities	(188)	(86)
CASH FLOW FROM FINANCING	**(1,797)**	**(3,851)**
TOTAL CHANGE IN CASH	**(11,738)**	**(3,792)**
Cash and cash equivalents at the beginning of the period	22,051	29,409
Cash and cash equivalents at the end of the period	10,313	25,617
CHANGE IN CASH AND CASH EQUIVALENTS	**(11,738)**	**(3,792)**

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 as at 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. IFRS also include the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the Interpretation Committee, previously known as the International Financial Reporting Interpretations Committee ("IFRIC") and, before that, the Standing Interpretations Committee ("SIC"). The accounting standards used to prepare these condensed First Half financial statements, prepared in accordance with IAS 34 – Interim Financial Reporting, are the same as those used to prepare the Consolidated financial statements as at 31 December 2022, with the exception of the new standards and interpretations effective from 1 January 2023. The new standards that have led to a change in the Group's accounting policies from the current first half of the year are described in paragraph 5.1.

It should be noted that the condensed consolidated first half financial statements do not include all the information and notes required in the annual financial statements and, as such, should be read in conjunction with the consolidated financial statements as at 31 December 2022.

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 2023, 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 2022), while those on the Balance Sheet are made with reference to the previous year (31 December 2022).

The reference date of the condensed consolidated first half financial statements coincides with the closing date of the first half of 2023 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.

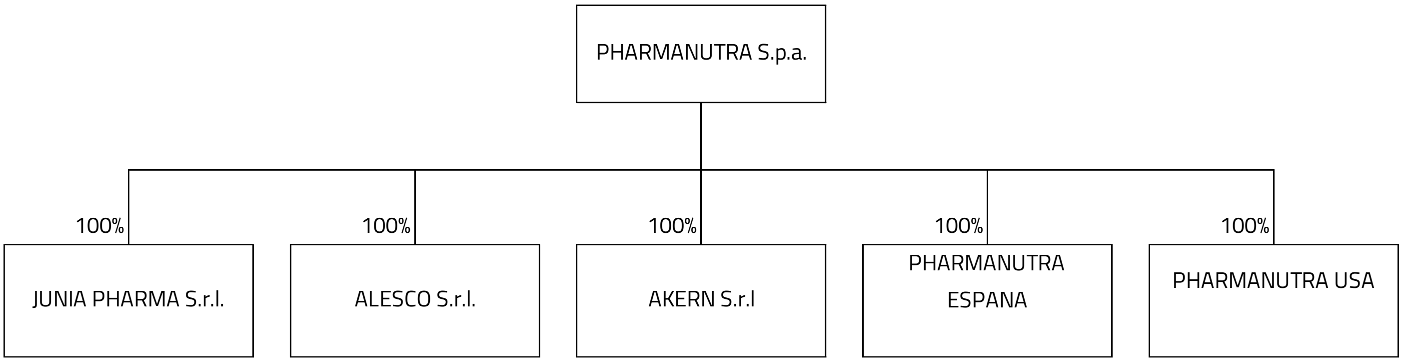
It is believed that these classifications provide information that is better suited to represent the financial position, results of operations and cash flows of the company.

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:

SOCIETA	SEDE LEGALE	Part. Diretta	Part. Indiretta	TOTALE
Pharmanutra S.p.A.	Pisa, Via delle Lenze 216/b		CONTROLLANTE	
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%
Akern S.r.l.	Pisa, Via delle Lenze 216/b	100%	0%	100%
Pharmanutra España S.L.U.	Barcellona, Gran Via de les Corts Catalanes 630	100%	0%	100%
Pharmanutra USA Corp.	1395 Brickell Avenue, Suite 800, Miami FL	100%	0%	100%

Compared to 31 December 2022, PharmaNutra España and PharmaNutra USA were added to the scope of consolidation.

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 as at 30 June 2023, the same accounting policies were applied as in the preparation of the consolidated financial statements for the year ended 31 December 2022, to which reference should be made, except as noted in the section "Accounting standards, amendments and interpretations applicable/applied from 1 January 2023".

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

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

The preparation of the condensed consolidated first half financial statements and the related explanatory notes in accordance with IFRS requires the Directors to make estimates and assumptions that affect the amounts of revenues, costs, assets and liabilities in the First half financial report and the disclosure of contingent assets and liabilities as at 30 June 2023.

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 the impairment test carried out when preparing the consolidated financial statements for the year ended 31 December 2022, 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 2023, the directors believe that there is no evidence to suggest any critical issues regarding the recoverability of the carrying amount of goodwill.

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

The publication of this First half financial report as at 30 June 2023, subject to a limited audit by BDO Italia S.p.A., was authorised by a resolution of the Board of Directors on 11 September 2023.

5. IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED OR APPLICABLE/APPLIED FROM 01/01/2023

5.1.1 Accounting standards and interpretations endorsed and effective from 1 January 2023

- 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".
- Amendment entitled "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (Amendment to IAS 12).

The amendments above had no impact on the financial statements or the disclosure.

