ANNUAL CONSOLIDATED FINANCIAL REPORT

December 31, 2024

Kepler S.p.A
Annual Consolidated Financial Report as of and for the year ended
December 31, 2024

Biofarma group

REPORT OF OPERATIONS

01

INTRODUCTION

- GENERAL INFORMATION ABOUT THE KEPLER S.P.A. AND ITS CONSOLIDATES SUBSIDIARIES (THE "GROUP")
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GENERAL INFORMATION ABOUT THE KEPLER S.P.A. AND ITS CONSOLIDATES SUBSIDIARIES (THE "GROUP")

Kepler S.p.A. (following the "Parent Company") is a holding company indirectly controlled by Ardian Buyout Fund VII B SLP through its majority-owned subsidiary Vegeta S.p.A. which was created on February 7, 2022 for the purpose of the Biofarma Group acquisition(following "Biofarma Acquisition") from White Bridge Investments and certain other sellers.
On March 27, 2022 Ardian Buyout Fund VII B SLP, Victoria HD S.r.l. and managers completed the acquisition of Biofarma Group.
The BiofarmaGroup, which operates in manufacturing and researchand development of health supplements, medical devices and cosmetics products, was formed in February 2020 from the aggregation of the Biofarma S.r.l., Nutrilinea S.r.l., Apharm S.r.l. (initially acquireda 70% controlling stake), Pasteur S.r.l. (initially acquired a 75% controlling stake) and International Health Science S.r.l., On April 2022 andMay 2022 the minority interests in Pasteur S.r.l. and Apharm S.r.l. have been acquired respectively.
Kepler S.p.A. performed the acquisition through the newco Tauri S.p.A. that was subsequently merged in BiofarmaS.r.l. with retrospective accounting and fiscal effects at acquisition date. The acquisition price for 945 million of Euro has been paid partially by equity injections and banks loan.
In connection with the Acquisition, on March 22, 2022, Kepler. S.p.A. entered into (i) the Bridge Facility Agreement, which provides for the 345.0 million of Euro Bridge Facilities (comprising the followingvirtual tranches: the Bridge AcquisitionTranche, the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche) and (ii) the Revolving Credit Facility Agreement, which provides for the 60.0 million of Euro Revolving Credit Facility.
Then the entity, successfully completed the offering of 345 million of Euro aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the "Notes"),as part of the overall financing arrangements for the acquisition (the "Acquisition") of all the equity interests in Biofarma S.r.l., which was completed on March 22, 2022. The Notes bear interest equal to three-month EURIBOR (with 0% floor) plus 5.75% per annum, reset quarterly, and were issued at an issue price of 96.00% of the nominal amount thereof. Application has been successfully made for the Notes to be listed on the OfficialList of the Luxembourg Stock Exchange and admittedto trading on the Euro MTF market thereof.
On August 8, 2022, Kepler S.p.A. signed an ISDA master agreement for an interest rate cap based on a notionalamount of 345 million of Euro with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps.
Thus, the Group capped its EURIBOR exposureto 1.52% for 3 years, which is expected to generate savings in the current rising interest- rate environment.
On September 15, 2022, the Group completed the acquisition of 100% of the shares of Codilab and Laboratoire Pierre Caron (together "Nutraskills"), two French companies specialized in the research and development, manufacture, and packaging of food supplements.

More precisely, Codilab is a Contract Manufacturing Organization specialist of dry-form food supplements (in particular tablets, capsules, powders) and Laboratoire Pierre Caron is a Contract Development Organization focused on the formulation and packaging (mostly pill jars) of food supplements for third parties.

That operation on French territory has been settled thank to the constitution of Biofarma France legal entity, which is controlled by 100% by Biofarma S.r.l. and which is structured with idea to become the legal and fiscal vehicle for all Kepler initiative in France. To perform the acquisition operation, Biofarma France has received the necessary capital injection from Biofarma S.r.l., mostly financed by the group available financial resources. The Group primarily funded the acquisition of the Nutraskills group through the issuance of approximately 38.5 million of Euro in aggregate principal amount of additional subordinated PIK notes by an indirect parent company of the Parent Company, the proceeds of which were contributed as equity to Kepler S.p.A. and its subsidiaries.

With the purpose to simplify the organizational and administrative structure of Kepler Group, during 2023, by two different steps, the Board of Directors approved firstly the merger of IHS S.r.l., Apharm S.r.l., and Pasteur S.r.l. into Biofarma S.r.l. and in a second time the merger of Nutrilinea S.r.l. in Biofarma S.r.l. Both mergers accounting and fiscal effects have been backdated from January 1, 2023. On July 25, 2023, the Group purchased the entire share capital of US Pharma Lab, Inc. and subsidiaries thereof (US Pharma Acquisition) (excluding USA Formulations LLC, 1200 AP Road LLC,1300 Airport Road LLC, Amol Pharmaceuticals and Aspire LLC). Those are the companies of the US Pharma Acquisition:

- US Pharma Lab (USPL): nutraceutical ingredients sourcing distribution assets and operations as well as light manufacturing assets located in New Jersey, USA.
- USPL Nutritionals LLC (USN): It is the nutritional contract manufacturing operations located in New Jersey, USA.
- Amol Biotech Ltd. (ABL) & ACI Biotech Import & Export (ACI): It deals in nutraceutical ingredients sourcing & contract manufacturing operations located in Shanghai, China, including (a) ABL's raw material manufacturing operations (dietary supplements exclusively supplied to USN), and (b) ABL's subsidiary ACI engaged in the trading of raw materials for dietary supplements.

US Pharma Lab Inc, headquartered in New Jersey with their subsidiaries located in US and China, represents a fast-growing and highly innovative CDMO specialized in the custom development, manufacture and distribution of innovative nutraceutical products including probiotics, vitamins, minerals, supplements, and premium dietary ingredients. This highly strategic partnership marks the evolution of Biofarma Group into the first global CDMO solely focused on nutraceuticals with (i) a production footprint in the United States, Europe (Italy and France) and China, (ii) strong innovation capabilities on both sides of the Atlantic with strong expertise in probiotics and other nutraceutical products, and (iii) a highly complementary customer base, focused on pharma clients, CPGs and fast-growing and highly innovative digitally native brands.

The US Pharma Acquisition was financed through a combination of equity including a significant reinvestment by US Pharma Lab's CEO Mr. Amol Luhadia and other Luhadia family members and contributions by Ardian, the Scarpa family, Biofarma's managers and other co-investors, into an indirect parent company of Biofarma, and debt.

The debt issued by Kepler was in the form of:

- €80,854,470 Senior Secured Floating Rate Notes due 2029
- $22,127,660 Senior Secured Floating Rate Notes due 2029

The Private Notes mature on May 15, 2029, bear interest equal to the applicable EURIBOR or Term SOFR (with 0%floor) plus 6.50% per annum, subject to certain margin adjustments, were issued under a new indenture having terms substantially aligned with the terms of the indenture governing Kepler S.p.A.'s previous Senior Secured Floating Rate Notes due 2029.

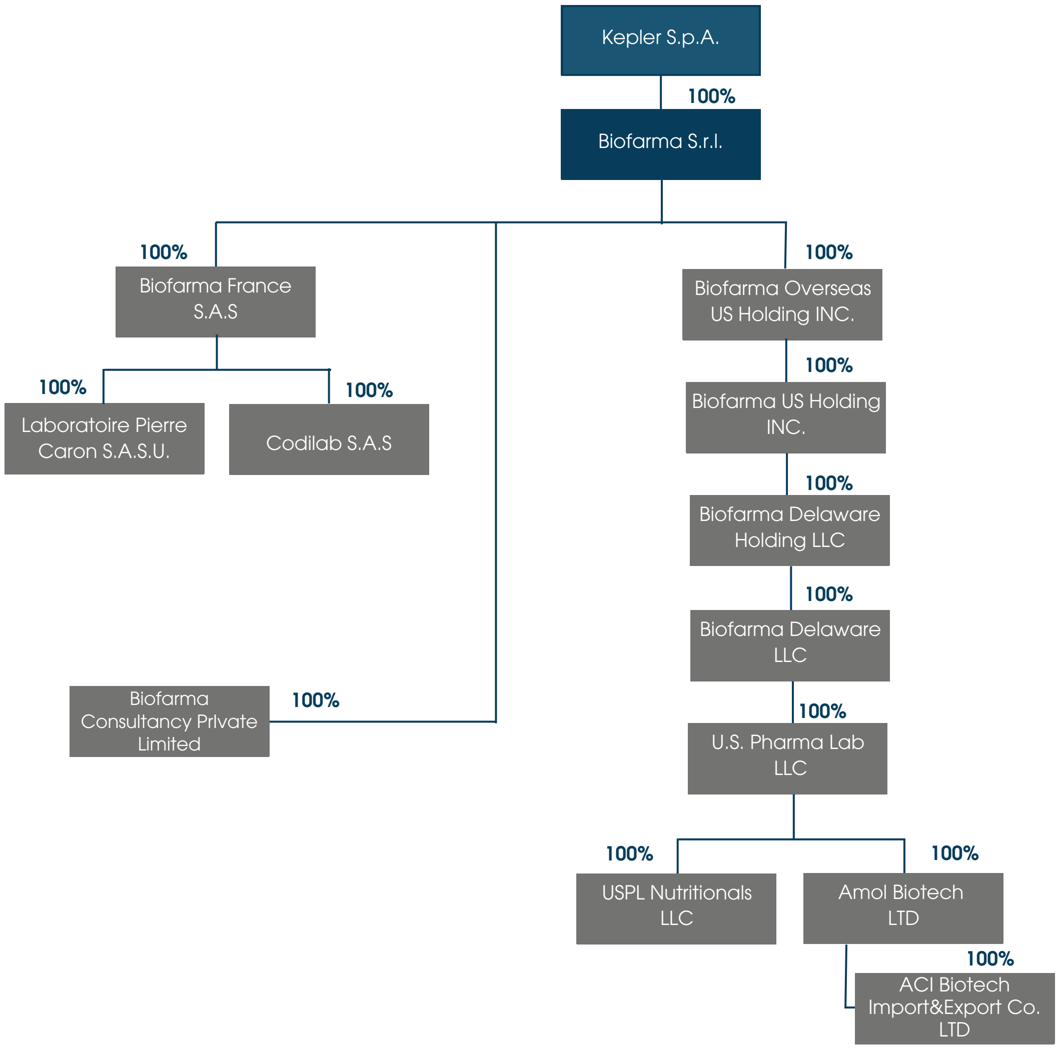
The debt issued by Biofarma's subsidiary Delaware,LLC was in the form of:

- $110,638,300 Senior Secured Floating Rate Notes due 2029

Together with the Kepler Private Notes, that were, in each case, privately placed with certain institutional investors.

The Parent Company has no revenue-generating activities of its own, and no business operations, material assets, other than the equity interests, and no material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions.

The Group structure is listed below:

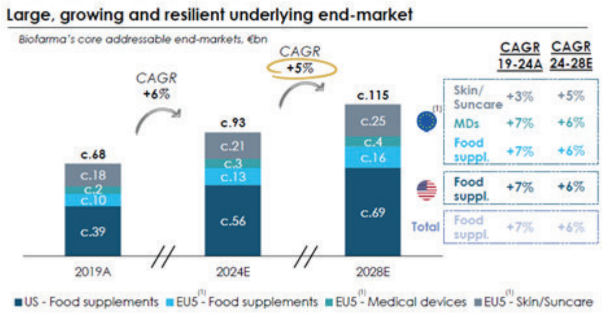


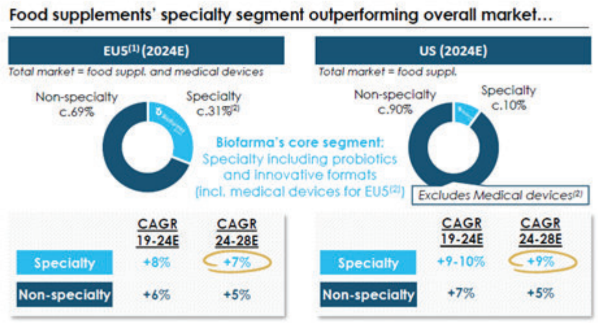
As of December 31, 2024, the scope of consolidation perimeter of Kepler S.p.A. is set out below:

Company	Control	Percentage Holding	Owned by:
Kepler S.p.A.	Parent Company	100%	Denis S.p.A.
Biofarma S.r.l.	Direct	100%	Kepler S.p.A.
Biofarma France SAS	Indirect	100%	Biofarma S.r.l.
Codilab SAS	Indirect	100%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100%	Biofarma France SAS
Biofarma Overseas US Holding, Inc.	Indirect	100%	Biofarma S.r.l.
Biofarma US Holding Inc.	Indirect	100%	Biofarma Overseas US Holding Inc.
Biofarma Delaware Holding LLC	Indirect	100%	Biofarma US Holding Inc.
Biofarma Delaware LLC	Indirect	100%	Biofarma Delaware Holding LLC
U.S. Pharma Lab LLC	Indirect	100%	Biofarma Delaware LLC
USPL Nutritionals LLC	Indirect	100%	U.S. Pharma Lab LLC
Amol Biotech Ltd.	Indirect	100%	U.S. Pharma Lab LLC
ACI Biotech Import & Export Co. Ltd	Indirect	100%	Amol Biotech Ltd.
Biofarma Consultancy Private Limited	Indirect	100%	Biofarma S.r.l.

MARKET TREND

We operate in the large and rapidly growing CDMO market, which has grown supported by a resilient underlying broader end-market. Based on the latest available market researches, such broad end-markets, i.e. total food supplements, medical devices, and skin and suncare markets in the EU5 countries (i.e. United Kingdom, Germany, France, Italy, and Spain) and the food supplements market in the U.S., were estimated at approximately €93 billion in 2024, showing an estimated CAGR of 6% between 2019 and 2024 and are estimated to further grow at an estimated CAGR of 5% between 2024 and 2028. Within the underlying nutraceutical market, specialty products (which include probiotics, innovative formats and – only for EU5 countries - medical devices),which accounted for approximately 55% of our revenues for the year ended December 31, 2024, are expected to grow at a faster rate with CAGRs of 7% and 9% between 2024 and 2028 in EU5 and U.S., respectively. The chart below sets forth the estimated evolution of our core underlying end-markets (i.e. the EU5 health supplements, medical devices, and skin and suncare markets, as well as the U.S. health supplements underlying end-markets).





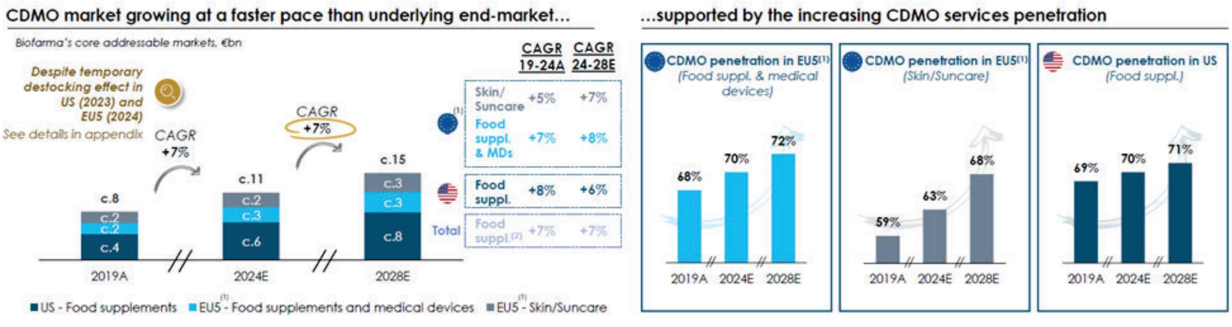
Source: Management analysis

The growth of our underlying markets is expected to be driven by structural trends such as (i) increased health and wellness awareness boosted by the COVID-19 pandemic, (ii) the rise of preventive healthcare and self-care, (iii) the growing popularity of natural dietary supplements, (iv) an aging population coupled with rising chronic and metabolic disorders, (v) broader consumer education, and (vi) the emergence of a millennial consumer segment influenced by social media in their approach to self-improvement and wellness.

The CDMO market for food supplements, medical devices, and skin and suncare in the EU5 countries and in the U.S., which is our core addressable market and is estimated at approximately €11 billion in 2024, has consistently grown at a faster pace than the strong underlying market. In particular, such CDMO market grew at an estimated CAGR of 7% between 2019 and 2024 (thus outperforming the underlying end-market itself by 1%) and is estimated to further grow at a CAGR of 7% between 2024 and 2028 (thus outperforming the underlying end-market itself by 2%).