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

The following amendments/changes will enter into force on 1 January 2024:

- Amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent" and 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 clarify the principles that must be applied for the classification of liabilities as current or non-current.
- Amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (published on 25 May 2023);
- Amendment to IAS 12 "Income Taxes: International Tax Reform - Pillar Two Model Rules" (issued on 23 May 2023;
- Amendments to IFRS 16, Lease Liabilities in a Sale and Leaseback (issued on 22 September 2022);

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; 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 PharmaNutra Group are as follows:

6.1 EXTERNAL RISKS

6.1.1 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.

6.1.2 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 of the conflict between Russia and Ukraine, following the sanctions issued by the European Union against Russia, the Group decided not to suspend the supply of products to the Russian distributor in order to protect the investments made in previous years. Part of the margin obtained from sales on the Russian market is donated to local non-profit organisations in support of Ukrainian families. As at 30 June 2023, the Group has no exposure to the Russian distributor. It is not considered that the possible adoption of even stronger penalties could lead to a decrease in the expected revenues for the year. Regarding Ukraine, a marginal market, there are no open positions as of today and no commercial operations.

6.1.3 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 72% of the Group's revenues as at 30 June 2023. 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, to 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.

To cover the investment relating to the construction of the new headquarters, the Parent Company obtained a medium/long-term loan secured by a mortgage and backed by a financial covenant for the amount of Euro 12 million, of which Euro 9 million was disbursed upon the signing of the loan agreement. The loan provides for a variable interest rate calculated with a spread of 1.45% on the quarterly Euribor.

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

The Group's companies have variable-rate loan agreements in place and are thus exposed to the risk of changes in interest rates, which is considered low. Current and non-current variable rate debt as a percentage of total medium/long-term borrowings was about 81% as at 31 December 2023 and 71% as at 31 December 2022.

The Group does not currently adopt policies to hedge interest rate risk. Simulations were carried out in order to assess the advisability of adopting interest rate risk hedging policies. The cost of these hedges was higher than the higher interest that could result from the expected trend in rates.

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 given the characteristics of the investment portfolio.

Financial assets and liabilities measured at fair value

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

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

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

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

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

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

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

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

With respect to the values as at 30 June 2023 and 31 December 2022, the following table shows the fair value hierarchy for the Group's assets that are measured at fair value:

€/1,000	30/06/2023				31/12/2022			
	Level				Level			
	1	2	3	Total	1	2	3	Total
Current financial assets:								
Bonds	4,310		304	4,614	3,493		304	3,797
Investment Funds	456			456	1,000			1,000
Shares				-	13			13
Other non-current assets:								
Purchased tax receivables			2,114	2,114				
Other current assets:								
Purchased tax receivables			908	908				
Total	**4,766**	**-**	**3,326**	**8,092**	**4,506**	**-**	**304**	**4,810**

For the bonds that fall 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. Purchased tax receivables were measured at fair value and classified as Level 3 in accordance with Banca d'Italia, Consob and Ivass Document No. 9.

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 the Group's 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. Through the years, there were a number of cases in which agents and/or brokers initiated disputes aimed at ascertaining the existence of an employment relationship and claiming for compensation. They were all resolved by settlement. For the risks highlighted as at

31 December 2022, specific provisions were set aside for the estimated liabilities. During the first half of the year, all disputes were settled by conciliation with the exception of one position for which the provision set aside as at 31 December 2022 was maintained.

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

7. DISCLOSURE BY OPERATING SEGMENTS

The Group has identified operating segments on the basis of the three business lines 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 (BL1), abroad (BL2) and Akern, which represent the Group's business model. Compared to 30 June 2022, the operating segment Akern (consolidated as of 1 July 2022) was added to this disclosure.

INCOME STATEMENT (€/000)	30/06/2023	BL1	BL2	AKERN	30/06/2022	BL1	BL2
A) REVENUES	50,248	33,686	13,843	2,720	39,930	29,168	10,762
Net revenues	49,632	33,152	13,789	2,691	39,711	28,949	10,762
Other revenues	616	534	54	29	219	219	-
B) OPERATING COSTS	(36,194)	(24,589)	(9,942)	(1,663)	(27,515)	(19,952)	(7,563)
Costs for services, goods and operating costs	(29,233)	(20,240)	(8,099)	(894)	(22,065)	(15,979)	(6,086)
Costs for personnel and corporate bodies	(6,961)	(4,349)	(1,843)	(769)	(5,450)	(3,973)	(1,477)
(A-B) EBITDA	14,054	9,096	3,901	1,057	12,415	9,216	3,199
EBITDA (% on revenues)	*28.0%*	*27.0%*	*28.2%*	*38.9%*	*31.1%*	*31.6%*	*29.7%*
C) Amortisation, depreciation and write-offs	(854)				(594)		
(A-B-C) EBIT	13,200				11,821		
D) FINANCIAL INCOME (EXPENSES)	7				-		
Financial income	362				49		
Financial expenses	(355)				(49)		
PRE-TAX RESULT (A-B-C+D)	13,207				11,821		
Taxes	(5,975)				(3,589)		
Profit /(Loss) for the year	7,232				8,232		

The performance of the two PharmaNutra business lines in the first half of 2023 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 15.2% and those on foreign markets by 28.6%.

The reduction in margins occurring as at 30 June 2022 compared to the same period of the previous year derives, for the BL1 segment, from the costs incurred for the launch of the new Cetilar® Nutrition line (about Euro 750 thousand as at 30/06/2023) and higher costs related to marketing activities in support of the Group's brands; for the BL2 segment from the costs related to the start-up of foreign subsidiaries (about Euro 700 thousand).

The EBITDA of BL1 segment in the first half of 2023 amounted to Euro 9.7 million (Euro 9.2 million in 2022), an increase of approx. 6% compared to 2022, while the EBITDA of BL2 segment increased by approx. 21.9% from Euro 3.9 million in 2023 to Euro 3.2 million in 2022.

8. COMMENTS ON THE MAIN ITEMS

8.1 Non-current assets

8.1.1. Property, plant and equipment

Net value	Initial balance	Increases	Decreases	Depreciation	Change in Consolidation	Final balance
Land and buildings	92			-5		87
Plant and machinery	137	57	-7	-26		161
Equipment	21	1		-5		17
Office furniture and equipment	342	96	1	-64	1	376
Vehicles	795	386	-57	-176		948
Other tangible fixed assets	1				1	2
Rights of use	744	1,938	-73	-261		2,348
Assets in progress	14,923	6,300	-6			21,217
TOTAL	**17,055**	**8,778**	**-142**	**-537**	**2**	**25,156**

Historical cost	Initial balance	Increases	Decreases	Change in Consolidation area	Final balance
Land and buildings	749			0	749
Plant and machinery	376	57		0	433
Equipment	125	1		0	126
Office furniture and equipment	1,292	96		1	1,389
Vehicles	1,464	386	-88	0	1,762
Other intangible fixed assets	8			1	9
Rights of use	1,606	1,938	-73	0	3,471
Assets in progress	14,923	6,300	-6	0	21,217
TOTAL	**20,543**	**8,778**	**-167**	**2**	**29,156**

Accumulated depreciation/amortisation	Initial balance	Depreciation	Uses	Change in Consolidation	Final balance
Land and buildings	657	5		0	662
Plant and machinery	239	26	7	0	272
Equipment	104	5		0	109
Office furniture and equipment	950	64	-1	0	1,013
Vehicles	669	176	-31	0	814
Other intangible fixed assets	7			0	7
Rights of use	862	261		0	1,123
TOTAL	**3,488**	**537**	**-25**	**0**	**4,000**

The amount of the year's increases refers for Euro 6.3 million to the progress of the construction of the new headquarters, to the accounting of the rights of use of an aircraft following the delivery of the asset (Euro 1 million) and to the accounting of leasing contracts for the purchase of plant, furniture and laboratory equipment for the new headquarters (Euro 817 thousand). The increase in Vehicles refers to the purchase of vehicles used by the management and the sales force.

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	Change in Consolidation	Final balance
Industrial patent rights	1,613	235		-121	0	**1,727**
Concessions, licenses and trademarks	1,496	116		-68	0	**1,544**
Goodwill	17,561	57		0	0	**17,618**
Other intangible fixed assets	36	38		-9	0	**65**
Assets under development and payments on account	854	535	-69		0	**1,320**
TOTAL	**21,560**	**981**	**-69**	**-198**	**0**	**22,274**

The increases in intangible fixed assets refer to patent and trademark management activities for Euro 351 thousand. The increase in fixed assets under construction refers to costs capitalised on research contracts in progress and software being implemented.

With reference to Goodwill as at 30 June 2023, there were no indicators of impairment that required updating the impairment test performed as at 31 December 2022.

8.1.3 Investments

	30/06/2023	31/12/2022	Change
Investments in other companies	4	4	0
Investments	**4**	**4**	**0**

8.1.4 Non-current financial assets

	30/06/2023	31/12/2022	Change
Deposits and advances	291	244	47
Non-current financial assets	**291**	**244**	**47**

The item includes security deposits, amounting to Euro 123 thousand, which refer to Euro 105 thousand 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 Euro 85 thousand.

8.1.5 Other non-current assets

	30/06/2023	31/12/2022	Change
Insurance for Directors' termination indemnity		1,259	-1,259
Purchased tax receivables	2,114		2,114
Other non-current assets	**2,114**	**1,259**	**855**

The decrease in the item Insurance for Directors' termination indemnity is due to the collection of the insurance policy taken out to cover the Directors' termination indemnity following the liquidation of the latter for the end of the term of office of the Executive Directors.

The item Purchased tax credits represents the non-current portion of tax credits from the so-called "superbonus", "ecobonus" and other building tax relief measures - in the various forms of tax relief obtained in connection with the interventions referred to in articles 119-121 of Italian Decree-Law No. 34/2020, converted by Law No. 77/2020, as later amended and supplemented ("Relaunch Decree"), Italian Decree-Law No. 63/2013, converted by Law No. 90/2013, articles 14, 16, 16-*bis* and 16-*ter*, and Italian Law No. 160/2019 article 1, paragraph 219, as later amended and supplemented - purchased for a nominal value of Euro 5 million in order to invest a part of the Group's liquidity. These credits can be used over four years for a maximum annual amount of Euro 1,250 thousand. As at 30 June, the Group had fully used the amount allowed for the year 2023.