This positive trend is underpinned by the increasing importance of CDMO services sustained by customers. CPGs and pharmaceutical companies, particularly, are increasingly outsourcing the development and production of their products. This is due to a variety of reasons, including (i) the increasing client demand for innovative and specific formats, (ii) our customers' limited manufacturing capabilities and inability to meet volume demands that may fluctuate significantly over time, (iii) a shift to asset-light business models, which requires limited fixed costs and streamlining of operational complexities, (iv) our clients' request for accelerated go-to-market capabilities and (v) our customers' willingness to focus their investments on core business areas such as marketing, distribution, and brand development. Additionally, the sustained growth of the CDMO market is also driven by an increased penetration of CDMO services across regions. In particular, based on market analyses, the penetration of CDMO services grew from 68% in 2019 to 70% in 2024 with respect to food supplements and medical devices in the EU5 countries, from 59% in 2019 to 63% in 2024 for cosmetics in the EU5 countries, and from 69% to 70% for food supplements in the U.S. This trend is set continue, with an expected growth in the penetration of CDMO services to 72% in 2028 with respect to food supplements and medical devices in the EU5 countries, 68% in 2028 for cosmetics in the EU5 countries, and 71% for food supplements in the U.S.

The charts below set forth the estimated evolution of our core addressable end-markets (i.e. the CDMO market in the EU5 countries and in the U.S.).



Source: Management analysis

Furthermore, the CDMO market is experiencing a significant shift toward scientifically-backed nutraceutical solutions. This trend benefits "innovation-driven" players, such as Biofarma, which leverage their R&D know-how and deep industry knowledge to develop new innovative products, while delivering superior manufacturing capabilities for a limited amount of quality products. The shift toward scientifically-backed nutraceutical solutions aligns with evolving consumer expectations for premium-grade, innovative, and high-quality products, as regulatory standards become increasingly stringent. As a result, "innovation-driven" players benefit from stronger and more collaborative relationship with customers, which in certain cases derive also from the co-development of products and solutions, and stronger negotiation power, resulting in better contractual terms and higher margins.

Our leadership position in the CDMO market is reinforced by infrastructural, customer-centric, and legislative barriers to entry. Our industry requires significant R&D capabilities, manufacturing complexity and sizeable upfront capital expenditure. In order to enter the CDMO space, in particular with respect to nutraceutical products, a new market entrant would need to acquire or develop innovative or patent-protected technologies and adopt complex manufacturing models with the flexibility to ensure business continuity for customers as well as efficient quality control and quality assurance processes in order to comply with applicable certification requirements. New entrants would also need to build significant in-house R&D expertise, which typically requires significant time and resources, notably when patents are involved. These factors, coupled with the necessity for new entrants to reach significant sizes to achieve acceptable economies of scale, translate to a high-level of upfront investment, which can be a strong barrier to entry. Sizeable R&D capabilities underpinned by strong proprietary technologies also offer significant competitive advantages with respect to the acquisition of large customers that have broad product portfolio needs. We proactively approach and partner-up with our key customers, such as large consumer health companies, to co-develop new innovative products and launch them to the market in a timely manner, leveraging the shorter innovation cycle in the nutraceutical space of an average of six to 18 months as compared to the average 36 to 60-month cycle in the pharmaceutical space according to management estimates. Additionally, our significant capabilities in the co-development of products with, and high switching costs for, our customers (including relating to the transfer of know-how and technology) translate to our strong customer relationships and significant client stickiness, which we believe are key factors in our ability to act as the de facto exclusive supplier for certain of our key customers and limit the ability of incumbent market participants to penetrate the market. Finally, our business is subject to stringent regulatory requirements across multiple jurisdictions, with a market participant's ability to provide local and international regulatory expertise being a critical service for CDMO customers.

The CDMO market was temporarily impacted by a destocking effect from retailers and brand owners, with an estimated 5% negative CAGR in the EU5 in 2024 (compared to 2023) and a reduced CAGR of 1% in the U.S. in 2023 (compared to 2022). Such destocking effect was the re-normalization of stock level that increased significantly in the aftermath of COVID-19, as manufacturers stocked up in anticipation of higher demand growth in a period of supply chain disruption risks coupled with higher inflation. U.S. markets experienced a destocking effect one year in advance to Europe due to earlier timing of inflation, with a rebound in the U.S. CDMO market (food supplements), which is estimated to grow at a 9% CAGR in 2024.

SIGNIFICANT EVENTS THROUGHOUT THE PERIOD

RCF FACILITY

In June 2024, in order to finance the global business growth and to obtain the liquidity for the capital expenditure, the Group drawn down additional 20 million of Euro of the existing RCF facility.
Additionally, on November 2024 has established a further RCF facility (the "Additional Facility") which provides for incremental revolving credit commitments, in the aggregate principal amount of 43.5 million of Euro, which are undrawn as of the date December 31, 2024.

BIOFARMA INDIA

In September 2024, the Group perimeter enlarged for the establishment of a new legal entity in India, Biofarma Consultancy Private Limited, in order to leverage the regulatory and service support skills in the Asia Pacific region.

CUSANO MILANINO PLANT RAMP DOWN

According to the reorganization of Italian manufacturing facilities, the Group announced the ramp down of the Cusano Milanino plant, with the aim to transfer the operations to Gallarate and Mereto plants. All equipment and personnel available for the relocation, are in process to be transferred to Gallarate or Mereto plants.

WAR IN UKRAINE

The Group is not directly exposed with sales to Russia or Ukraine; however, the Group is manufacturing nutraceuticals products for European clients, which deliver these goods to such markets. The total estimated yearly sales to those markets are equal to €12.1m, which is less than 3% of the total company turnover.

WAR IN ISRAEL AND PALESTINE

The Group has a negligible direct exposure with direct sales to Israel by manufacturing nutraceutical and cosmetics products for Israeli clients (€0.2m). The total yearly indirect sales to those markets (sell out of European clients) are equal to €0.6m, in contraction versus 2023 (€0.9m).

INFLATION

The Group, as further disclosed within this report, is facing progressive decreases in raw-material prices, energy, labor and services costs, in light of global deflationary trend following COVID-19 outbreak. In addition, Biofarma addressed any potential cost increase via dedicated mitigation actions, such as operational efficiencies and introduction of new raw-materials and packaging suppliers. Ability to pass-through costs increases is the norm in the industry and is further enhanced by Biofarma's differentiated positioning.

NEW STRATEGIC PROJECTS

Our extensive operational excellence program "Biofarma Way for Excellence", which includes several improvement initiatives defined and implemented under the Lean Six Sigma ("LSS") methodology and Indirect cost ("INCO") saving projects, aims to optimize indirect expenses across the Group. The "Biofarma Way for Excellence" is an internal operational excellence "machine", structurally improving processes across geographies and functions, with over 50 internal "black belt" and "green belt" employees trained during the course of 2024 and over 40 ongoing improvement projects, aimed at driving meaningful savings in a structural way.

SIGNIFICANT EVENTS OCCURRED AFTER DECEMBER 31, 2024

The Group is entering in a large pluriannual ICT transformation program, which will redesign the global Information technology structure, processes and reporting in all Group legal entities.

The Group continues to reinforce the Management structure by appointment as of January 2025 of Simone Romano as Global Chief HR & Transformation Officer.

In early 2025, the U.S. administration implemented substantial tariff increases on imports from key trading partners, including China, Canada, and Mexico, and, potentially, all other countries. The potential impact of these tariffs on the Group's operations is multifaceted.

The Group is continuosly assessing any potential impact, developing a specific action plan for each material and customer, to understand also exclusions, i.e. goods that are not subject to reciprocal tariffs. However, the vast majority of suppliers of our U.S. subsidiary is domestic, and our expectation is that most suppliers will be able to absorb cost increases. Our strategy will be to pass on all or part of the excess cost to our customers in order to mitigate the impact of any tariff-related increases in raw material costs, leveraging the quality of our services, long standing business relationships and the reliability of our Group. Given our strong presence in the US and our local footprint, we believe we are better prepared than our competitors to address this challenge.

It's also worth mentioning that, in Q1 2025, in light of these events, the U.S. subsidiary created a "safety stock".

In the event of European retaliatory tariffs in the future, the impact on our European business will be negligible, as the purchase value of materials we procure from the U.S. is not material.

However, we remain cautiously optimistic about the potential for a positive outcome in U.S.-Europe trade relations, and should tariffs be reduced, we anticipate positive effects on our operations.

As of April 2025, to finance the global business growth and to obtain the liquidity for the capital expenditure, the Group drawn down additional 20 million of Euro of the existing RCF facility.

02

GROUP ACTIVITIES AND OPERATIONS

- **MAIN KPIs**
- **TOTAL REVENUES BREAKDOWN**

GROUP ACTIVITIES AND OPERATIONS

The Group is the leading global CDMO fully focused on nutraceuticals, and the undisputed leader of the Italian market. The Group is the result of a "buy-and-build" story of complementary businesses that led to the creation of a leading player with a wide portfolio of differentiated products and manufacturing technologies.
The Group positions itself as large Pharmaceutical Companies' ("PharmaCos") and Consumer Health Clients' ("CHCs") partner-of-choice for co-development projects thanks to:

- An end-to-end Contract Development and Manufacturing Organization proposition from market intelligence, R&D and regulatory, to finished dosage forms ("FDFs") manufacturing and packaging.
- A proactive offer of innovative solutions ("push innovation model"), trying to anticipate market trends and clients' needs also leveraging on a strong R&D department and a solid portfolio of differentiated technologies (e.g., Microencapsulation, Dry-Cap, T-Win)

The Group's differentiated positioning is based on:

- Strong in-house R&D capabilities and a team of c. 100 FTEs working on the development of new products and performing clinical studies to support products' claims;
- Regulatory know-how with a dedicated team of c. 24 FTEs, supporting clients in registering product dossiers both at local and international level.
- State-of-the-art manufacturing capabilities, with several "pharma-like" manufacturing equipment and quality control systems.

MAIN KPIs

€443.3m
24 Total Revenues*

+10%
Total Revenues CAGR '19-24 *

€106.3m
24 EBITDA (incl. synergies)** (24.0% margin)

9
Manufacturing plants

200+
FTEs of R&D & Regulatory and Quality processes

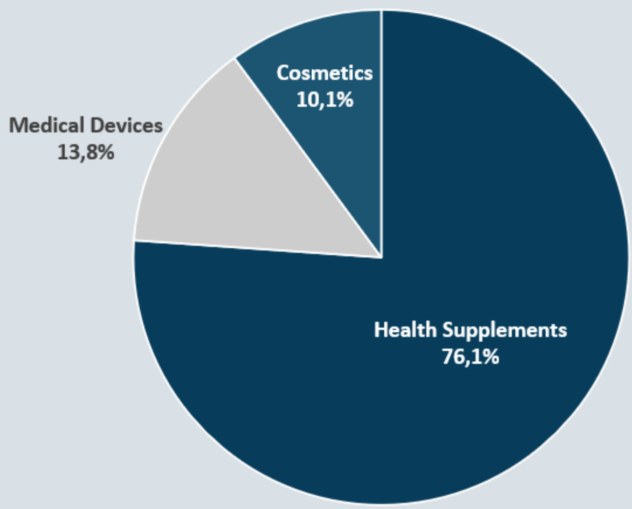
>500
Customers

>75
Countries served

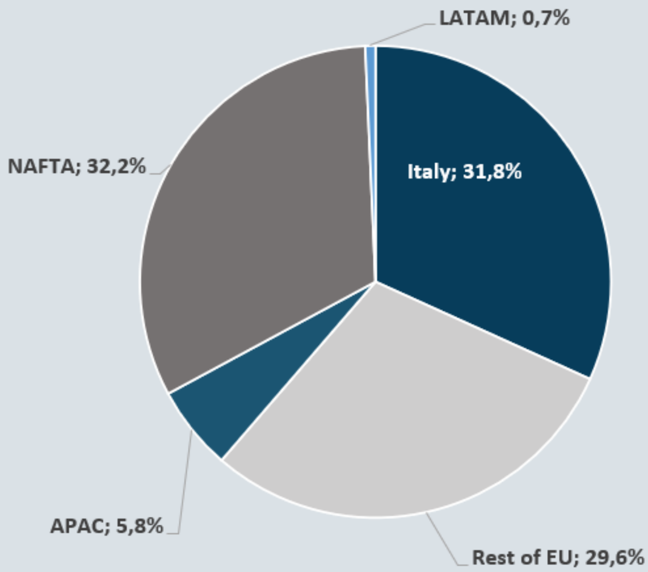
TOTAL REVENUES BREAKDOWN

December-24

By Business Unit



By Geography



The Group operates its business through three business units:

- Health Supplements. Through Health Supplements business unit, the Group develops and manufactures health-enhancing products that primarily enable the maintenance of good health and support or enhance prevention treatments individually or in combination with pharmaceutical products, including for chronic diseases. While the purchase of Health Supplements does not require a formal doctor's prescription in most of its geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations.

- Medical Devices. Through Medical Devices business unit, the Group develops and manufactures products that achieve their therapeutic effect through a physical (e.g., aerosol) or mechanical (e.g., a protective layer in the stomach) action to prevent and treat diseases. Medical devices are closer to pharmaceuticals (compared to health supplements) due to the specific regulatory framework they need to comply with at a national and European level. Similar to health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies.

- Cosmetics. Through Cosmetics business unit, the Group primarily develops and manufactures premium skin care products, such as anti-ageing creams, sun care and hair care products. The Group's strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. The Cosmetics business unit includes certain differentiated innovative technologies, such as the Bag on Valve ("BOV") technology.

03

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

- KEY FINANCIAL INFORMATION
- RESULTS OF OPERATIONS
- FINANCIAL POSITION
- KEY PERFORMANCE INDICATORS (KPI'S)
- FINANCIAL RISK MANAGEMENT
- INVESTMENTS
- PERSONNEL
- RESEARCH AND DEVELOPMENT
- EXPECTED MACROECONOMICS TRENDS AND FORESEEABLE EVOLUTION OF MANAGEMENT
- EARNING PER SHARE

KEY FINANCIAL INFORMATION

The following table provides an overview of the Group's key results for the fiscal year ended December 31, 2024. A detailed description of the figures utilized for the analysis and for the discussion is detailed below.

(in thousand of Euro)	2024
Revenue and other income	446.944
Earnout	-9.445
Government grants	3.300
Reclasses	2.480
Pro-Forma Revenues (1)	443.279
Statutory EBITDA (2)	83.450
Pro-Forma EBITDA (3)	88.498
Pro-Forma Adjusted EBITDA (4)	96.725

- (1) Pro-Forma Revenues (unaudited) consider the Revenue and other income included in Statutory reporting, net of extraordinary income related to Nutraskills earnout, increased by Government grants not yet certified and received as well as including come income reclassed from Service cost to Income.

- (2) Statutory EBITDA considers the net profit before depreciation and amortization expenses, income taxes, finance costs and finance income.

- (3) Pro Forma EBITDA (unaudited) as Statutory EBITDA, net of extraordinary Earnout reserve partial release, without the EBITDA contribution of Kepler S.p.A., US bidco's and Biofarma France S.a.s. (following the "Holdings"), without extraordinary one-time cost occurred in Biofarma S.r.l, including government grants to be validated and settled and with adding back the IFRS cost related to leasing facilities.

- (4) Pro Forma Adjusted EBITDA (unaudited) as Pro Forma EBITDA minus/plus certain income and costs that management does not consider to be representative of the underlying operations of the business because they either relate to actions taken in relation to transformation projects in connection with certain acquisitions, are not expected to recur within the next two years or are costs associated with business combinations that are expensed as incurred. In addition, the measure includes EBITDA related to a minority share in a non-consolidated company and the exclusion of IFRS cost related to leasing facilities.

(in thousand of Euro)	2024
Revenues	431.578
Other operating income	15.366
Cost of raw materials	-205.233
Cost for services	-76.318
Personnel costs	-78.786
Other operating cost	-3.157
Depreciation and amortisation expenses	-65.545
Impairment of intangible and tangible assets	0
Share of results of associates	0
Impairment losses of financial assets	0
Operating result	**17.905**
Finance income	12.023
Finance cost	-69.512
Result before tax	**-39.584**
Income taxes	4.279
Result for the year	**-35.305**
Reported Statutory EBITDA	**83.450**
Earnout exclusion (A)	-9.445
Holding cost exclusion (B)	2.774
Extraordinary items in Biofarma S.r.l. (C)	11.919
Government grants (D)	3.300
IFRS leasing added back (E)	-3.500
Pro-Forma EBITDA	**88.498**
Other Adjustments (F)	8.227
Pro-Forma Adjusted EBITDA	**96.725**

- A. Nutraskills earnout has been excluded from the Pro Forma EBITDA as an extraordinary and non recurring income.

- B. Holding accounting adjustments related to Pro Forma EBITDA contribution of the Holdings not included in management reports.