8.1.6 Deferred tax assets

	Initial balance	Increases	Decreases	Final balance
Allowance to prov. for risks related to legal disputes	4		-2	2
Allowance to provision for inventory	100	23		123
Allowance to provision for doubtful accounts	300	83		383
Directors' fees	759	327	-759	327
Allocation to the provision for severance indemnity (TFR)	53		-5	48
Allocation to the provision for Supplementary Client Indemnities	-52		-63	-115
Consolidation entries	237	123		360
Goodwill amortisation	-95			-95
TOTAL	**1,306**	**556**	**-829**	**1,032**

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 2023.

8.2 Current assets

8.2.1 Inventories

	30/06/2023	31/12/2022	Change
Raw materials, consumables and supplies	1,248	1,214	34
Products in progress and semi-finished products	296	218	78
Finished products and goods	6,131	4,229	1,902
Provision for inventory write-offs	-337	-400	63
Total inventories	**7,338**	**5,261**	**2,077**

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 Euro 337 thousand (Euro 400 thousand as at 31/12/2022) set aside as a write-off of finished product inventory.

8.2.2 Cash and cash equivalents

	30/06/2023	31/12/2022	Change
Bank and postal accounts	10,299	22,030	-11,731
Cash and cheques	14	21	-7
Total cash and cash equivalents	**10,313**	**22,051**	**-11,738**

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

	30/06/2023	31/12/2022	Change
Mutual funds shares	456	1,000	-544
Bonds	4,614	3,797	817
Other shares	0	13	-13
Total current fin. assets	**5,070**	**4,810**	**260**

This item represents a temporary investment of part of the company's liquidity made through an individual asset management mandate granted to Azimut Capital Management S.g.r. In accordance with this mandate, bonds and units in investment funds of adequately rated issuers have been subscribed. As at 30/06/2023, a comparison with the market value of the bonds held shows a net capital loss of Euro 133 thousand which was recorded in a shareholders' equity reserve, based on the valuation criteria adopted by the Group in accordance with IFRS9.

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

8.2.4 Trade receivables

	30/06/2023	31/12/2022	Change
Trade receivables - Italian customers	16,985	13,970	3,015
Trade receivables - Other countries	3,560	4,083	-523
Other receivables (subject to collection)	5,717	5,302	415
Invoices/(Credit Notes) to be issued	84	-69	153
Provision for doubtful accounts	-1,692	-1,639	-53
Total trade receivables	**24,654**	**21,647**	**3,007**

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 13.

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

€/1,000	30/06/2023	31/12/2022	Change
Italy	21,165	17,578	3,587
Asia	2,378	2,603	(225)
Europe	1,028	762	266
Africa	0	510	(510)
America	83	194	(111)
Total trade receivables	**24,654**	**21,647**	**3,007**

Changes in the Provision for doubtful accounts during the first half of 2023 were as follows:

	PROVISION FOR DOUBTFUL
Initial balance	(1,639)
Allowances	(119)
Decreases	66
Final balance	**(1,692)**

8.2.5 Other current assets

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

	30/06/2023	31/12/2022	Change
Receivables from shareholders for indemnification	797		797
Receivables from employees	53	47	6
Advances	480	1,902	-1,422
Purchased tax receivables - short-term	908		908
Prepayments and accrued income	4,021	932	3,089
Other receivables	6		6
Total other current assets	**6,265**	**2,881**	**3,384**

The item Receivables from shareholders for indemnification 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 in March for the settlement of 2016 tax period based on the declarations and guarantees issued by them in the admission document Section 1, Chapter 16, paragraph 16.1.

Purchased tax receivables - short-term refers to the amount of purchased tax receivables that are expected to be used within 12 months.

The item "Advances" includes receivables from agents for advances of Euro 292 thousand (Euro 251 thousand as at 31/12/2022), relating to sums advanced by Group companies when signing agency contracts, and advances to suppliers of Euro 188 thousand (Euro 1,651 thousand as at 31/12/2022). The change in this item is mainly due to the delivery of the aircraft for which advance payments of Euro 1 million had been made as at 31/12/2022.

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:

	30/06/2023	31/12/2022	Change
VAT receivables	263	1,506	-1,243
R&D tax receivables	401	552	-151
Other tax receivables	30	19	11
Tax receivables	**694**	**2,077**	**-1,383**

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	Conversion 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)		-		(127)	1			(1,747)
Dividends distr.				(7,714)						(7,714)
Result dest..				15,048					(15,048)	-
Result for the period									7,232	7,232
Exchange rate Var.	-							(7)		(7)
Balance at 30/06	**1,123**	**(3,983)**	**225**	**44,125**	**12**	**(242)**	**227**	**(7)**	**7,232**	**48,712**

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.

27,382 treasury shares were purchased during the half year 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 a profitable investment, 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. As at 30 June 2023, PharmaNutra holds 65,381 treasury shares equal to 0.68% of the share capital.

On 26 April 2023 the Shareholders' Meeting held by the Parent company's shareholders resolved the distribution of Euro 0.80 dividend per share, corresponding to a payout ratio of approximately 50% of the 2022 consolidated net result, for a total amount of Euro 7,714 thousand.

8.4 Non-current liabilities

8.4.1 Non-current financial liabilities

	30/06/2023	31/12/2022	Change
BPER loan	3,755	4,253	-498
Intesa loan	272	373	-101
Credem loan	3,720	4,218	-498
BPM loan	4,372	4,768	-396
BPM mortgage loan	8,951		8,951
Non-current fin. Payables for rights of use	967	498	469
Non-current financial liabilities	**22,037**	**14,110**	**7,927**

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

The increase in non-current financial liabilities derives from the disbursement of a part of the long-term mortgage loan for Euro 9 million by BPM S.p.A., as mentioned earlier.