- C. Adjustments for 11.9 Mil € are related to (i) 1.6 Mil € for Cusano plant ramp down provision; (ii) 1.7 Mil € for non recurring Strategic consultant cost; (iii) 1.1 Mil € for M&A extraordinary transaction cost; (iv) 0.3 Mil € for ceasing cost related to supplier contract early termination; (v) 2.7 Mil € related to non core material write off, mainly related to new Medical Device Regulation ("MDR"); (vi) 0.4 Mil € related to extraordinary Human Resource department selection and competence mapping and development costs; (vii) 1.3 Mil € for a prudential reserve on certain risk on credits; (viii) 0.2 Mil € related to early termination of contract with certain customer, (ix) 2.3 Mil € related to managers layoff cost, as well as retention and non compete bonuses, (x) 0.3 Mil € set of other minor adjustments.

- D. Represent the government grants evaluation and project launched in 2024 which still must be settled.

- E. Represent IFRS leasing cost, excluded from Statutory EBITDA, added back in order to align with our managerial reporting.

- F. Other Adjustments are equal to 8.2 Mil € and they are composed of (i) 1.2 Mil € of 45% of EBITDA generated by certain company where Biofarma owns 45% of shares and which has not been consolidated; (ii) 3.4 Mil € of one time and non recurring cost occurred in US recent acquisition and (iii) 3.5 Mil € IFRS leasing cost exclusion, in line with Statutory reporting.

RESULTS OF OPERATIONS

The following table provides an overview of the results of the operation of the Group, as per managerial reporting, for the year ended December 31, 2024 and 2023. Both periods consider the same consolidation perimeter (the Group excluding the Holdings) and a 12 month periods, as if the acquisition has been performed on January 1, 2023. Please consider that managerial reporting figures for the years ended December 31, 2024 and 2023 are unaudited

(€m)	Dec-24A	Dec-23A	Δ (%)	Δ
Net Sales	440,1	428,6	*2,7%*	*11,4*
Government Grants	3,3	3,9	*(16,2%)*	*(0,6)*
Total Revenues	**443,3**	**432,5**	***2,5%***	***10,8***
Raw Material Costs	(205,2)	(213,6)	*(3,9%)*	*8,3*
First Margin	**238,1**	**219,0**	***8,7%***	***19,1***
First Margin (%)	*53,7%*	*50,6%*	+308bps	
Third Party Works Costs	(19,6)	(19,7)	*(0,2%)*	*0,0*
Direct Personnel Costs	(36,3)	(34,3)	*5,8%*	*(2,0)*
Other Direct Production Costs	(16,7)	(18,5)	*(9,7%)*	*1,8*
Transformation Margin	**165,5**	**146,5**	***13,0%***	***19,0***
Transformation Margin (%)	*37,3%*	*33,9%*	+346bps	
Indirect Personnel Costs	(19,5)	(17,5)	*11,7%*	*(2,0)*
Maintenance Costs	(9,6)	(6,3)	*52,5%*	*(3,3)*
Logistics and Storage Costs	(8,1)	(5,7)	*42,1%*	*(2,4)*
Other Indirect Production Costs	(3,7)	(2,3)	*61,1%*	*(1,4)*
Second Margin	**124,6**	**114,8**	***8,6%***	***9,8***
Second Margin (%)	*28,1%*	*26,5%*	+158bps	
Total SG&A Costs	**(36,1)**	**(31,7)**	***14,0%***	***(4,4)***
% of revenue	*(8,1%)*	*(7,3%)*	(82bps)	
EBITDA	**88,5**	**83,1**	***6,5%***	***5,4***
EBITDA Margin (%)	*20,0%*	*19,2%*	+76bps	
Adjustments	4,7	4,4	*7,3%*	*0,3*
Adjustments con IFRS	3,5	3,1	*12,9%*	*0,4*
Adj. EBITDA	**96,7**	**90,6**	***6,8%***	***6,1***
Adj. EBITDA Margin (%)	*21,8%*	*20,9%*	+88bps	

As part of our auditing process in connection with the annual financial statements for the year ended December 31, 2024, the Company has identified certain inconsistencies with respect to the 2023 Consolidated Adjusted EBITDA reported previously in the Annual Report 2023.
The following table sets forth the revised Consolidated Adjusted EBITDA as of December 31st 2023.

	Annual Report 2023	Revised 2023 in Annual Report 2024
Mil€	Consolidated Adj. EBITDA	Consolidated Adj. EBITDA
As of December 31, 2023	91,5	90,6

During 2024, the Group posted consolidated topline growth of 2.5%, notwithstanding the difficult market context characterized, mostly in Europe, by destocking. Total Revenues reached 443.3 million of Euro, thanks to a strong growth in the US, driven by the execution of the defined 3-pillars strategy:

- Customer penetration: increased share of wallet with key accounts, especially on certain products and therapeutic areas such as probiotics, gastro, and baby care products;
- Geographical expansion: the Group was able to strengthen its revenues generation in Europe and Nord America
- Technological innovation: leveraging on its R&D department, Biofarma has been able to continue to innovate its products and offer new solutions to its clients (strong performance of Probiotics, Dry Cap and T Win technologies).

First Margin for the 2024 amounted to 238.1 million of Euro, an increase of 8.7% compared to the 2023. Percentagewise, Marginality increased by 308 bps versus previous year. Despite the decrease in purchasing prices consistent with a global deflationary trend, selling prices were almost stable, leveraging the competitive advantage and better positioning vis-à-vis competitors, due to the service level, the quality of our products and the expertise of our R&D team.
Transformation Margin for the 2024 amounted to 165.5 million of Euro, with marginality equal to 37.3%, which is 346 bps higher than 2023 trend, mainly due to (i) growing first margin, (ii) successful manufacturing efficiency plan introduced that allowed to increase manufacturing efficiency and generate savings.
Second Margin for the 2024 amounted to 124.6 million of Euro (28.1%) vs. 114.8 million of Euro (26.5%) in 2023: the improvement is mainly due to procurement and manufacturing cost efficiencies, offset by higher expenses in maintenance and logistics.
Sales, General and Administration costs (SG&A), including R&D expenses, have increased by 4.4 million of Euro versus 2023 and amount to 36.1 million of Euro. The increase versus 2023 in absolute value is caused by higher research and development expenditure, the strengthening of the sales organization and management team.
EBITDA for the 2024 amounted to 88.5 million of Euro, an increase of approximately 6.5% compared to the previous year. EBITDA Margin is equal to 20.0%, compared to 19.2% of 2023, mainly related to higher volumes, the constant focus on operational improvements and synergies generation and our ability to offer high value added and innovative products to our customers.
Adjusted EBITDA (like-for-like) for the 2024 amounted to 96.7 million of Euro, an increase of approximately 6.8% compared to the previous year. Percentage-wise, Adjusted EBITDA Margin is equal to 21.8%, compared to 20.9% of the 2023.
The Adjustments are equal to 4.7 million of Euro and they are mainly related by 3.6 million of Euro to ceasing cost and not recurring costs in US, 1.2 million of Euro related to minority in Cura Beauty Gmbh and 3.5 million of Euro of leases under IFRS 16.

REVENUES BY BUSINESS UNIT

YTD €m	Dec-24A	Dec-23A	24A vs.23A	24A vs.23A
Health Supplements	337,3	335,8	*1,4*	*0,4%*
Medical Devices	61,3	51,0	*10,3*	*20,2%*
Cosmetics	44,7	45,7	*-1,0*	*-2,2%*
Revenue	**443,3**	**432,5**	***10,8***	***2,5%***

Health Supplements: Total Revenues stood at 337.3 million of Euro, growing by +0.4% compared to the 2023, mainly thanks to new customers wins as well as growth with all existing customers with long-lasting relationships

Medical Devices: Total Revenues stood at 61.3 million of Euro, up by +20.2% compared to the 2023, mainly thanks to the increase in sales in Eastern Europe, Italy and Asia Pacific.

Cosmetics: Total Revenues amounted to 44.7 million of Euro, -2.2% compared to the 2023, mainly due to lower performance on solar cream sales.

REVENUES BY REGION

YTD €m	Dec-24A	Dec-23A	24A vs.23A	24A vs.23A
Italy	141,2	150,1	*-8,99*	*-6,0%*
Other EMEA	131,2	127,6	*3,56*	*2,8%*
APAC	25,5	24,7	*0,80*	*3,2%*
NAFTA	142,5	127,9	*14,60*	*11,4%*
LATAM	2,9	2,1	*0,80*	*38,1%*
Total	**443,3**	**432,5**	**10,8**	**2,5%**

Italy: Total Revenues decreased by 6.0 % compared to the previous year, mainly on the back of lower revenues coming Tier 2 consumer healthcare clients' volumes.

Other EMEA: Total Revenues increased by 2.8 % compared to the previous year, mainly on the back of higher revenues coming from Tier 1 consumer healthcare clients' volumes.

Asia and Pacific (APAC): Total Revenues increased by 3.2% compared to the previous year, mainly due to new Chinese customer growth.

North America (NAFTA): Total Revenues increased by 11.4% compared to the previous year due to USPL improved sales performance.

Latin America (LATAM): Total Revenues increased by 38.1%, however remaining a marginal business for the group for time being.

FINANCIAL POSITION

The following table summarizes the Group's Consolidated Statement of Financial Position as at December 31, 2024, with presentation of the Net invested capital, Equity and Net financial Position.

(€m)	Dec-24	Dec-23
Intangible Assets	493,9	536,1
Tangible Assets	146,2	130,6
Long-Term Financial Assets	4,2	16,9
Goodwill	955,2	955,2
Fixed Assets	**1.599,5**	**1.638,8**
Account Receivables	73,6	71,2
Account Payables	(65,6)	(78,7)
Inventory	85,5	78,2
TWC	**93,4**	**70,7**
Other WC Items (e.g. Tax A&L)	(107,4)	(119,9)
NWC	**(14,0)**	(49,2)
Total Assets	**1.585,5**	**1.589,6**
Cash & Cash Equivalents	(19,5)	(33,4)
Financial Debt	591,3	563,6
Net Financial Position	**571,8**	530,2
Employee Leaving Liability	2,4	2,6
Shareholders' Equity	**1.011,3**	**1.056,7**
Total Liabilities & Shareholders' Equity	**1.585,5**	**1.589,6**

The figures above were obtained from the financial statements. Some items have been modified and/or aggregated as follows:

- The net working capital is the sum of "inventories" and "trade receivables" less "trade payables".
- The net financial debt is the sum of "cash and cash equivalents" and "current financial assets", less "current and non-current financial liabilities".

The Financial debt is composed by 345 Mil € as Bond liability, 207,6 Mil € by new private placement facility, 20 Mil € RCF drawn down in June, 23,0 Mil € by short term credits with banks and 23,6 Mil € of long-term loans in Nutraskills, China and leasing. This value is partially offset by 28,0 Mil€ of amortized costs.

KEY PERFORMANCE INDICATORS (KPI'S)

The Key Performance indicators (KPI's) help to understand the performance and operating result of the Group.
The result indicators taken into consideration are:
- financial performance indicators;
- non-financial performance indicators.

These are quantitative measures that reflect the critical success factors of the Group and measure the progress relating to one or more objectives.

The term financial result indicators defines the performance indicators that are defined starting from the information contained in the financial statements and can be divided into:
- income indicators;
- economic indicators;
- solidity indicators;
- indicators of solvency (or liquidity).

Financial indicators have the characteristic of being sufficiently standardized, precisely because of the external significance of the budget documents underlying their calculation.
Finally, it should be remembered that the doctrine usually divides the indicators into margins (absolute values) and quotients (relative values) but both types of indicators are commonly defined as "indexes"; for ease of understanding, therefore, also in this document reference will be made to the terms used in common parlance.

FINANCIAL PERFORMANCE INDICATORS

Financial Performance indicators listed below have been calculated by considering results of operations of the Group from Consolidated Income Statement and Financial Position data as of December 31, 2024 as presented above, while 2023 financial data have been restated for comparison.
As per above, please consider that all KPI's are based on Statutory results.

Income indicators

The following table summarizes certain the indicators that investors may consider helpful.
The analysis of the development of these indicators highlights the trend of the main production drivers of the Group's income.

KPI Mil €	2024	2023
Revenues	446,9	355,4
Operating result	17,9	-7,5
Result for the year	-35,3	-42,5

Economic Indicators

KPI Mil €	2024	2023
ROE-(Return on Equity)	-3,5%	-4,0%
ROI-(Return on Investment)	1,0%	-0,4%
ROS-(Return on Sales)	4,0%	-2,1%

Return on Equity in the Group is referred to the ratio loss for the period (-35.3 million of Euro) on Total Equity (1.011 million of Euro), however, in improvement versus last year. The performance is negative mainly due to interest rates and depreciation that bring the result to negative.

Return on Investment in the Group is the ratio between Operating result (17.9 million of Euro) and Net Invested Capital (1.797 million of Euro). Despite the negative impact driven by the high level of depreciation and amortization of intangible assets arose from purchase price allocation, the KPI shows an improvement versus 2023, mainly due to business growth, transformation cost efficiencies and lower transaction costs.

Return on Sales in Kepler is the ratio between Operating result (17.9 million of Euro) and Revenues (446.9 million of Euro). Despite the negative impact driven by the high level of depreciation and amortization of intangible assets arose from purchase price allocation, the KPI shows an improvement versus 2023, mainly due to business growth, transformation cost efficiencies, lower transaction costs as well as due to the sales increase.

Solidity indicators

The analysis of capital strength has the purpose of studying the Group's ability to maintain financial equilibrium in the medium to long term.
This ability depends on:

- methods of financing medium-long term loans.
- composition of funding sources.

With reference to the method of financing medium-long term loans, considering that the recovery time of loans must be "logically" related to the recovery time of the sources, the indicators deemed useful to highlight this correlation are the following.

KPI Mil €	2024	2023
Primary margin of structure (Equity-Total Assets)	-786	-788
Primary structure quotient (Equity/Total Assets)	56,3%	57,3%
Secondary margin of structure ((Equity+Non current liability)-Total Assets)	-109	-128
Secondary margin quotient ((Equity+Non current liability)/Total Assets)	93,9%	93,1%

Primary margin and primary quotient, show that equity, even if significant, is not able to cover the total investment. This is due to the impact of goodwill deriving from the Group, US Pharmalab and Nutraskills acquisitions.

Secondary margin and secondary quotient confirmed the primary trend mentioned above: even if including non current liabilities, the Group is not completely solid to cover all Assets and part of it is financed by current liabilities. The ratio is not al 100% as there is a relevant goodwill impact on Total Assets.

KPI Mil €	2024	2023
Total debt ratio (Current+Non Current Liabilities)/Equity	77,7%	74,6%
Financial debt ratio (Net Financial Position/Equity)	56,5%	50,2%
Financial debt ratio wo amortized cost (Net Financial Position wo amortised cost/Equity)	59,3%	52,8%

All indicators, being lower than 100%, show that the Group has a relevant Equity level and therefore is solid and properly capitalized.

Liquidity indicators

In 2024 the Group also confirmed a satisfactory level of solvency or liquidity: the Group's ability to pursue short-term financial equilibrium was maintained, i.e to meet expected short-term outflows (current liabilities) with existing liquidity (immediate cash) and expected short-term income (deferred cash).
Considering that the recovery time of loans must be "logically" related to the recovery time of sources, the indicators considered useful to highlight this correlation are the following:

- Availability Marg in: Current Asset less Current Liability
- Availability Quotient: Current Asset / Current Liability

KPI Mil €	2024	2023
Availability Margin (Current Asset- Current Liabilities)	85,0	78,7
Availability Quotient (Current Asset/Current Liability)	1,8	1,6

Both indicators are positive, and the availability quotient is above 1, which means that the Group is able to cover short term liabilities using the current asset: no tension on liquidity.
The managerial reporting includes also the following KPI's:

- i) Pro Forma Adjusted EBITDA with synergies, which is composed of Pro Forma Adjusted EBITDA incremented by twenty-four months synergies.
    - (1) Pro Forma Adjusted EBITDA is equal to 96.7 million of Euro.
    - (2) Twenty-four months synergies are equal to 9.6 million of Euro. The future synergies are out of the audit perimeter as not measurable in the IFRS framework. However, Group's management consider extracting in two years (2025 and 2026) 9.6 million of Euro of synergies (2.6 million of Euro in US, 3.0 million of Euro in Europe and 4.0 million of Euro on global level).

Finally, the KPI Pro Forma Adjusted EBITDA with synergies is equal to 106.3 million of Euro (Pro Forma Adjusted EBITDA 96.7 million of Euro plus 9.6 million Euro of synergies). The synergies included in the calculation are related to the operational activities defined and planned for 2025 and 2026 and they refer in Europe to:

- (3) Procurement synergies for 2.0 million of Euro,
- (4) Organization optimization for 1.0 millionof Euro.

In US the synergies are 2.6 million of Euro and they refer to (i) procurement cost optimization thanks to the Chinese facility; (ii) manufacturing synergies.
ProForma Adjusted Net Financial Position, equal to 599.7 million of Euro, which is composed of the Net Financial Position of 571.8 million of Euro, from which we add back the amount of amortized costs included for 27.9 million of Euro,
Therefore, the index Net Financial Position on Pro Forma Adjusted EBITDA ratio results as following: Proforma Adjusted Net Financial Position (599.7 million of Euro) versus Pro Forma Adjusted EBITDA (106.3 million of Euro), is equal to 5.6x.