Non-current payables for rights of use represent the discounted amount due beyond one year of the rental and lease contracts in force as at 30/06/2023 in accordance with IFRS 16.

The following table shows the breakdown of bank indebtedness by company and due date as at 30/06/2023. 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	Due within 12 months	Due after 12 months
PharmaNutra S.p.A.	23,864	3,066	20,798
Junia Pharma S.r.l.	0	0	0
Alesco S.r.l.	0	0	0
Akern S.r.l.	473	201	272
Total Loans and borrowings	*24,337*	*3,267*	*21,070*
PharmaNutra S.p.A.	1,122	301	821
Junia Pharma S.r.l.	38	29	9
Alesco S.r.l.	93	31	62
Akern S.r.l.	116	41	75
Total payables for rights of use	*1,369*	*402*	*967*
TOTAL	***25,706***	***3,669***	***22,037***

In accordance with the requirements of the CONSOB communication of 28 July 2006 and in compliance with ESMA update with reference to the "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", we report that the Group's Net Financial Position as at 30 June 2023 is as follows:

		30/06/2023	31/12/2022
	A Cash and cash equivalents	(10,313)	(22,051)
	B Cash equivalents		
	C Other current financial assets	(5,070)	(4,810)
	D Liquidity (A+B+C)	**(15,383)**	**(26,861)**
1)	E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	402	251
	F Current portion of non-current financial debt	3,267	3,365
	G Current financial debt (E+F)	**3,669**	**3,616**
	of which guaranteed	0	0
	of which not guaranteed	3,669	3,616
	H Net current financial debt (G-D)	**(11,714)**	**(23,245)**
2)	I Non-current financial debt (excluding current portion and debt instruments)	22,037	14,110
	J Debt instruments		
	K Trade payables and other non-current payables		
	L Non-current financial debt (I+J+K)	**22,037**	**14,110**
	of which guaranteed	8,951	0
	of which not guaranteed	13,086	14,110
	M Net financial debt (H+L) – CONSOB comm. (4/3/21 ESMA32-382-1138)	**10,323**	**(9,135)**
3)	N Other current and non-current financial assets	(291)	(1,503)
	O Net financial debt (M-N)	**10,032**	**(10,638)**

1) It includes the following items of the financial statements: Current financial liabilities (Financial payables for rights of use Euro 402 thousand);
2) It includes the following items of the financial statements: Non-current financial liabilities (M/L-term loans Euro 21,070 thousand, Financial payables for non-current rights of use Euro 967 thousand);
3) It includes the following items of the financial statements: Non-current financial assets (Deposits paid Euro 291 thousand).

8.4.2 Provisions for non-current risks and charges

	30/06/2023	31/12/2022	Change
Tax provision	3,450	1,400	2,050
Provision for termination indemnity of agency contracts	883	1,000	-117
Provision for sundry risks and legal disputes	8	14	-6
Provision for contractual commitments	3,000	3,000	0
Provisions for risks and charges	**7,341**	**5,414**	**1,927**

Provisions for risks and charges include:

Tax provision: As already reported in the Management Report, after having defined the 2016 tax period by means of a deed formalised in March, the Parent Company began discussing with the Provincial Directorate of the Inland Revenue Agency at the Pisa office to also settle the tax periods from 2017 to 2021. This discussion will cover the same type of remarks already considered for the 2016 tax period and, although it follows a general audit carried out by the tax authorities, it will not point out any additional types of tax remarks for the Company. This makes it possible to then pursue the objective, already informally anticipated to the tax supervisory authorities, of adhering to the cooperative compliance program provided for by Italian Legislative Decree no. 128 of 5 August 2015. To this end, in the financial statements as at 31 December 2022, a provision of Euro 1.4 million had been set aside to the tax provision. The checks carried out as part of the dialogue process with the Inland Revenue revealed the need to make a further accrual to the tax provision, which was estimated at Euro 2 million.

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 July 30th 2014, 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).

Provision for risks to cover the risk of current 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 contractual commitments: this represents the maximum amount of debt related to the earn-out contractually foreseen for Akern's sellers recognised at the outcome of the audits performed.

8.4.3 Provisions for employee and director benefits

	30/06/2023	31/12/2022	Change
Provision for employee severance indemnity	1,060	1,074	-14
Directors' termination indemnity provision	187	1,519	-1,332
Provision for m/l-term variable remuneration	390	1,300	-910
Provisions for employee and director benefits	**1,637**	**3,893**	**-2,256**

The change with respect to 31 December 2022 in the Directors' termination indemnity and the Provision for medium/long-term variable remuneration arises from the liquidation of these provisions following the expiry of the term of office of the executive directors upon approval of the financial statements as at 31 December 2022.

The amount set aside as at 30 June 2023 for the Directors' termination indemnity of Euro 187 thousand was calculated on the basis of the provisions of the Ordinary Shareholders' Meeting held on 26 April 2023 and corresponds to the Company's actual commitment to the Directors at the reporting date.

The allowance to Provision for medium/long-term variable remuneration was made in accordance with the resolution of the Ordinary Shareholders' Meeting of 26 April 2023.

The directors' remuneration policy meets the requirements of the Corporate Governance Code issued by Borsa Italiana (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 on the expected achievement of the targets envisaged for disbursement, the medium/long-term variable remuneration due to Executive Directors accrued in the half-year amounted to Euro 390 thousand.

The provision for severance indemnity set aside by the companies included in the consolidated financial statements.

The liability for the provision for employee severance indemnity has been calculated in compliance with the current provisions governing the employment relationship for employees and corresponds to the actual commitment of the companies towards individual employees at the reporting date. The amount set aside refers to employees who, following the entry into force of the new supplementary pension system, have expressly allocated their severance indemnity accruing from 1 January 2007 to the company. The amount relating to the provision for employee severance indemnity 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

	30/06/2023	31/12/2022	Change
Short-term portion of loans	3,267	3,365	-98
Current fin. payables for rights of use	402	251	151
Tot. Current fin. liabilities	**3,669**	**3,616**	**53**

The item "Short-term portion of 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:

	30/06/2023	31/12/2022	Change
Trade payables - suppliers in Italy	12,406	13,869	-1,463
Trade payables - suppliers in other	255	1,021	-766
Payments on account	3,606	1,995	1,611
Total trade payables	**16,267**	**16,885**	**-618**

The increase in the item Advances refers to orders from foreign customers in the portfolio as at 30/06/2023.

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

€/1,000	30/06/2023	31/12/2022	Change
Italy	11,920	11,271	649
Asia	1,568	874	694
Europe	2,762	4,532	(1,770)
America	18	207	(190)
Other	0	0	0
Total trade payables	**16,267**	**16,885**	**(618)**

8.5.3 Other current liabilities

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

	30/06/2023	31/12/2022	Change
Payables for wages and salaries	1,093	825	268
Payables to social security institutions	348	369	-21
Payables to directors and statutory auditors	932	1,497	-565
Sundry debtors	260	238	22
Provision for severance indemnity of agents and representatives	210	137	73
Guarantee withholding	574	584	-10
Security deposits from customers	105	115	-10
Total other current liabilities	**3,522**	**3,765**	**-243**

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

8.5.4 Tax payables

	30/06/2023	31/12/2022	Change
Income taxes	835	977	-142
Payables for withholdings	1,136	547	589
Value added tax	49	0	49
Total tax payables	**2,020**	**1,524**	**496**

8.6 Revenues

8.6.1 Net revenues

	2023	2022	Change
BL1 Revenues	33,152	28,948	4,204
BL2 Revenues	13,789	10,763	3,026
Akern BL Revenues	2,691		2,691
Total revenues	**49,632**	**39,711**	**9,921**

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

€/1,000	2023	2022	Change	Δ%	Incidence 2022	Incidence 2021
Italy	32,419	28,066	4,354			
Total BL1	***32,419***	***28,066***	***4,354***	**15.5%**	**65.3%**	**70.7%**
Europe	7,654	6,077	1,578	26.0%		
Middle East	4,316	3,530	786	22.3%		
South America	1,061	383	678	176.8%		
Far East	253	-	253	n.s.		
Other	-	237	(237)	-100.0%		
Total BL2	***13,285***	***10,227***	***3,058***	**29.9%**	**26.8%**	**25.8%**
Raw materials - Italy	734	882	(148)	-16.8%	**1.5%**	**2.2%**
Raw materials - Abroad	503	537	(33)	-6.2%	**1.0%**	**1.4%**
Akern Italy	2,324	-	2,324	n.s.	**4.7%**	**0.0%**
Akern Foreign markets	367	-	367	n.s.	**0.7%**	**0.0%**
Total net revenues	**49,632**	**39,711**	**9,921**	**25.0%**	**100%**	**100%**

As described above, the Group's activities are divided into three business lines, sale of finished products (PharmaNutra and Junia Pharma), sale of raw materials (Alesco), and sale of machinery and instruments for measuring body bioimpedance (Akern):

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 PharmaNutra Group.

As at 30 June 2023, the direct business line accounted for 66.8% (about 70.7% in 2022) of net revenues.

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 pharmaceutical sales representatives 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 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.

In the first half of 2022, the Indirect business line accounted for 27.8% of the turnover (about 27.1% in the previous year).

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.

8.6.2 Other revenues and income

	2023	2022	Change
Tax Credits	96	7	89
Contractual indemnities	37	2	35
Refunds and recovery of expenses	25	13	12
Contingent assets	149	120	29
Other revenues and income	308	77	231
Total Other revenues and income	**615**	**219**	**396**

8.7 Operating costs

8.7.1 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	1,939	889	1,050
Consumables	287	243	44
Costs for finished products	987	762	225
Total raw materials, semi-finished goods, consumables and finished products	**3,213**	**1,894**	**1,319**

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

	2023	2022	Change
Change in raw materials	-35	-117	82
Change in semi-finished products	-79		-79
Change in finished products	-1,905	-318	-1,587
Allowance to Provision for inventory write-offs	94	86	8
Change in inventories	**-1,925**	**-349**	**-1,576**

The change in inventories at 30/06/2023 results from the planning of production according to the implemented company strategies.