Non-Financial Performance Indicators

Non-financial result indicators are measures of a quantitative, but not monetary, nature, which have the objective of analyzing management performance in more detail by monitoring the factors that influence economic and financial results. The main advantage of these indicators compared to the financial ones is represented by their ability to signal the trends of the economic-financial results, also and above all in a long-term perspective.
Contrary to what happens for financial indicators, for which there are certain parameters commonly accepted by the market, it should be noted that for non-financial indicators there are no applicable standards and precise rules for choosing them; they were therefore chosen with reference to the characteristics of the company and the type of business.

Advertising costs on turnover	0,2%
Research and developments expenses on turnover	1,2%
Costs for Regulatory on turnover	0,3%

FINANCIAL RISK MANAGEMENT

The Group's business is exposed to several types of risk: market risk, credit risk and liquidity risk. The Group's risk management strategy focuses on market unpredictability and aims to minimize the potential adverse effects on the Group's financial performance. Some types of risk are mitigated through derivatives.
Risk management is centralized with the Treasury Management function, which identifies, assesses and hedges financial risks by working closely with the Group's business units. The Treasury Management function provides policies and guidelines for monitoring risk management particularly with respect to interest rate risk and credit risk.

MARKET RISK

In performing its business activity, the Group is exposed to various market risks, particularly the risk of fluctuations of interest rates, volatility in the availability and price of the raw materials, and utilities and also for the risk of for foreign exchange risks.

INTEREST RATE RISK

In order to mitigate the interest rate risk on the financial bond, the Parent Company, on August 8, 2022, signed an ISDA master agreement for an interest rate cap based on a notional amount of 345 million of Euro with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps. Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years.

(in Euro thousand)	At December 31, 2024		At December 31, 2023 (Restated)	
	Negative Fair Value	Positive Fair Value	Negative Fair Value	Positive Fair Value
Commodity Derivatives	-	-	-	-
Interest Rate Derivatives	-	2.229	-	7.692
Currency Derivatives	-	-	-	-

Group analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of its financial liabilities. More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the financial expense associated with unhedged gross debt.

These market scenarios are obtained by simulating parallel increases and decreases in the yield curve as at the reporting date.

There were no changes introduced in the methods and assumptions used in the sensitivity analysis compared with the previous years.

With all other variables held constant, applying a 25 bps interest rate variation, the Group's tax profit would be affected by a change in the level of interest rates as follows:

(in Euro thousand)				
Year	Net result for the period		Total equity (increase)/decrease	
	-25 bps	+25 bps	-25 bps	+25 bps
2024	-544	544	-544	544
2023	-251	251	-251	251

For the years ended December 31, 2023, and 2024, the borrowing Notes consistently represented the vast majority of financial liabilities exposed to interest rate risk, accounting for approximately 99%, and 95% of the total, respectively.

PRICE RISK

The Group is exposed to price risk primarily on vitamins, different ingredients and packaging material as well as on energy procurement, whose costs are subject to market volatility.

The Group controls the exposure to raw material and energy commodity price changes by monitoring the costs on monthly basis and by comparing it against budget assumptions. In order to mitigate that risk, the Group implemented the following actions:

- Continuous diversification of suppliers for ingredients and vitamins, in order to avoid the supplier concentration and the negotiation power;
- Continuous scouting of alternative sources for raw material supply by skipping, where possible, the intermediators and by certification of new overseas and low-cost country suppliers which met our international quality, sustainability and pricing standards;
- Definition of the price and delivery conditions on middle term in the contract with supplier, in order to fix as much as possible the purchase price and, at the same time, to assure relevant contract flexibility which allow the Group to change the supplier in case of price and delivery condition deterioration;
- Definition of middle term flexible contracts with energy supply brokers, which allow us to obtain on quarterly basis the pest possible ratio between price and quality and quantity of utility supply;
- The Company R&D and Regulatory departments, in collaboration with Purchasing, research and implement engineering innovation by activation of new and alternative raw materials that can replace the current supply primary sources.

Despite the exposure to raw material price risk, the Group decided to manage this risk without starting any commodity swap contracts for its industrial activities.
The following table presents the results of the analysis of sensitivity to a reasonably possible change in the vitamins, different ingredients and packaging material. More in details, to conduct such sensitivity analysis, the quantities of purchasing for the fiscal years ended December 31, 2024 and 2023, along with their average prices, were analyzed. A variation of +/- 10% was then applied to these values.

Year ended December 31, 2024				
	USD		RMB	
	-10%	+10%	-10%	+10%
Non current financial assets	119.764	-97.989	-	-
Trade Receivables	2.705.592	-2.213.666	442.976	-362.435
Other current Assets	90.700	-74.209	43.985	-35.988
Cash and cash equivalent	1.115.001	-912.274	31.752	-25.979
Non current financial liabilities	12.459.778	-10.194.364	146.521	-119.881
Current financial liabilities	395.898	-323.916	-	-
Trade Payables	2.619.487	-2.143.217	122.361	-100.113
Other current liabilities	958.499	-784.227	43.675	-35.734
TOTAL	**20.464.719**	**-16.743.861**	**831.271**	**-680.130**

VOLATILITY AND AVAILABILITY OF RAW MATERIALS

The Group is exposed also to raw material volatility an availability and the risk mitigation measures have been described also on the Price risk chapter. In addition to that, the Group continuously search the alternative local backup supplies in case on delivery term extensions practiced by the primary supplier.
Finally, the Company R&D and Regulatory departments, in collaboration with Purchasing, research and implement engineering innovation by activation of new and alternative raw materials that can replace the current supply primary sources.

FOREIGN EXCHANGE RISK

The Group predominantly conducts its operations in Euros, however, subsequent to recent acquisitions, the operational landscape now includes transactions denominated in US dollars (USD), Chinese Renminbi (RMB) and Indian Rupee (INR) even if with very limited number of transactions. To mitigate the adverse effects of currency exchange rate volatility, the Group employs various organizational instruments. One strategy involves maintaining a diversified portfolio of suppliers and customers across different regions. By conducting business with entities in various geographical locations, the Group can offset potential losses in one currency with gains in another, thus reducing overall exposure to exchange rate volatility.
Additionally, fostering strong relationships with banks and financial institutions in various regions can provide the Group with access to expert advice and tailored solutions for managing currency risk. Collaborating with these partners enables the Group to stay abreast of market trends and leverage their expertise in implementing effective risk management strategies. Through a combination of these organizational measures and financial instruments, the Group aims to enhance its resilience to currency risk and safeguard its financial performance in a dynamic global marketplace.
The Group's exposure to currency risk is mainly connected with sale denominated in US dollars (USD). In the year ended December 31, 2024, the Group made sales in US dollars totaling approximately USD 140 million (equivalent to about Euro 129 million at an average EUR/USD exchange rate of 1,08). For the years ended December 31, 2023 US dollar sales amounted to approximately USD 46 million (Euro 43 million at 1,08).
The following table details the group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates.

	Year ended December 31, 2024		Year ended December 31, 2023	
(in Euro thousand)	USD		USD	
	-10%	10%	-10%	10%
Investments in financial assets	120	-98	160	-131
Trade receivables	2.706	-2.214	1.647	-1.348
Other current assets	91	-74	129	-105
Cash and cash equivalents	1.115	-912	1.030	-843
Non-current financial liabilities	12.460	-10.194	12.390	-10.137
Current financial liabilities	396	-324	822	-672
Trade payables	2.619	-2.143	692	-566
Other current liabilities	958	-784	519	-425
Net result for the period	**20.465**	**-16.744**	**17.389**	**-14.227**

Please note that the sensitivity analysis in the table does not account for the effects and risks related to currency fluctuations due to sales pricing adjustments based on currency-linked formulas.
It is noted that, given the market context, during the fiscal years ended December 31, 2024 and 2023, the Company did not choose to use derivative financial instruments to hedge against currency risk.

CREDIT RISK

The credit risk essentially coincides with the amount of trade receivables recognized at the reporting dates.
The top 10 clients represent about 43% of the total receivables and, to mitigate the credit concentration risk the Group has defined the following strategies:

- Activation of pro-soluto factoring with all top ten customers by involving the primary Italian banks;
- Implementation of strict credit collection policies based on weekly dunning letters, weekly credit collection calls with customers with outstanding balances;
- Block of sales order production and shipments in case of missing outstanding balances settlement within maximum 30 days.

All the same, procedures are in place to ensure that the sales of products and services are conducted with customers that have shown to be reliable in the past.
For trade receivables and contract assets, the Group uses a simplified approach to calculate expected losses; the Group monitors changes in credit risk using a simplified approach based on brackets of shared credit risk characteristics and past-due days. Therefore, the Group discloses the full amount of expected credit losses at each reporting date, please refer to Note "Trade receivables". The Group has defined a provision matrix based on historical experience, adjusted for forward-looking information about specific types of debtors and their economic environment, as a tool for determining expected credit losses.
The Group manufacture highly customized products and thanks to its differentiated technology which are difficult to replace by our competitors. That competitive advantage in combination with our credit management policy help us to minimize any relevant market threat. The following table sets forth an aging analysis of the trade receivables at December 31, 2024 and 2023 stating separately the provision for doubtful debts:

	Expiring	Expired				Provision for doubtful debts	Total trade receivables
(in Euro thousand)		0-30	31-60	61-90	more than 90		
December 31, 2023	62.087	5.002	1.634	90	3.556	-1.187	71.182
December 31, 2024	55.731	5.475	9.599	320	4.116	-1.683	73.558

LIQUIDITY RISK

Liquidity risk concerns the ability to meet obligations arising on financial liabilities. Prudent management of the liquidity risk stemming from the Group's ordinary operating activities entails keeping up sufficient levels of cash holdings, short-term securities and funding available through adequate credit lines. The Group must have adequate stand-by credit lines to finalize contracts and collect invoices, to an extent that ensures financial flexibility. Management monitors the cash turnover projections, including undrawn credit lines, and available cash and cash equivalents, based on expected cash flows.

The following tables set forth a maturity analysis of the financial liabilities at December 31, 2024 and 2023. The maturities are based on the period from the reporting date to the contractual maturity date of the obligations.

	At December 31, 2023 (Restated)				
(in Euro thousand)	Carrying value	Contractual cash flow	Within 1 year	From 1 to 5 years	Beyond 5 years
Borrowings	528.501	556.149	3.843	552.306	0
Lease liabilities	26.137	26.137	2.275	14.877	8.985
Other current financial liabilities	8.993	8.993	8.993	0	0
Trade payables	78.681	78.681	78.681	0	0
Non-derivative liabilities	**642.312**	**669.960**	**93.792**	**567.183**	**8.985**
Derivative financial instruments	-7.692	-7.692	-7.692	0	0
Total	**634.620**	**662.268**	**86.100**	**567.183**	**8.985**

	At December 31, 2024				
(in Euro thousand)	Carrying value	Contractual cash flow	Within 1 year	From 1 to 5 years	Beyond 5 years
Borrowings	555.936	583.859	9.243	574.615	-
Lease liabilities	24.817	24.817	3.341	20.849	627
Other current financial liabilities	10.529	10.529	10.529	-	-
Trade payables	65.599	65.599	65.599	-	-
Non-derivative liabilities	**656.881**	**684.804**	**88.712**	**595.464**	**627**
Derivative financial instruments	-2.229	-2.229	-2.229	0	0
Total	**654.652**	**682.575**	**86.483**	**595.464**	**627**

The value of the liability for the Senior Secured Notes contracts as of December 31, 2024 is based on a nominal amount of 554 thousand of Euro, offset by 28 thousand of Euro of amortized cost.

EQUITY RISK

The Group's equity risk management objective is to maintain the going concern status to assure returns to shareholders and benefits to other stakeholders. The Group also aims to maintain an optimal capital structure to reduce debt costs.
Net invested capital is calculated as the sum of equity attributable to the shareholders and net financial debt.
Below is the breakdown of the Group's net financial debt at December 31, 2024 and 2023, determined in accordance with Committee of European Securities Regulators (CESR) Recommendation n. 05/054b, Paragraph 127, for implementation of EC Regulation n. 809/2004, and the gearing ratios at December 31, 2024:

(in Euro thousand)		At December 31, 2024	At December 31, 2023 (Restated)
A	Cash and cash equivalents	19.517	33.412
	Liquidity (A)	19.517	33.412
B	Borrowings	9.242	8.243
C	Current Lease liabilities	3.341	2.275
D	Other financial liabilities	10.529	8.993
E	**Current financial indebtedness (B+C+D)**	**23.111**	**19.511**
	Net current financial indebtedness (E-A)	**3.594**	**-13.901**
G	Investments in financial assets	1.610	1.424
H	Derivative financial instruments	2.229	7.692
I	**Non-current financial assets (G+H)**	**3.839**	**9.116**
J	Borrowings	546.695	520.258
K	Non-current Lease liabilities	21.475	23.862
L	**Non-current financial indebtedness (J+K-I)**	**564.331**	**535.004**
M	**Financial indebtedness (G+L)**	**567.925**	**521.103**
N	Equity	1.011.292	1.056.749
	Gear ratio (M/N)	**56%**	**49%**

The non-current financial assets are mainly related to the value of the derivative financial instruments of Euro 2.229 thousand in 2024 (Euro 7.692 thousand in 2023). The current financial indebtedness is composed of other financial liabilities, which include Euro 7.125 thousand of banks overdraft and banks advance in 2024 (Euro 7.122 thousand in 2023), and current lease liabilities for Euro 3.404 thousand in 2024 (Euro 2.275 thousand in 2023). The non-current financial indebtedness in 2024 include Euro 546.695 thousand of non-current portion of the borrowings (Euro 520.258 in 2023) and Euro 21.475 thousand (Euro 23.862 thousand in 2023) related to the non-current portion of the lease liabilities. The borrowings for the periods 2024 and 2023 are composed, respectively, from 95% and 99% of Senior Secured Notes.

INVESTMENTS

Total Capex was equal to 36.9 million of Euro and are related to:

- Maintenance: 3.8 Mil € related to the regular maintenance activity in 9 plants.
- Growth Capex: 33.1 Mil €, of which related to:
  - 10.9 Mil € for the Codilab Green field
  - 1.3 Mil € investment in Gallarate facility
  - 15.9 Mil € for machinery and equipment in Mereto, Gallarate, Codilab and US Pharmalab
  - 2.4 Mil € for R&D projects
  - 2.6 Mil € for energy savings on facilities, sustainability, cybersecurity and Manufacturing Enterprise System (MES) software.

PERSONNEL

Kepler management decided to base the Human Resource strategy on the following pillar assumptions: dedicated, engaged and highly invested employees are arguably the most valuable asset to a company. Additionally, the longer an employee stays at an organization, the more valuable they become to the growth and success of the company.

Kepler structured five strategy pillars in people management:

1. Offering opportunities for professional development, based on internal open market tools, as well as by launching international opportunities.
2. Supporting employee's individual passions and interests, by introduction of welfare measures and incentives for hobbies and free time
3. Supporting personal health and wellness, by reinforcing the welfare program as well as enlarging the health insurance for the management
4. Creating opportunities for connection and team building, by launching several inter-functional and interregional projects.
5. Consistent and supportive communication, by review of the company's website, insertion of four learning and development projects and by launching several self-formation training platforms online.

RESEARCH AND DEVELOPMENT

The primary market for Biofarma products is—and remains—the pharmacy channel, with opportunistic presence in the selective perfumery channel and the mass market. Looking ahead, it is essential to strike a conscious balance between internal and external expertise. It is both strategic and a growth accelerator for Biofarma to leverage a structured network of university collaborations, which are entrusted with basic research—both in studying ingredient combinations and in technological development.

Internally, the company strengthens its professional capabilities in galenic formulation, which represents the true industrial and competitive core of the Group. This ensures consistency, scalability, and control over the application phase and the transfer of technology to production sites.

To reinforce these efforts, Biofarma activated a professional subscription to the SciFinder platform, managed by the American Chemical Society. This tool provides advanced and structured access to scientific, chemical, and patent data relevant for scouting and innovation.

Priority is also given to exploring and intensifying activities in advanced technologies with potentially patentable outcomes. These include microencapsulation, nanoemulsions applicable to both the cosmetics and dietary supplements sectors, and the development of preservative-free systems through innovative formulation and process approaches.

Biofarma directs its innovative efforts toward researching combinations of known ingredients, focusing on those with differentiated mechanisms of action that can be protected, where possible, through patents. To achieve this, the Group does not pursue the discovery of new ingredients, but rather the identification of synergistic combinations of existing ones (e.g., botanicals, fermented ingredients, peptides), with the goal of achieving proven physiological effects aligned with the regulatory definition of a dietary supplement.

The same approach applies in the cosmetics sector, seeking ingredient combinations with potential benefits in addressing skin discomfort, promoting hair regrowth, stimulating collagen production, and reducing cellulite—responding to the growing demand for safe, effective, and scientifically validated dermofunctional products.

EXPECTED MACROECONOMIC TRENDS AND FORESEEABLE EVOLUTION OF MANAGEMENT

Global Economic Outlook

The global economy is expected to maintain modest growth in 2025, with the IMF forecasting global GDP expansion of approximately 3%. Advanced economies are stabilizing with slower growth rates, while emerging markets continue to drive global demand, particularly in Asia and Latin America. This shift favors nutraceutical companies positioned for international expansion, especially those offering products that meet the rising demand for preventive health and wellness solutions.

Inflationary pressures, while easing in most regions, remain a key consideration. Central banks in major economies are expected to maintain cautious monetary policies, keeping interest rates relatively stable throughout the year. This environment supports moderate consumer spending, though discretionary categories may still face variability depending on local conditions.

Trade and Tariff Considerations

Trade dynamics are expected to continue evolving in 2025, driven by ongoing policy adjustments and regional trade agreements. Nutraceutical companies should remain vigilant in monitoring tariff structures—particularly as the United States, European Union, and China recalibrate their trade positions in response to global supply chain resilience strategies and domestic health policy initiatives.

We anticipate that most suppliers will be able to absorb potential cost increases. However, in instances where this is not feasible, we are prepared to pass along price adjustments to our customers. This approach has been successfully implemented in the past and will help mitigate the impact of any tariff-related increases in raw material costs.

Currently, the U.S. purchase value of Chinese products—whether direct or indirect—accounts for less than 13% of our total purchases. As such, the overall business impact is expected to be limited. Our strong U.S. presence and established local footprint position us advantageously compared to many of our competitors. Furthermore, our global operational network enables us to effectively adapt to changes in tariff regimes or non-tariff barriers, including evolving regulatory compliance requirements.

Sector-Specific Outlook

As we move through 2025, the global macroeconomic environment remains shaped by a complex interplay of post-pandemic normalization, geopolitical realignments, and ongoing supply chain recalibrations. For the nutraceutical industry, these dynamics present both opportunities and challenges that will influence strategic decisions across markets. The destocking effect was anomalous during 2023 and 2024 and is estimated to positively rebound in 2025. The global nutraceuticals market is projected to continue its upward trajectory, with consumer trends favoring functional foods, personalized nutrition, and natural supplements.

Evolution of Management and Strategic Outlook

In response to these macroeconomic trends, the Company anticipates a continued evolution of its management approach. The Group has a robust management structure in place to support the execution of its growth strategy. Its management team is well-positioned to drive future expansion by cultivating long-term customer relationships, launching innovative products, and integrating strategic acquisitions to unlock synergies and scale the business. These efforts are aimed at strengthening market presence and attracting, as well as retaining, top talent.

Strategic focus in 2025 will emphasize:

- Operational Excellence and Efficiencies: Strengthening supply chain and operational performance through state-of-the-art manufacturing across 10 sites in Europe, the U.S., and China. This includes the completion of two greenfield projects currently underway in the U.S. and France, as well as ongoing footprint rationalization and optimization and cost saving initiatives. Biofarma has implemented a strategic Lean Six Sigma initiative to drive business efficiency, enhancing operational performance, fostering a unified Group culture, and promoting excellence through talent development and growth.
- Innovation-Led Growth: Accelerating product development aligned with consumer trends and market priorities.
- Sustainability and ESG Integration: Deepening our commitment to environmental and social governance through measurable initiatives and transparent reporting.
- Digital Transformation: Expanding our capabilities in digital commerce, customer experience, and analytics to stay ahead in a competitive market and though the implementation of a leading-edge integrated information system.

In summary, while 2025 presents a complex and dynamic global environment, the Company is well-positioned to leverage its international presence, innovation capacity, and strategic agility to deliver sustainable growth and value creation.

EARNING PER SHARE

(in thousand of Euro)	Year ended December 31,2024
Result for the year attributable to Owners of the parent company	(35.305)
Basic earnings per share (in Euro)	(11,8)
Diluted earnings per share (in Euro)	(11,8)

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(In Euro Thousand)	Notes	2024	2023 (Restated)
Continuing operations			
Revenues	32	431.578	350.405
Other operating income	33	15.366	5.018
Cost of raw materials	34	-205.233	-180.305
Cost for services	35	-76.318	-60.899
Personnel costs	36	-78.786	-54.662
Other operating costs	37	-3.157	-10.947
Depreciation and amortization expenses	38	-65.545	-56.149
Operating result		**17.905**	**-7.539**
Finance income	39	12.023	6.561
Finance costs	39	-69.512	-51.999
Result before tax		**-39.584**	**-52.977**
Income taxes	40	4.279	10.478
Result for the year		**-35.305**	**-42.499**
Results for the year attributable to:			
Owners of the parent company		**-35.305**	**-42.499**
Non-controlling interests		**0**	**0**
Earnings per share from continuing operations:			
Basic		-11,8	-14,2
Diluted		-11,8	-14,2

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(In Euro Thousand)	2024	2023 (Restated)
Result for the period	**-35.305**	**-42.499**
Actuarial (losses)/gains on post-employment benefit obligation	92	434
Tax effect	-22	-121
Items that will not be reclassified to profit or loss	**70**	**313**
Foreign exchange differences on translation of foreign operations	-6.333	225
Fair value gain/(loss) arising on hedging instruments during the period	-5.463	-7.130
Tax effect	1.311	1.711
Items that may be reclassified to profit or loss	**-10.485**	**-5.194**
Other comprehensive income for the period	**-10.415**	**-4.881**
Total comprehensive income for the period	**-45.720**	**-47.380**
Total comprehensive income attributable to:		
Owners of the parent company	**-45.720**	**-47.380**
Non-controlling interests	**0**	**0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In Euro Thousand)	Notes	31/12/2024	31/12/2023 (Restated)
Goodwill	12	955.209	955.209
Intangible assets	12	493.905	536.062
Property plant and equipment	13	120.675	102.625
Right-of-use assets	14	25.482	28.012
Investments in associates	15	384	384
Investments in financial assets	16	1.610	1.424
Derivative financial instruments	17	2.229	7.692
Deferred tax assets	18	3.408	7.377
Total non-current assets		**1.602.902**	**1.638.758**
Inventories	19	85.451	78.221
Trade receivables	20	73.558	71.182
Tax receivables	21	11.353	17.500
Other current assets	22	4.529	6.015
Cash and cash equivalents	23	19.517	33.412
Total current assets		**194.408**	**206.330**
Total assets		**1.797.310**	**1.845.115**
Issued share capital	24	3.000	3.000
Other reserves	24	1.113.252	1.123.404
Retained earnings (losses)	24	-69.655	-27.156
Result for the year	24	-35.305	-42.499
Equity attributable to owners of the parent company		**1.011.292**	**1.056.749**
Non-controlling interests	24	0	0
Total equity		**1.011.292**	**1.056.749**
Borrowings	25	546.695	520.258
Non-current Lease liabilities	14	21.475	23.862
Retirement benefit obligations	26	2.403	2.612
Provisions	27	3.794	210
Deferred tax liabilities	28	101.034	113.788
Other non-current liabilities	31	1.210	0
Total non-current liabilities		**676.611**	**660.730**
Borrowings	25	9.242	8.243
Current Lease liabilities	14	3.341	2.275
Other current financial liabilities	25	10.529	8.993
Trade payables	29	65.599	78.681
Current tax liabilities	30	3.043	1.615
Other current liabilities	31	17.654	27.829
Total current liabilities		**109.407**	**127.636**
Total liabilities		**786.018**	**7.883.666**
Total equity and liabilities		**1.797.310**	**1.845.115**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	31/12/2024	31/12/2023 (Restated)
Result before tax	**-39.584**	**-52.977**
Adjustment for:		
Depreciation of property, plant and equipment	19.058	14.918
Amortization of intangible assets	46.487	41.231
Finance income	-11.592	-6.561
Finance cost	69.081	51.999
Share-based payment expense	168	297
Increase/(decrease) in provisions and employee benefit	67	531
Accrual for expected credit losses provision	519	538
Operating cash flows before movements in working capital	**84.204**	**49.976**
Change in trade receivables	-2.895	1.144
Change in trade payables	-13.082	-13.649
Change in inventories	-7.230	6.247
Settlement of provisions for risks	-210	-1.065
Retirement benefit obligations paid	-531	-238
Change in other assets and liabilities	-10.117	-19.931
Cash generated by/(used in) operations	**50.139**	**22.484**
Income taxes paid	-418	-4.483
Net cash from/(used in) operating activities	**49.721**	**18.001**
Investments in intangible assets	-4.330	-5.121
Investments in property, plant and equipment	-32.668	-13.377
Proceeds on disposal of property, plant and equipment	53	5
Interest received	11.277	6.403
Acquisition of subsidiaries net of cash and cash equivalents	0	-294.136
Dividends received	315	158
Net cash (used in) investing activities	**-25.352**	**-306.068**
Capital injection	0	189.883
Interest paid	-59.237	-45.095
Proceeds from securities/notes	20.000	0
Repayment of securities/notes and long-term loans	-3.714	-43.961
Proceeds from long-term loans	4.818	199.481
Repayment of lease liabilities	-2.242	-4.230
Proceeds from reverse factoring and from banks advances	1.502	1.155
Acquisition of minority interest	0	0
Net cash (used in)/from financing activities	**-38.873**	**297.233**
Effect of foreign exchange rate changes	610	-33
Net increase/(decrease) in cash and cash equivalents	**-13.895**	**9.133**
Cash and cash equivalents at the beginning of the period	33.412	24.279
Cash and cash equivalents at the end of the period	**19.517**	**33.412**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

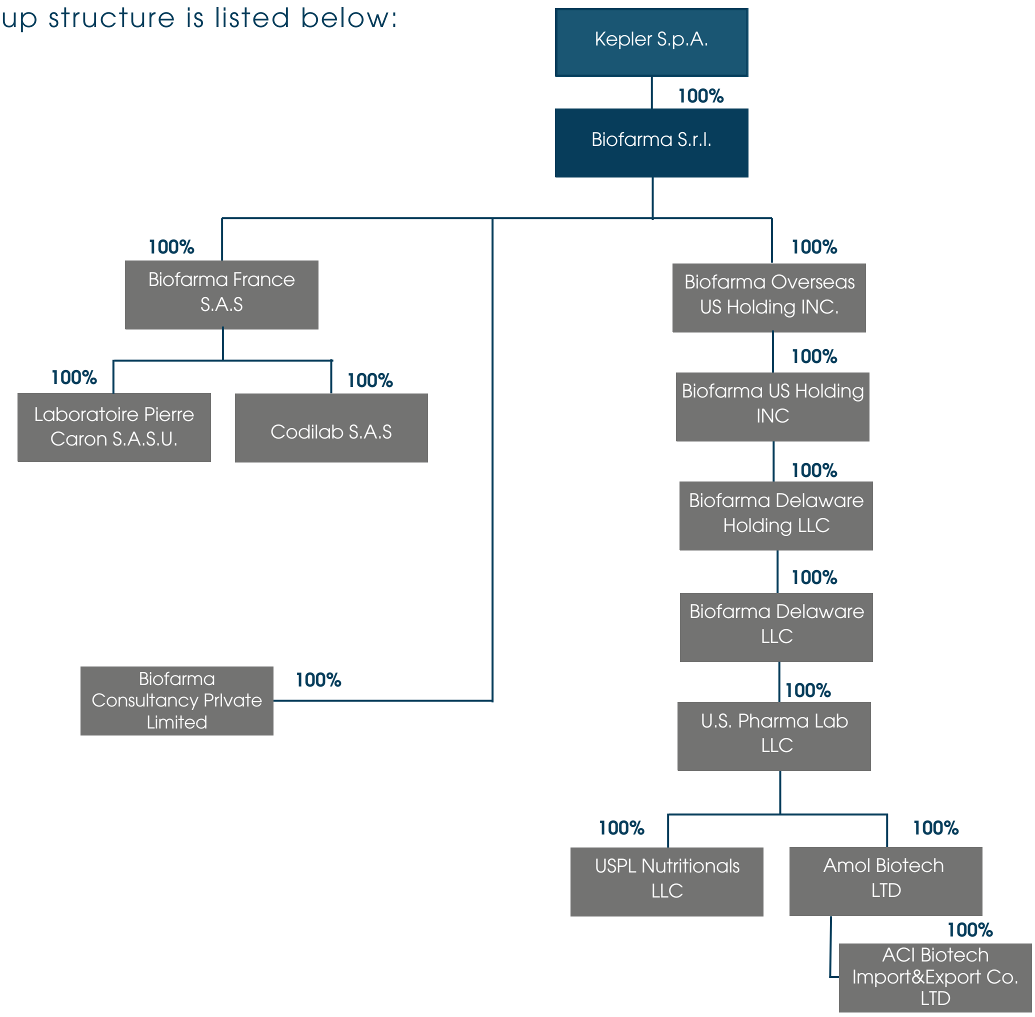
	Share capital	Share premium reserve	Other reserves	Foreign exchange translation reserve	Cash flow hedging reserve	Retained earnings (loss)	Result for the period	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
Balance as of February 7, 2022	-	-				-		-	-	-
Capital contribution	3.000	834.123	92.322					**929.445**		**929.445**
Other movements			-359					-359		-359
Actuarial gains/(losses)			539					**539**		**539**
Cash Flow Hedge					11.265			**11.265**		**11.265**
Result for the year							-27.157	**-27.157**		**-27.157**
Total comprehensive income for the period	**0**	**0**	**539**	**0**	**11.265**	**0**	**-27.157**	**-15.353**	**0**	**-15.353**
Balance as of December 31, 2022 (Restated)	**3.000**	**834.123**	**92.502**	**0**	**11.265**	**0**	**-27.157**	**913.733**	**0**	**913.733**
Allocation of the profit (loss) for the period						-27.157	27.157	**0**		**0**
Capital contribution			189.883					**189.883**		**189.883**
Share-based payment			297					**297**		**297**
Other movements			215					**215**		**215**
Changes in foreign currency translation reserve				225				**225**		**225**
Actuarial gains/(losses)			313					**313**		**313**
Cash Flow Hedge					-5.419			**-5.419**		**-5.419**
Result for the year							-42.499	**-42.498**		**-42.498**
Total comprehensive income for the period	**0**	**0**	**313**	**225**	**-5.419**	**0**	**-42.499**	**-47.379**	**0**	**-47.379**
Balance as of December 31, 2023 (Restated)	**3.000**	**834.123**	**283.210**	**225**	**5.846**	**-27.157**	**-42.499**	**1.056.749**	**0**	**1.056.749**
Allocation of the profit (loss) for the period						-42.499	42.499	**0**		**0**
Capital contribution								**0**		**0**
Share-based payment			168					**168**		**168**
Other movements			95					**95**		**95**
Changes in foreign currency translation reserve				-6.333				-6.333		-6.333
Actuarial gains/(losses)			70					**70**		**70**
Cash Flow Hedge					-4.152			**-4.152**		**-4.152**
Result for the year							-35.305	-35.305		-35.305
Total comprehensive income for the period	**0**	**0**	**70**	**-6.333**	**-4.152**	**0**	**-35.305**	**-45.720**	**0**	**-45.720**
Balance as of December 31, 2024	**3.000**	**834.123**	**283.543**	**-6.108**	**1.694**	**-69.656**	**-35.305**	**1.011.292**	**0**	**1.011.292**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

Kepler S.p.A. (hereinafter the "Kepler", the "Parent Company", the "Company", or the "Issuer" and together with its subsidiaries the "Group") is a company domiciled in Italy, with registered office in Largo Francesco Richini 2/A, Milan, Italy, organized under the laws of the Republic of Italy. The share capital of the Company amounts to Euro 3.000.000, divided into n. 3.000.000 ordinary shares with nominal value equals to 1,00 Euro. Kepler is a holding company its ultimate controlling party is Ardian Buyout Fund VII B SLP through its wholly-owned subsidiary Vegeta S.p.A. which was created on February 7, 2022 for the purpose of the Biofarma Group acquisition (following "Biofarma Acquisition" or "Transactions").
Kepler S.p.A. is leading global contract development and manufacturing organization ("CDMO") specialized in the development, manufacturing and packaging of nutraceuticals (comprising health supplements and medical devices) and cosmetics. The Company is the result of a "buy-and-build" story of complementary businesses that led to the creation of a leading player with a wide portfolio of differentiated products and manufacturing technologies.
The Parent Company has no revenue-generating activities of its own, and no business operations, material assets, other than the equity interests, and no material indebtedness, other than its outstanding indebtedness and inter-company balances incurred in connection with the Transactions.