8.7.3 Costs for services

	2023	2022	Change
Marketing	7,246	5,433	1,813
Production and logistics	9,546	6,521	3,025
Overheads	3,336	1,919	1,417
Research and Development	456	197	259
Computer services	232	180	52
Commercial costs and commercial network costs	5,599	5,004	595
Corporate bodies	4,613	4,021	592
Rentals and leases	41	11	30
Financial services	75	106	-31
Total costs for services	**31,144**	**23,392**	**7,752**

The increase in the Cost of Services for Production and Logistics and Commercial Costs is due to the higher revenues generated during the period and to the increased production volumes. The increase in Overheads resulted from costs incurred for the start-up of the subsidiaries PHN España and PHN USA and for the launch of the Cetilar® Nutrition line. The increase in the item Marketing and advertising costs is generated by the initiatives undertaken to support the group's brands. The increase in the item Corporate Bodies occurred as a result of the higher remuneration approved by the Shareholders' Meeting on 26 April 2023.

8.7.4 Personnel costs

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

	2023	2022	Change
Wages and salaries	2,454	1,682	772
Social security charges	735	524	211
Provision for severance indemnity	96	96	0
Other personnel costs	11	7	4
Total personnel costs	**3,296**	**2,309**	**987**

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 indemnity and other contractual costs. The increase compared to the previous year is due to the hiring of new employees.

As at 30/06/2023, the Group had 101 employees (65 as at 30 June 2022).

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

Units	2023	2022	Change
Executives	3	2	1
White	77	61	16
Blue collars	4	2	2
Total	**83**	**65**	**18**

8.7.5 Other operating costs

	2023	2022	Change
Capital losses	17	34	-17
Sundry tax charges	65	42	23
Membership fees	22	14	8
Charitable donations and social security charges	101	14	87
Other costs	260	165	95
Total other operating costs	**465**	**269**	**196**

8.8 AMORTISATION, DEPRECIATION AND PROVISIONS

	2023	2022	Change
Amortisation of intangible assets	198	144	54
Depreciation of tangible assets	537	356	181
Provision for doubtful accounts	109	95	14
Non-deductible provision for doubtful accounts	10	-1	11
Total amortisation, depreciation and write-offs	**854**	**594**	**260**

8.9 FINANCIAL MANAGEMENT

8.9.1 Financial revenues

	2023	2022	Change
Interest income	171	44	127
Exchange gains	16	2	14
Other financial income	175	3	172
Total financial income	**362**	**49**	**313**

8.9.2 Financial costs

	2023	2022	Change
Other financial expenses	-50	-13	-37
Interest expense	-300	-9	-291
Exchange losses	-5	-27	22
Total financial expenses	**-355**	**-49**	**-306**

8.10 INCOME TAXES

	2023	2022	Change
Current taxes	3,603	3,419	184
Deferred tax assets	322	170	152
Provision for taxes	2,050		2,050
Total taxes	**5,975**	**3,589**	**2,386**

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

For the Provision for taxes, please refer to what has already been described above.

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 period.

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

EURO	2023	2022
Group net income	7,231,855	8,232,258
Number of outstanding shares	9,664,080	9,673,497
Earnings per share	**0.75**	**0.85**

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 4,154 thousand

Board of Statutory Auditors: Euro 34 thousand

Independent auditors: Euro 65 thousand

10. EVENTS AFTER THE CLOSE OF 30 JUNE 2023

With regard to events after the close of 30 June 2023, please refer to the Directors' Report on Operations.

11. COMMITMENTS

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

To Alesco, a guarantee for credit limit subject to collection for Euro 400,000;

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

In June 2021, the Parent Company entered into a contract for the construction of the new headquarters. The amount of the contract, equal to Euro 14.5 million plus VAT, will be paid on the basis of progress reports issued by the constructor. The original amount was increased in the first half of 2022 by Euro 1.6 million as a result of raw material price increases and by Euro 1.4 million in June 2023 due to variations executed and to be executed with respect to the original contract. The delivery of the building is scheduled for September. The outstanding amount of commitments under the contract as at 30 June 2023 is Euro 2.2 million.

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 Euro 3 million, 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.

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, being 6 October 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 S.r.l. - 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:

Subject Related Party Balance Sheet (€/1,000)	ROU Assets	Non-current financial assets	Other current liabilities:	Provisions for employee and director	Trade payables	ROU non-current financial liabilities:	ROU current financial liabilities:
Members of PharmaNutra			925	577	139		
Members of subsidiaries			34				
Board of Statutory					29		
Supervisory Body fees			0		4		
Senior management			18	175			
Solida S.r.l.	416	218				230	115
Calabughi S.r.l.					79		
Ouse S.r.l.					102		
Studio Bucarelli, Lacorte,					4		
Other related parties							
TOTAL	**416**	**218**	**977**	**752**	**357**	**230**	**115**

Subject Related Party Income Statement (€/1,000)	Costs for services	Financial charges	Personnel costs	Amort. rights of use
Members of PharmaNutra S.p.A. BoD	3,615			
Members of subsidiaries BoD	566			
Board of Statutory Auditors	34			
Supervisory Body fees	11			
Senior management compensation			376	
Solida S.r.l.		2		88
Calabughi S.r.l.	537			
Ouse S.r.l.	231			
Studio Bucarelli, Lacorte, Cognetti	43			
Other related parties	25			
TOTAL	**5,062**	**2**	**376**	**88**