The Group structure is listed below:



As of December 31, 2024, the scope of consolidation perimeter of Kepler S.p.A. is set out below:

Company	Control	Percentage Holding	Owned by:
Kepler S.p.A.	Parent Company	100%	Denis S.p.A.
Biofarma S.r.l.	Direct	100%	Kepler S.p.A.
Biofarma France SAS	Indirect	100%	Biofarma S.r.l.
Codilab SAS	Indirect	100%	Biofarma France SAS
Laboratoire Pierre Caron SAS	Indirect	100%	Biofarma France SAS
Biofarma Overseas US Holding, Inc.	Indirect	100%	Biofarma S.r.l.
Biofarma US Holding Inc.	Indirect	100%	Biofarma Overseas US Holding Inc.
Biofarma Delaware Holding LLC	Indirect	100%	Biofarma US Holding Inc.
Biofarma Delaware LLC	Indirect	100%	Biofarma Delaware Holding LLC
U.S. Pharma Lab LLC	Indirect	100%	Biofarma Delaware LLC
USPL Nutritionals LLC	Indirect	100%	U.S. Pharma Lab LLC
Amol Biotech Ltd.	Indirect	100%	U.S. Pharma Lab LLC
ACI Biotech Import & Export Co. Ltd	Indirect	100%	Amol Biotech Ltd.
Biofarma Consultancy Private Limited	Indirect	100%	Biofarma S.r.l.

2. BASIS OF PREPARATION

This document contains the consolidated financial statements as of and for the years ended December 31, 2024, 2023 (the "Financial Statements" or the "Consolidated Financial Statements") of the Group, including the Consolidated statement of financial position, the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the related Explanatory notes.
The Financial Statements were prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"), which include all International Financial Reporting Standards (IFRS), all International Accounting Standards (IAS) and all interpretation published by the International Financial Reporting Interpretations Committee (IFRIC), previously Standing Interpretations Committee (SIC), which at the date of approval of the Financial Statements, had been endorsed by the European Union in accordance with the procedure set forth in EC Regulation No. 1606/2002 of the European Parliament and European Council of July 19, 2002.
To be noted that the figures as of December 31, 2023 have been restated to reclassify some accounts of the Consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of other comprehensive income and to correct some errors in the presentation in the Consolidated statement of cash Flow.
Find below the adjustments made to the Consolidated statement of financial position, the Consolidated statement of profit or loss, the Consolidated statement of other comprehensive income and the Consolidated statement of cash flows.

Consolidated statement of financial position

(In Euro Thousand)	31/12/2023 Original	Adjustments	31/12/2023 Restated
Goodwill	987.538	-32.329	955.209
Intangible assets	536.062		536.062
Property plant and equipment	130.637	-28.012	102.625
Right-of-use assets	0	28.012	28.012
Investments in associates	384		384
Investments in financial assets	9.116	-7.692	1.424
Derivative financial instruments	0	7.692	7.692
Deferred tax assets	6.408	969	7.377
Total non-current assets	**1.670.145**	**-31.360**	**1.638.785**
Inventories	78.221		78.221
Trade receivables	71.182		71.182
Tax receivables	17.500		17.500
Other current assets	6.015		6.015
Cash and cash equivalents	33.412		33.412
Total current assets	**206.330**	**0**	**206.330**
Total assets	**1.876.475**	**-31.360**	**1.845.115**
Issued share capital	3.000		3.000
Other reserves	1.132.464	-9.060	1.123.404
Retained earnings (losses)	-78.715	51.559	-27.156
Result for the year	0	-42.499	-42.499
Equity attributable to owners of the parent company	**1.056.749**	**0**	**1.056.749**
Non-controlling interests	0	0	0
Total equity	**1.056.749**	**0**	**1.056.749**
Borrowings	537.012	-16.754	520.258
Non-current Lease liabilities	0	23.862	23.862
Retirement benefit obligations	2.612		2.612
Provisions	210		210
Deferred tax liabilities	145.148	-31.360	113.788
Total non-current liabilities	**684.982**	**-24.252**	**660.730**
Borrowings	23.370	-15.127	8.243
Current Lease liabilities	0	2.275	2.275
Other current financial liabilities	0	8.993	8.993
Trade payables	78.681		78.681
Current tax liabilities	1.615		1.615
Other current liabilities	31.078	-3.249	27.829
Total current liabilities	**134.744**	**-7.108**	**127.636**
Total liabilities	**819.726**	**-31.360**	**788.366**
Total equity and liabilities	**1.876.475**	**-31.360**	**1.845.115**

Consolidated statement of profit or loss

(In Euro Thousand)	2023 Original	Adjustments	2023 Restated
Continuing operations			
Revenues	350.405		350.405
Other operating income	5.018		5.018
Cost of raw materials	-180.305		-180.305
Cost for services	-60.899		-60.899
Personnel costs	-54.662		-54.662
Other operating costs	-10.199	-748	-10.947
Accruals to provisions for risks	-748	748	0
Depreciation and amortization expenses	-56.149		-56.149
Operating result	**-7.539**	**0**	**-7.539**
Finance income	6.561		6.561
Finance costs	-51.999		-51.999
Result before tax	**-52.977**	**0**	**-52.977**
Income taxes	10.478		10.478
Result for the year	**-42.499**	**0**	**-42.499**
Results for the year attributable to:			
Owners of the parent company	**-42.499**	**0**	**-42.499**
Non-controlling interests	**0**	**0**	**0**

Consolidated statement of other comprehensive income

(In Euro Thousand)	31/12/2023 Original	Adjustments	31/12/2023 (Restated)*
Result for the period	**-41.601**	**-898**	**-42.499**
Actuarial (losses)/gains on post-employment benefit obligation	434	**0**	434
Tax effect	-121	**0**	-121
Items that will not be reclassified to profit or loss	**313**	**0**	**313**
Foreign exchange differences on translation of foreign operations	226	**-1**	225
Fair value gain/(loss) arising on hedging instruments during the period	-7.130	**0**	-7.130
Tax effect	1.711	**0**	1.711
Items that may be reclassified to profit or loss		**-5.194**	**-5.194**
Other comprehensive income for the period	**-4.880**	**-1**	**-4.881**
Total comprehensive income for the period	**-46.168**	**-1.212**	**-47.380**
Total comprehensive income attributable to:			
Owners of the parent company	**0**	**-47.380**	**-47.380**
Non-controlling interests	**0**	**0**	**0**

Consolidated statement of cash flows

(in thousands of Euro)	2023 Original	Adjustments	2023 Restated
Profit/(loss)	**-42.498**	**42.498**	**0**
Result before tax	**0**	**-52.977**	**-52.977**
Adjustment for:		0	
Corporate Income taxes	-10.478	10478	0
Depreciation of property, plant and equipment	14.918	0	14.918
Amortization of intangible assets	41.231	0	41.231
Finance income	0	-6.561	-6.561
Finance cost	0	51.999	51.999
Net financial costs/(income)	45.438	-45.438	0
Share-based payment expense	0	297	297
(Releases from)/charges to risk provisions	748	-748	0
Increase/(decrease) in provisions and employee benefit	0	531	531
Accrual for expected credit losses provision	0	538	538
Operating cash flows before movements in working capital	**91.857**	**-41.881**	**49.976**
Change in trade receivables	1.682	-538	1.144
Change in trade payables	-13.649	0	-13.649
Change in inventories	6.247	0	6.247
Use of provisions for risks	-2.995	-2.995	0
Settlement of provisions for risks	0	-1.065	-1.065
Retirement benefit obligations paid	659	-897	-238
Change in other assets and liabilities	-9.367	-10.564	-19.931
Change in Deferred Taxes	2.815	-2.815	0
Cash generated by/(used in) operations	**77.249**	**-54.765**	**22.484**
Income taxes paid	-4.483	0	-4.483
Net cash from/(used in) operating activities	**72.766**	**-54.765**	**18.001**
Investments in intangible assets	-5.712	591	-5.121
Investments in property, plant and equipment	-17.359	3.982	-13.377
Acquisition of US Pharma	-307.543	307.543	0
Net cash acquired	13.407	-13.407	0
Proceeds on disposal of property, plant and equipment	0	5	5
Interest received	0	6.403	6.403
Acquisition of subsidiaries net of cash and cash equivalents	0	-294.136	-294.136
Dividends received	0	158	158
Net cash (used in)/from investing activities	**-317.207**	**11.139**	**-306.068**
Capital injection	0	189.883	189.883
Capital injection for US Pharma Acquisition	189.883	-189.883	0
Other movements	-4.236	4.236	0
Interest paid	-45.095	0	-45.095
Repayment of securities/notes and long-term loans	-43.961	0	-43.961
Increase in long-term loans for acquisition US	194.881	-194.881	0
Proceeds from long-term loans	4.600	194.881	199.481
Repayment of lease liabilities	0	-4.230	-4.230
Changes in other current financial liabilities	0	1.155	1.155
Net cash (used in)/from financing activities	**296.072**	**1.161**	**297.233**
Effect of foreign exchange rate changes	0	-33	-33
Net increase/(decrease) in cash and cash equivalents	**51.631**	**-42.498**	**9.133**
Cash and cash equivalents at the beginning of the period	24.279	0	24.279
Cash and cash equivalents at the end of the period	**75.910**	**-42.498**	**33.412**

2.1 Going concern

The Financial Statements were prepared based on the going concern assumption, as there were no financial, operational or other indicators suggesting difficulties about the ability of the Group to meet its obligations in the foreseeable future and specifically over the next 12 months.

2.2 Form, content and preparation criteria

Functional Currency and Presentation Method

The Financial Statements were prepared in Euro, which is the currency of the main economic environment in which the Group operates. All amounts listed in the Financial Statements are presented in thousand of Euro, unless otherwise stated.

Format of the Financial Statements

The format of the Financial Statements and the relative classification criteria adopted by the Group, within the framework of the options provided by IAS 1 – Presentation of financial statements are presented below:

- the statement of financial position uses a format classifying the assets and liabilities according to current and non-current;
- the statement of profit or loss classifies costs according to their nature;
- the statement of comprehensive income includes, besides the profit or loss for the year, other non-owner changes in equity;
- the statement of cash flows is prepared by recognizing cash flows from operating activities according to the "indirect method".

The presentation formats used, as specified above, are those that best represent the operating performance, financial position and cash flow of the Group.

The Explanatory Notes are sequentially numbered. These numbers are also referenced in the Consolidated statement of financial position and in the Consolidated statement of profit or loss, for ease of reading. The accounting principles adopted in the preparation of the Financial Statements are consistent with those used in the preparation of the previous year's financial statements. Any other economic effects resulting from the fair value evaluation of other assets and liabilities are classified by economic nature and are reported in the appropriate items of the Consolidated statement of profit or loss. Any changes to the reclassification criteria are also applied to the previous years and may be reflected in the Consolidated statement of cash flows for the previous years.

3. ACCOUNTING PRINCIPLES

3.1 Accounting principles, amendments, and interpretations applied from January 1, 2024

The following accounting standards, amendments and interpretations of IFRS Accounting Standards were first applied by the Group as of January 1, 2024:

- On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022 it published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". These amendments are intended to clarify how to classify short-term or long-term debts and other liabilities. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no effect on the Group's consolidated financial statements.
- On September 22, 2022, the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the lessee-seller to assess the lease liability arising from a sale and leaseback transaction so as not to recognize a gain or loss that relates to the retained right of use. The adoption of this amendment had no effect on the Group's consolidated financial statements.
- On May 25, 2023, the IASB published an amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how financial arrangements with suppliers may affect an entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The reverse factor amount is classified as financial liabilities in the Balance Sheet statement, in caption "Other current financial liabilities", while in Cash Flow statement is considered in "Changes in other current financial liabilities". The exposure of the Group is disclosed in paragraph "Credit Risk" and "Borrowings and other financial liabilities".

3.2 Accounting principles, amendments, and IFRS interpretations approved by the European Union, not yet mandatorily applicable, and not adopted early by the Group as of December 31, 2024

As of the reference date of this document, the competent bodies of the European Union have still completed the approval process necessary for the adoption of the amendments and principles described below, but these standards are not necessarily applicable and have not been adopted in advance by the Group as of December 31, 2024:

On August 15, 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a methodology to be applied consistently in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be provided in the notes to the financial statements. The change will apply from January 1, 2025, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Group's consolidated financial statements.

3.3 Accounting principles, amendments, and IFRS interpretations not yet approved by the European Union

As of the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On May 30, 2024, the IASB published the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". The document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:
  - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the assessment of the SPPI test;
  - determine that the date on which the liability is settled by electronic payment systems is the date on which the liability is settled. However, an entity is allowed to adopt an accounting policy to allow a financial liability to be derecognized before delivering cash on the settlement date under certain specific conditions.

  With these amendments, the IASB has also introduced additional disclosure requirements with regard in particular to investments in equity instruments designated as FVOCIs.
  The amendments will apply from the financial statements for the years beginning on or after January 1, 2026. The directors do not expect the adoption of this amendment to have a material effect on the Group's consolidated financial statements.

- On July 18, 2024, the IASB published a document called "Annual Improvements Volume 11". The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended principles are:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; e
  - IAS 7 Statement of Cash Flows.

  The changes will apply from January 1, 2026, but early application is allowed. The directors are currently assessing the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

- On December 18, 2024, the IASB published an amendment entitled "Contracts Referencing Nature-dependent Electricity – Amendment to IFRS 9 and IFRS 7". The document aims to support entities in reporting the financial effects of contracts for the purchase of electricity produced from renewable sources (often structured as Power Purchase Agreements). Based on these contracts, the amount of electricity generated and purchased may vary depending on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
  - a clarification regarding the application of the "own use" requirements to this type of contract;
  - the criteria for allowing these contracts to be accounted for as hedging instruments; and
  - new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The change will apply from January 1, 2026, but early application is allowed. The directors do not expect the adoption of this amendment to have a material effect on the Group's consolidated financial statements.

- On April 9, 2024, the IASB published a new IFRS 18 Presentation and Disclosure in Financial Statements that will replace IAS 1 Presentation of Financial Statements. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, the new standard requires to:
  - classify revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the categories of taxes and discontinued operations already present in the income statement;
  - Submit two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

  The new principle also:
  - requests more information on the performance indicators defined by management;
  - introduces new criteria for the aggregation and disaggregation of information; and
  - introduces some changes to the cash flow statement format, including the requirement to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will come into force from January 1, 2027, but early application is allowed. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On May 9, 2024, the IASB published a new IFRS 19 standard Subsidiaries without Public Accountability: Disclosures. The new standard introduces some simplifications with reference to the information required by the IFRS Accounting Standard in the financial statements of a subsidiary, which complies with the following requirements:
  - has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
  - its parent company prepares consolidated financial statements in accordance with IFRS

The new standard will come into force from 1 January 2027, but early application is allowed. The directors do not expect a material effect on the Group's consolidated financial statements from the adoption of this amendment.

- On January 30, 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts, which allows only those who adopt IFRS for the first time to continue to recognize amounts relating to activities subject to regulated tariffs ("Rate Regulation Activities") according to the previous accounting standards adopted. Since the Group is not a first-time adopter, this principle is not applicable.

4. BASIS OF CONSOLIDATION

Described below are the criteria adopted by the Group in determining the companies to be consolidated in terms of subsidiaries and associates and their respective consolidation methods.

CONSOLIDATED COMPANIES

i) Subsidiaries

The Consolidated Financial Statements include those of the Company and companies over which, in accordance with IFRS 10, Kepler S.p.A. exercises control either directly or indirectly by virtue of direct or indirect ownership of the majority of voting rights or the exercise of dominant influence in terms of the power to make decisions about the financial and operating policies of the companies/entities, obtaining the related benefits, regardless of the ownership interest. All subsidiaries are included in the consolidation perimeter from the date on which they are acquired until the date on which control over the subsidiary ceases.

Subsidiaries are consolidated on a line-item basis as described below:

- the assets and liabilities, income and expenses are consolidated line by line, with non-controlling interests allocated their share of equity and net profits as shown separately in the statement of changes in equity, consolidated income statement, and consolidated statement of comprehensive income;
- the acquisition of non-controlling interests related to entities in which there is already control, or the sale of non-controlling interests that do not result in a loss of control, are considered equity transactions. This means that, in the event of acquisition or sale of non-controlling interests that result in control being maintained, any difference between the acquisition/sale cost and the related share of equity acquired/sold is recognized in equity;
- receivables, payables, income and expenses between the consolidated companies as well as significant profits and losses and related tax effects resulting from transactions conducted between companies and not yet realized with other parties are eliminated, with the exception of unrealized losses, which are not eliminated if the transaction provides evidence of an impairment loss of the business transferred. Also eliminated, if material, are reciprocal receivables and payables, revenues and expenses, financial income and finance costs;
- profits or losses resulting from the sale of equity interests in consolidated companies that results in a loss of control over that entity are recognized through profit or loss in an amount equal to the difference between the selling price and the corresponding share of the equity sold.

The financial statements of subsidiaries are prepared with reporting periods ending on December 31, which is the same reporting date for the Consolidated Financial Statements and have been prepared and approved by the Boards of Directors of the respective entities and adjusted, as necessary, to ensure uniformity in the accounting standards adopted within the Group

ii)Associates

Associates are companies over which the Group exercises significant influence, which is the power to contribute to determining the financial and operating policies of the entity without having either control or joint control. Significant influence is assumed to exist when at least 20% of the exercisable voting rights is held either directly or indirectly through subsidiaries. When determining the existence of significant influence, potential voting rights that are actually exercisable or convertible are also taken into account. Investments in associates are measured using the equity method and initially recognized at the cost incurred for their acquisition. A description of the equity method is provided hereunder:

- the carrying value of these investments is aligned with the equity held and adjusted, as necessary, in application of the EU-IFRS; this includes the recognition of the greater value attributed to the assets and liabilities and any goodwill established at the time of acquisition;
- profit or loss attributable to owners of the parent company is recognized from the date on which significant influence began until the date on which it ceases; if realized losses of a company measured at equity should result in negative equity, the carrying value of the investment is eliminated, and any excess attributable to the owners of the parent is recognized in a specific reserve if the parent has undertaken to meet the associate's legal or other constructive obligations; changes in equity for companies measured at equity that are not related to net profits are recognized as a direct adjustment to equity reserves;
- significant unrealized profits and losses generated on transactions between the Company, its subsidiaries and equity-accounted associates are eliminated based on the value of the equity interest that the Group owns in the associate; unrealized losses are eliminated, apart from cases in which such losses represent an impairment loss.

TRANSLATION OF FOREIGN CURRENCY BALANCES

The financial statements of subsidiaries and associates are prepared using the currency of the primary economy in which they operate (i.e. the "functional currency"). The rules for translating financial statements expressed in a currency other than the Euro are as follows:

- assets and liabilities are translated using the exchange rates in effect at the end of the reporting period;
- income and expenses are translated at the average exchange rate for the reporting period;
- the translation reserve shown in the statement of comprehensive income includes both the exchange rate differences generated by the translation of balances at a different rate from that of the closing date and those generated by the translation of opening equity balances at a different rate from that of the reporting date;
- the goodwill and fair-value adjustments relating to the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the end-of-period exchange rate.

The companies in the consolidation perimeter at December 31, 2024 whose functional currency differs from the Euro are Biofarma Overseas US Holding, Inc. (USD), Biofarma US Holding, Inc. (USD), Biofarma Delaware Holding LLC (USD), Biofarma Delaware LLC (USD), Amol Biotech Ltd. (RMB), ACI Biotech Import & Export Co. Ltd (RMB), U.S. Pharma Lab LLC (USD), USPL Nutritionals LLC (USD) and Biofarma Consultancy Private Limited (INR).
The exchange rates used to translate the financial statements of companies with a different functional currency from the Euro are reported in the following table:

Currency	At July 25,* 2023	Average for 5 months ended December 31, 2023	At December 31, 2023	At September 30,** 2024	Average 2024	At December 31, 2024
USD	1,1052	1,0772	1,105		1,0824	1,0389
RMB	7,8808	7,8059	7,8509		7,7875	7,5833
INR				93,8130	90,1785	88,9335

**Date of the US Pharma acquisition*
***Date of the Biofarma Consultancy Private Limited establishment*

TRANSLATION OF FOREIGN CURRENCY ITEMS

Transactions in a currency other than the functional currency are recognized at the exchange rate in effect on the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted at the exchange rate in effect at the end of the reporting period. Non-monetary assets and liabilities denominated in a currency other than the Euro are recognized at historical cost using the exchange rate in effect when the transaction was initially recognized. Any currency differences arising from such translation are recognized in the consolidated income statement.

5. MATERIAL ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at purchase or production cost net of accumulated depreciation and any impairment losses. The purchase or production cost includes any charges incurred directly to bring the assets to working condition for their intended use, as well as any charges for disposal and removal that should be incurred as a result of contractual obligations that require restoring the asset to its original condition. Finance costs directly attributable to the purchase or construction of qualified assets are capitalized and depreciated over the useful life of the related asset.
Expenditure incurred for routine and/or cyclical maintenance and repairs is fully recognized directly in the income statement of the period in which they are incurred.

Costs related to the expansion, modernization, or improvement of structural components of owned assets are capitalized when such components meet the requirements for separate classification as assets or part of an asset in application of the component approach, which establishes that each component subject to separate determination of its useful life and related value must be treated individually.
Depreciation is recognized monthly on a straight-line basis based on rates that enable the asset to be fully depreciated by the end of its useful life.
The useful lives estimated by the Group for the main categories of fixed assets are reflected in the following depreciation rates:

Buildings	3%-10%
Plant and machinery	10% - 20%
Equipment	10% - 40%
Other tangible assets	20% - 25%

The useful lives of property, plant and equipment and the residual value of such assets are reviewed and updated as necessary at the end of each year. Land is not depreciated.

LEASES

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease, i.e., whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group adopts a single recognition and measurement model for all leases, excluding short-term leases and leases of low-value assets. The Group recognizes the liabilities referring to lease payments and the right-of-use asset, which represents the right to use the underlying asset in the lease.

RIGHT-OF-USE ASSET

The Group recognizes the right-of-use assets at the commencement date of the lease (the date on which the underlying asset is available for use). The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, adjusted by any remeasurements of lease liabilities. The cost of the right-of-use asset comprises the amount of lease liability recognized, the initial direct costs incurred, and any lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of the useful life of the underlying asset or, if earlier, to the end of the lease term.
If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.
The right-of-use assets are subject to impairment testing. More information is provided in the section on impairment testing.

LEASE LIABILITY

At the lease's commencement date, the Group measures the lease liability at the present value of the lease payments not paid at that date. The lease payments due include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. The lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option and the payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.
Variable lease payments that do not depend on an index or a rate are recognized as costs in the period in which the event or condition that generated the payment occurs.
In calculating the present value of the lease payments due, the Group uses the incremental borrowing rate at the commencement date if the implicit interest rate cannot be determined easily. After the commencement date, the lease liability is increased to reflect interest on the lease liability and reduced to reflect the lease payments made. Moreover, the carrying amount of the lease liability is remeasured to reflect any lease modifications or revised contractual terms for payment modifications; it is also remeasured to reflect any changes in the assessment of whether the option to purchase the underlying asset is reasonably certain to be exercised or modifications in future payments deriving from a change in the index or rate used to determine such payments.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the exemption for recognizing short-term leases (those that, at the commencement date, have a term of 12 months or less and do not contain a purchase option). The Group also applies the exemption for leases with low-value assets mainly to leases for office equipment considered to have a low value. The payments on short-term leases and low-value leases are recognized as costs on a straight-line basis over the lease term.

INTANGIBLE ASSETS

Intangible assets are identifiable, non-monetary items without physical substance, which generate future economic benefits. Goodwill is included when acquired for valuable consideration. Intangible assets are recognized at purchase and/or production cost including any directly attributable expenses incurred to prepare the asset for use and net of accumulated amortization and any impairment losses. Any interest expense accrued during and for the development of intangible assets is considered part of the purchase cost.
Amortization begins when the asset is available for use and is recognized systematically in relation to the remaining useful life of the asset. Amortisation of intangible assets is included in "Depreciation and amortization expenses" line item of the consolidated statement of profit and loss.
Intangible assets with a finite useful life are amortized on a straight-line basis over their useful life, i.e. the estimated period in which such assets will be used by the Group. Intangible assets with a finite useful life are tested for impairment in order to determine whether those assets have suffered a loss in value (impairment loss) whenever there is any indication thereof.

Intangible assets with an indefinite useful life are not depreciated, but they are tested for impairment at least annually). The impairment test is described in the section on "Impairment Test".
If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(a) Industrial patents and intellectual property rights
Patents and intellectual property rights are amortized on a straight-line basis over their useful life, over a variable period of 6-9 years.

(b) Concessions, licenses and trademarks
Concessions, licenses and trademarks are amortized on a straight-line basis over their respective term except for the brands, emerging when accounting for the acquisitions, which are measured using the royalty method and are not amortized because they have indefinite useful lives but are tested annually for impairment.
Costs for software licenses, including expenses incurred in order to make the software ready for use, are amortized on a straight-line basis over a period of 3 years.
Costs related to software maintenance are expensed as incurred.

(c) Customer relationships
Customer relationships represents the total contractual relationships (supply agreements, service agreements, etc.) and non-contractual relationships with customers and are amortized over their useful life, estimated as 15 years for the historical data.

(d) Research and development costs
Research costs are expensed as incurred, whereas development costs are recognized as intangible assets when all the following conditions are met:
- the project is clearly identified and the related costs can be reliably identified and measured;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project and to sell the intangible assets generated has been demonstrated;
- a potential market exists or, in the event of internal use, the utility of the intangible asset to produce the intangibles generated by the project has been demonstrated;
- the technical and financial resources needed to complete the project are available.

The amortization of any development costs recognized as intangible assets begins on the date on which the project becomes marketable.
In an identified internal project for the creation of an intangible asset, if the research stage is indistinguishable from the development stage, the cost of this project is fully recognized through profit or loss as if there had only been a research stage.

BUSINESS COMBINATION

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see below);
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

IMPAIRMENT OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

At each reporting date, a review is performed to determine whether there is any indication that assets have suffered an impairment loss. Both internal and external sources of information are taken into account for the impairment testing. Internal sources include: the obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the financial performance of the asset compared to expectations. External sources of information include trends in the market price of the asset; any technological, market or legislative changes; trends in market interest rates or in the cost of capital used to measure the value of the investment.

If any such indication exists, the recoverable value of the asset is estimated, and any impairment loss compared to the current carrying value is recognized in the income statement. The recoverable value of an asset is its fair value less any costs to sell or its value in use (i.e. the present value of estimated future cash flows generated by the asset), whichever is greater. To determine value in use, the present value of expected future cash flows is calculated using a post-tax discount rate that reflects the current market values of the cost of money based on the investment period and the risks specific to the asset. For an asset that does not generate sufficiently independent cash flows, the recoverable value is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized when the carrying value of the asset or of the related cash-generating unit exceeds its recoverable value. Impairment of cash-generating units is initially recognized as a reduction of the carrying value of any goodwill attributed to it and subsequently as a reduction of the other assets proportionate to their carrying values and to the extent of their respective recoverable values. If the conditions for a previous impairment loss should cease to exist, the carrying value of the asset is reinstated and recognized in the income statement to the extent of the net carrying value that the asset would have had if it had not been written down and all related depreciation or amortization had been recognized.

TRADE RECEIVABLES AND OTHER FINANCIAL ASSETS

Trade receivables and other financial assets are initially recognized at fair value and subsequently at amortized cost in accordance with the effective interest rate approach, net of any write-downs. Trade receivables and other financial assets are included among current assets, excluding those contractually due after twelve months from the reporting date, in which case they are classified as non-current assets.

Impairment losses on receivables are recognized when there is objective evidence that the Group will not be able to collect the amount from the counterparty based on the related agreement's terms.

Objective evidence includes events such as:
- significant financial difficulty of debtor;
- pending legal disputes with the debtor concerning the receivables;
- likelihood that the debtor will declare bankruptcy or will initiate other such financial restructuring procedures.

The Group transfers certain of its trade receivables through factoring transactions. Factoring transactions are all without recourse. These types of transactions meet the requirements of IFRS 9 for the derecognition of the assets since the risks and rewards connected with ownership of the financial asset are substantially transferred, and accordingly the Group derecognize these receivables within the Consolidated Statement of Financial Position.

The amount of the write-down is measured as the difference between the carrying value of the asset and the present value of the future cash flows and is recognized in the income statement under "other costs". Uncollected receivables are eliminated from the statement of financial position and recognized in a provision for doubtful debts. If the reasons for a previous write-down should cease to exist in future periods, the value of the asset is reinstated at the value of its amortized cost without the write-down.

Financial assets are written off when the right to receive cash flows from them ceases or is transferred, or when the Group has substantially transferred all risks, rewards and control associated with the financial instrument to a third party.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, at fair value at the end of each financial period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes a sale of the asset or transfer of the liability taking place:
- in the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group. Fair value measurement takes into account the characteristics of the asset or liability being measured that market participants would consider when pricing the asset or liability, assuming that market participants act with the aim of best satisfying their economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic rewards by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques appropriate to the circumstances and for which sufficient data for fair value measurement are available, thus maximizing the use of significant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities, the fair value of which has been measured or recognized in the financial statements, are categorized based on the fair value hierarchy, as described below:
- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - measurement techniques whereby inputs are unobservable inputs for the asset or liability.

The fair value measurement is categorized in its entirety in the hierarchy level of the lowest level input that has been used for the measurement.
For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether shifts have occurred between \hierarchy levels and revises the categorization (based on the lowest level input that is significant to the entire fair value measurement) at the end of each financial period.

DERIVATIVES AND HEDGE ACCOUNTING

The Group uses derivatives to hedge against risks of variability in interest rates with respect to the note issuance through interest rate swaps.
The use of derivatives is regulated by the Group's policies approved by the management bodies, which lay down precise written procedures on the use of derivatives in keeping with the Group's risk management strategies. Derivative agreements were stipulated with some of the most financially solid counterparties to reduce the risk of contractual breach. The Group does not use derivatives for trading purposes, but to hedge against identified financial risks. A description of the criteria and methods used to manage financial risks is contained in the "Financial risk management" section.
Derivatives are initially measured at their fair value, in accordance with IFRS 13, and the attributable transaction costs are recognized in profit and loss as incurred. After initial recognition, the changes in fair value are recognized in profit and loss if the derivatives do not qualify for hedge accounting due to their type or to the Group's decision not to perform effectiveness testing. Derivatives are designated as hedging instruments when formal documentation of the hedging relationship exists and the hedge effectiveness, tested periodically, is high, under IFRS 9.
Hedge accounting differs according to the purpose of the hedge: hedging of the exposure to variability in future cash flows (cash flow hedge) or of changes in fair value (fair value hedge):

- Cash flow hedge: the changes in the fair value of the derivatives that are designated, or are effective, for hedging future cash flows regarding probable transactions are recognized directly in other comprehensive income and other reserves, while the ineffective portion is recognized immediately in profit or loss. The amounts, which had been recognized directly in the Statement of Comprehensive Income and accumulated in equity, are included in profit or loss when the hedged transactions affect profit or loss.
- Fair value hedge: for effective hedging of exposure to changes in fair value, the hedged item is adjusted by the fair value changes attributable to the risk hedged with a balancing item in the income statement. Gains and losses deriving from measurement of the derivative are also recognized in profit or loss. Fair value changes of derivatives that do not qualify for hedge accounting are recognized in profit or loss as they occur.

In the absence of quoted prices on active markets, the fair value is the amount resulting from appropriate valuation techniques that take into account all factors adopted by market participants and the prices obtained in an actual market transaction. The fair value of the interest rate swaps is determined by discounting the future cash flows to their present value.

DERIVATIVES QUALIFIED AS TRADING INSTRUMENTS

Derivative instruments are used for strategic and financial hedging purposes. However, since some derivatives do not meet conditions set by EU-IFRS for hedge accounting, those derivatives are recognized as trading instruments. Accordingly, the derivatives are initially recognized at fair value, and subsequent changes in fair value are recognized as components of financial income and finance costs for the period.
The fair value of financial instruments not listed on an active market is determined using valuation approaches based on a series of methods and assumptions related to the market conditions at the reporting date.
The fair value classification of financial instruments is set forth below based on the following hierarchical levels:

- Level 1: fair value determined based on quoted (non-adjusted) prices in active markets for identical financial instruments;
- Level 2: fair value determined using valuation techniques based on inputs that are observable in active markets;
- Level 3: fair value determined using valuation techniques based on unobservable inputs in active markets.

Given the short-term nature of trade receivables and payables, we believe that the carrying value is a good approximation of their fair value.
For more information on the valuation of financial instruments at Fair Value based on this hierarchy, see Note 3.5.

INVENTORIES

Inventories are recognized at the lower of purchase or production cost and net realizable value, i.e. the amount that the Group expects to receive on their sale in the ordinary course of business, less costs to sell. The cost of inventories of raw and ancillary materials, consumables and finished products is determined by using the weighted average cost method.
The cost of finished products and semi-finished goods includes the costs of raw materials, direct labor, and other production costs (based on normal operating capacity). Finance costs are not included in the measurement of inventories because the conditions for their capitalization are not present.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include available bank deposits and other forms of short-term investment with a maturity not exceeding three months. At the reporting date, bank overdrafts are classified as current financial liabilities in the statement of financial position. The items included in cash and cash equivalents are measured at fair value, and subsequent changes are recognized through profit or loss.

TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are initially recognized at fair value net of directly attributable costs and are subsequently measured at amortized cost using the effective interest rate method.