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 1 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 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 parent company, Junia and Alesco 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 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 Chair of the Board of Directors. The contract between PharmaNutra and Calabughi S.r.l. has annual duration with tacit renewal unless terminated by one of the parties three months prior to the expiry of the contract and consists in the provision of communication services. These services include the management of the Company web sites and media channels, the design, development and implementation of advertising campaigns to support the products and corporate image, the graphic design of product packaging, promotional material and scientific information documents, as well as the organisation and management of corporate conventions. Moreover, the Parent Company entered into a contract with the same firm, Calabughi, for the sponsorship as "Title Sponsor" of the 151 Miglia regatta and a contract for the management of all the communication, event planning, merchandising activities related to the participation of Cetilar Racing - the team sponsored by the Parent Company - in the endurance world championship races in Europe and the United States.

The Parent company, Junia and Alesco have an agency agreement in place with Ouse S.r.l., a company in which the former 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.

The Parent company, Junia and Alesco 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 payrolls.

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.

	30/06/2023	of which with related parties	31/12/2022	of which with related parties
NON-CURRENT ASSETS	**50,871**	**634**	**41,428**	**750**
Property, plant and equipment	25,156	416	17,055	532
Intangible assets	22,274		21,560	
Investments	4		4	
Non-current financial assets	291	218	244	218
Other non-current assets	2,114		1,259	
Deferred tax assets	1,032		1,306	
CURRENT ASSETS	**54,334**	**0**	**58,727**	**0**
Inventories	7,338		5,261	
Trade receivables	24,654		21,647	
Other current assets	6,265		2,881	
Tax receivables	694		2,077	
Current financial assets	5,070		4,810	
Cash and cash equivalents	10,313		22,051	
TOTAL ASSETS	**105,205**	**634**	**100,155**	**750**
SHAREHOLDERS' EQUITY	**48,712**		**50,948**	
Share capital	1,123		1,123	
Treasury shares	(3,983)		(2,362)	
Legal reserve	225		225	
Other reserves	44,125		36,791	
IAS 19 reserve	227		226	
OCI Fair Value Reserve	(242)		(115)	
FTA reserve	12		12	
Net result	7,232		15,048	
GROUP SHAREHOLDERS' EQUITY	48,712		50,948	
Non-controlling interest				
NON-CURRENT LIABILITIES	**31,015**	**982**	**23,417**	**2,707**
Non-current financial liabilities	22,037	230	14,110	345
Provisions for non-current risks and charges	7,341		5,414	
Provisions for employee and director benefits	1,637	752	3,893	2,362
CURRENT LIABILITIES	**25,478**	**1,449**	**25,790**	**1,219**
Current financial liabilities	3,669	115	3,616	192
Trade payables	16,267	357	16,885	189
Other current liabilities	3,522	977	3,765	838
Tax payables	2,020		1,524	
TOTAL LIABILITIES	**105,205**	**2,431**	**100,155**	**3,926**

	30/06/2023	of which with related parties	30/06/2022	of which with related parties
REVENUES	**50,247**	**0**	**39,930**	**0**
Net revenues	49,632		39,711	
Other revenues	615		219	
OPERATING COSTS	**36,193**	**5,438**	**27,515**	**4,612**
Purchases of raw materials, consum. and supplies	3,213		1,894	
Change in inventories	(1,925)		(349)	
Costs for services	31,144	5,062	23,392	4,396
Personnel costs	3,296	376	2,309	216
Other operating costs	465		269	
EBITDA	**14,054**	**(5,438)**	**12,415**	**(4,612)**
Amortisation, depreciation and write-offs	854	88	594	113
OPERATING RESULT	**13,200**	**(5,526)**	**11,821**	**(4,725)**
FINANCIAL INCOME (EXPENSES) BALANCE	**7**	**(2)**	**0**	**0**
Financial income	362		49	
Financial expenses	(355)	(2)	(49)	
PRE-TAX RESULT	**13,207**	**(5,528)**	**11,821**	**(4,725)**
Taxes	(5,975)		(3,589)	
Net result of third parties				
Group result	**7,232**	**(5,528)**	**8,232**	**(4,725)**

Net earnings per share	**0.75**		**0.85**	

Pisa, 11 September 2023

For the Board of Directors

The Chairman

(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 2023.

2. It is also certified that:

the condensed first half financial statements as at 30 June 2023:

- are 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 Italian 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, 11 September 2023

PharmaNutra S.p.A.	PharmaNutra S.p.A.
Managing Director	Manager in charge

INDEPENDENT AUDITOR'S REPORT

Pharmanutra S.p.A.

Review report on interim condensed consolidated financial statements as of June 30, 2023

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

Review report on interim condensed consolidated financial statements

To the shareholders of
Pharmanutra S.p.A.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements comprising the consolidated balance sheet, the income statement, the statement of comprehensive income, the statement of changes in consolidated shareholders 'equity, the consolidated cash flow statement and related explanatory notes of Pharmanutra and its subsidiaries (Pharmanutra Group) as of June 30, 2023.

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, 2023, 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 18, 2023

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

PHARMANUTRA

JUNIAPHARMA

ALESCO

AKERN
Science in body composition

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