FINANCIAL LIABILITIES

Financial liabilities, which relate to loans, leases and other payment obligations, are initially recognized at fair value net of transaction costs and are subsequently recognized at amortized cost using the effective interest rate method. In the event of changes in the expected cash flows, the value of the liability is recalculated in order to reflect such change based on the present value of the new expected cash flows and using the initially determined internal rate of return. Financial liabilities are classified among current liabilities, excluding those with a contractual maturity of twelve months after the reporting date and excluding those for which the Group has the unconditional right to defer payment for at least twelve months from such date.
Purchases and sales of financial liabilities are recognized on the transaction settlement date.
Financial liabilities are eliminated from the statement of financial condition when paid in full and/or when the Group has transferred all risks and charges related to the instrument.

EMPLOYEE BENEFITS

Short-term benefits include wages, salaries, related social security charges, compensation for unused vacation time, and incentives and bonuses payable within twelve months of the reporting date. These benefits are recognized as components of the cost of personnel during the service period.

Pension funds
The companies of the Group have both defined-contribution and defined-benefit plans.
The defined-contribution plans are managed by external fund managers in relation to which there are no legal or other obligations to pay further contributions if the fund should have insufficient assets to meet the obligations toward employees. For those defined-contribution plans, the Group gives voluntary or contractually set contributions to both public and private pension funds. The contributions are recognized as costs of personnel on an accruals basis. Advance contributions are recognized as an asset to be reimbursed or used to offset any future payments due.
A defined-benefit plan is one that cannot be classified as a defined-contribution plan. In defined-benefit plans, the amount of the benefit to be paid to the employee is quantifiable solely upon termination of employment and is tied to one or more factors, such as age, seniority, and salary level. As such, the obligations of a defined-benefit plan are determined by an independent actuary using the projected unit credit method. The present value of a defined-benefit plan is determined by discounting the future cash flows at an interest rate that is equal to that of high-quality corporate bonds issued in the currency in which the liability is to be settled and which considers the term of the related pension plan. Actuarial gains or losses resulting from these adjustments are shown in the statement of comprehensive income as a component of such income. The Group manages solely one defined-benefit plan, which is the fund for employee severance indemnities (or "TFR"). This fund, which is a form of deferred remuneration, is mandatory for Italian companies in accordance with Article 2120 of the Italian Civil Code and is correlated to the length of employment and the salary received throughout the period of service.

On January 1, 2007, Italian law no. 296 of December 27, 2006 ("2007 Financial Law"), and subsequent law decrees and regulations introduced significant changes as to how this fund is to be handled, including the right for employees to choose whether their benefit is accumulated in a supplemental pension fund or in the "treasury fund" managed by INPS. As a result, the obligation toward INPS and the contributions to supplementary pension funds have, in accordance with IAS 19 – Employee Benefits, become defined-contribution plans, whereas the amounts contributed to the TFR fund as at January 1, 2007 maintain their status as defined-benefit plans.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognized for certain or probable losses and other charges of a given nature, but for which the amount and/or timing cannot be determined. The provision for agency termination represents amounts that could be due because of the termination of agency relationships in effect at the reporting date.
Provisions are recognized only when there is a present obligation (legal or constructive) for a future outflow of economic resources that has arisen because of past events and when it is probable that such outflow will be required to settle the obligation. The amount allocated represents the best estimate of the amount required to settle the obligation. The discount rate used to determine the present value of the liability reflects current market values and considers the specific risk associated with each liability.
Where the effect of the time value of money is material and the payment dates of the obligations can be estimated reliably, the provisions are measured at the present value of the outflow expected using a rate that reflects current market conditions, the change in the time value of money, and the risks specific to the liability. Any increases in value of the provision attributable to changes in the time value of money are recognized as interest expense.
Risks for which a liability is only possible are disclosed in the section on contingent liabilities, and no provision is allocated for them.

RECOGNITION OF REVENUES

Sales revenues
The Group revenues are mainly composed of finished product related to health supplements, medical devices and cosmetic products.
The Group recognizes revenue from contracts with customers at an amount that reflects the consideration at which the Group expects to be entitled in exchange for those goods or services, using the five-step model envisaged by IFRS 15:

- identify the contract with the customer;
- identify the performance obligations in the contract, that is, all goods or services promised in the contract;
- determine the transaction price at inception of the contract considering any variable considerations, noncash consideration received from a customer or payable to the customer, significant financing components;
- allocate the transaction price, at contract inception, to each separate performance obligation;
- recognize revenue, when (or as) each performance obligation is satisfied by transferring the promised good or service to the customer. Revenues related to health supplements, medical devices and cosmetic products are recognized at point in time when the customer gains control of the goods, net of returns.

Transfer of control is determined using a five-step analytical model applied to all revenues from customer contracts, mentioned above. This occurs when the goods are delivered to the customer and there is no unfulfilled obligation that could affect acceptance by the customer. Delivery takes place when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products in accordance with the sales contract, the terms and conditions of acceptance have expired, or the Group has objective evidence that all criteria for acceptance have been met. Revenues are recognised at the price stated in the contract, net of any estimates of deferred discounts or incentives granted to the customer in line with industry practice. In accordance with IFRS 15, the Group checks whether there are any contractual terms that represent separate performance obligations to which the transaction price must be allocated (such as guarantees), and effects deriving from the presence of variable consideration, significant financing components or non-monetary exchanges that must be paid to the customer.

Other operating income
The other operating income is composed of penalties to customer not related to the core business, insurance reimbursement and other recharges to the customers.

Interest income
Interest income is recognized in the consolidated income statement based on the effective rate of return. It refers primarily to interest income related to hedging instrument.

GOVERNMENT GRANTS

When formally authorized and when the right to their disbursement is deemed definitive based on reasonable certainty that the Group will meet the underlying conditions and that the grants will be received, government grants are recognized based on the matching concept of income and expenses.

Grant relating to assets
Government grants relating to fixed assets are recognized as deferred income among "other liabilities", either current for short-term portions or non-current for long-term portions. Deferred income is recognized in the income statement as "other operating income" on a straight-line basis over the useful life of the asset for which the grant is received.

Grants for operating expenses
Grants other than those relating to assets are recognized on the income statement under "other income".

RECOGNITION OF EXPENSES

Expenses are recognized when relating to goods or services acquired or consumed during the period or when systematically allocated.

INCOME TAXES

Current income taxes are calculated based on the taxable income for the period at the tax rates in effect on the reporting date.
Deferred taxes are calculated for differences emerging between the tax base of an asset or liability and its related carrying value, with the exception of goodwill and differences related to investments in subsidiaries when the timing of such differences is subject to control by the Group and it is probable that they will not be recovered in a reasonably foreseeable time frame. Deferred tax assets, including those concerning accumulated tax losses, for the portion not offset by deferred tax liabilities, are recognized to the extent to which it is probable that there will be sufficient future taxable earnings to recover the deferred taxes. Deferred tax assets and liabilities are measured based on the tax rates expected to apply in the period in which the differences will be realized or settled.
Current and deferred taxes are recognized in the income statement under "income taxes", excluding those related to items shown in the consolidated statement of comprehensive income other than net profits and items recognized directly in equity. In the latter cases, deferred taxes are recognized under "income taxes related to other comprehensive income" in the consolidated statement of comprehensive income and directly in equity. Income taxes are offset when they are assessed by the same fiscal authority, there is a legal right to such offsetting, and the net balance is expected to be settled.
Other taxes unrelated to income, such as indirect taxes and other duties, are included with "other costs".
Since 2023, the Group has opted for the national tax consolidation procedure, governed by Article 117/129 of the Italian Consolidated Law on Income Tax ('TUIR'). The decision to adopt this procedure is reflected in the accounting entries, showing receivables and payables arising from the tax consolidation procedure towards the controlling shareholder Vegeta S.p.A.
With reference to Organisation for Economic Cooperation and Development ('OECD') global minimum taxes ('Pillar two'), the Group has not met the quantitative requirement for the application (group with global annual turnover of Euro 750 million or more in at least two of the previous four fiscal years), so that no further assessment has been performed.

EARNINGS PER SHARE

Earnings per share – basic
Basic earnings per share is calculated by dividing the Group's net profit (from continuing operations and discontinued operations) by the weighted-average number of ordinary shares in circulation during the year, excluding treasury shares.

Earnings per share – diluted
Diluted earnings per share is calculated by dividing the Group's net profit (from continuing operations and discontinued operations) by the weighted-average number of ordinary shares in circulation during the year, excluding treasury shares. To calculate diluted earnings per share, the weighted-average number of shares in circulation is adjusted by assuming the exercising of all rights that could potentially have a dilutive effect, and the Group's net profit is adjusted to take into account any effect, net of taxes, of exercising such rights.

6. FINANCIAL RISK MANAGEMENT

The Group's business is exposed to several types of risk: market risk, credit risk and liquidity risk. The Group's risk management strategy focuses on market unpredictability and aims to minimize the potential adverse effects on the Group's financial performance. Some types of risk are mitigated through derivatives.
Risk management is centralized with the Treasury Management function, which identifies, assesses and hedges financial risks by working closely with the Group's business units. The Treasury Management function provides policies and guidelines for monitoring risk management particularly with respect to interest rate risk and credit risk.

6.1 Market risk

In performing its business activity, the Group is exposed to various market risks, particularly the risk of fluctuations of interest rates, volatility in the availability and price of the raw materials, and utilities and also for the risk of for foreign exchange risks.

Interest rate risk

In order to mitigate the interest rate risk on the financial bond, the Parent Company, on August 8, 2022, signed an ISDA master agreement for an interest rate cap based on a notional amount of 345 million of Euro with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps. Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years.
For further detail about the financial liabilities please refer to Note 25.

	At December 31, 2024		At December 31, 2023 (Restated)	
(in Euro thousand)	Negative Fair Value	Positive Fair Value	Negative Fair Value	Positive Fair Value
Commodity Derivatives	-	-	-	-
Interest Rate Derivatives	-	2.229	-	7.692
Currency Derivatives	-	-	-	-

Group analyzes the sensitivity of its exposure by estimating the effects of a change in interest rates on the portfolio of its financial liabilities. More specifically, sensitivity analysis measures the potential impact on profit or loss and on equity of market scenarios that would cause a change in the financial expense associated with unhedged gross debt.
These market scenarios are obtained by simulating parallel increases and decreases in the yield curve as at the reporting date.
There were no changes introduced in the methods and assumptions used in the sensitivity analysis compared with the previous years.
With all other variables held constant, applying a 25 bps interest rate variation, the Group’s tax profit would be affected by a change in the level of interest rates as follows:

(in Euro thousand)				
Year	Net result for the period		Total equity (increase)/decrease	
	-25 bps	+25 bps	-25 bps	+25 bps
2024	-544	544	-544	544
2023	-251	251	-251	251

For the years ended December 31, 2023, and 2024, the borrowing Notes consistently represented the vast majority of financial liabilities exposed to interest rate risk, accounting for approximately 99%, and 95% of the total, respectively.

Price risk

The Group is exposed to price risk primarily on vitamins, different ingredients and packaging material as well as on energy procurement, whose costs are subject to market volatility.

The Group controls the exposure to raw material and energy commodity price changes by monitoring the costs on monthly basis and by comparing it against budget assumptions. In order to mitigate that risk, the Group implemented the following actions:

- Continuous diversification of suppliers for ingredients and vitamins, in order to avoid the supplier concentration and the negotiation power;
- Continuous scouting of alternative sources for raw material supply by skipping, where possible, the intermediators and by certification of new overseas and low-cost country suppliers which met our international quality, sustainability and pricing standards;
- Definition of the price and delivery conditions on middle term in the contract with supplier, in order to fix as much as possible the purchase price and, at the same time, to assure relevant contract flexibility which allow the Group to change the supplier in case of price and delivery condition deterioration;
- Definition of middle term flexible contracts with energy supply brokers, which allow us to obtain on quarterly basis the pest possible ratio between price and quality and quantity of utility supply;
- the Company R&D and Regulatory departments, in collaboration with Purchasing, research and implement engineering innovation by activation of new and alternative raw materials that can replace the current supply primary sources.

Despite the exposure to raw material price risk, the Group decided to manage this risk without starting any commodity swap contracts for its industrial activities.

The following table presents the results of the analysis of sensitivity to a reasonably possible change in the vitamins, different ingredients and packaging material. More in details, to conduct such sensitivity analysis, the quantities of purchasing for the fiscal years ended December 31, 2024 and 2023, along with their average prices, were analyzed. A variation of +/- 10% was then applied to these values.

(in Euro thousand)				
Year	Net result for the period		Total equity (increase)/decrease	
	-10%	10%	-10%	10%
2024	20.523	-20.523	20.523	-20.523
2023	18.031	-18.031	18.031	-18.031

Foreign exchange risk

The Group predominantly conducts its operations in Euros, however, subsequent to recent acquisitions, the operational landscape now includes transactions denominated in US dollars (USD), Chinese Renminbi (RMB) and Indian Rupee (INR) even if with very limited number of transactions. To mitigate the adverse effects of currency exchange rate volatility, the Group employs various organizational instruments. One strategy involves maintaining a diversified portfolio of suppliers and customers across different regions. By conducting business with entities in various geographical locations, the Group can offset potential losses in one currency with gains in another, thus reducing overall exposure to exchange rate volatility.

Additionally, fostering strong relationships with banks and financial institutions in various regions can provide the Group with access to expert advice and tailored solutions for managing currency risk. Collaborating with these partners enables the Group to stay abreast of market trends and leverage their expertise in implementing effective risk management strategies. Through a combination of these organizational measures and financial instruments, the Group aims to enhance its resilience to currency risk and safeguard its financial performance in a dynamic global marketplace.

The Group's exposure to currency risk is mainly connected with sale denominated in US dollars (USD). In the year ended December 31, 2024, the Group made sales in US dollars totaling approximately USD 140 million (equivalent to about Euro 129 million at an average EUR/USD exchange rate of 1,08). For the years ended December 31, 2023 US dollar sales amounted to approximately USD 46 million (Euro 43 million at 1,08).

The following table details the group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates.

(in Euro thousand)	Year ended December 31, 2024		Year ended December 31, 2023	
	USD		USD	
	-10%	10%	-10%	10%
Investments in financial assets	120	-98	160	-131
Trade receivables	2.706	-2.214	1.647	-1.348
Other current assets	91	-74	129	-105
Cash and cash equivalents	1.115	-912	1.030	-843
Non-current financial liabilities	12.460	-10.194	12.390	-10.137
Current financial liabilities	396	-324	822	-672
Trade payables	2.619	-2.143	692	-566
Other current liabilities	958	-784	519	-425
Net result for the period	**20.465**	**-16.744**	**17.389**	**-14.227**

Please note that the sensitivity analysis in the table does not account for the effects and risks related to currency fluctuations due to sales pricing adjustments based on currency-linked formulas.

It is noted that, given the market context, during the fiscal years ended December 31, 2024 and 2023, the Company did not choose to use derivative financial instruments to hedge against currency risk.

6.2 Credit risk

The credit risk essentially coincides with the amount of trade receivables recognized at the reporting dates.
The top 10 clients represent about 43% of the total receivables and, to mitigate the credit concentration risk the Group has defined the following strategies:
·Activation of pro-soluto factoring with all top ten customers by involving the primary Italian banks;
·Implementation of strict credit collection policies based on weekly dunning letters, weekly credit collection calls with customers with outstanding balances;
·Block of sales order production and shipments in case of missing outstanding balances settlement within maximum 30 days.
All the same, procedures are in place to ensure that the sales of products and services are conducted with customers that have shown to be reliable in the past.
For trade receivables and contract assets, the Group uses a simplified approach to calculate expected losses; the Group monitors changes in credit risk using a simplified approach based on brackets of shared credit risk characteristics and past-due days. Therefore, the Group discloses the full amount of expected credit losses at each reporting date, please refer to Note "Trade receivables". The Group has defined a provision matrix based on historical experience, adjusted for forward-looking information about specific types of debtors and their economic environment, as a tool for determining expected credit losses.
The Group manufacture highly customized products and thanks to its differentiated technology which are difficult to replace by our competitors. That competitive advantage in combination with our credit management policy help us to minimize any relevant market threat. The following table sets forth an aging analysis of the trade receivables at December 31, 2024 and 2023 stating separately the provision for doubtful debts:

	Expiring	Expired				Provision for doubtful debts	Total trade receivables
(in Euro thousand)		0-30	31-60	61-90	more than 90		
December 31, 2023	62.087	5.002	1.634	90	3.556	-1.187	71.182
December 31, 2024	55.731	5.475	9.599	320	4.116	-1.683	73.558

6.3 Liquidity risk

Liquidity risk concerns the ability to meet obligations arising on financial liabilities. Prudent management of the liquidity risk stemming from the Group's ordinary operating activities entails keeping up sufficient levels of cash holdings, short-term securities and funding available through adequate credit lines. The Group must have adequate stand-by credit lines to finalize contracts and collect invoices, to an extent that ensures financial flexibility. Management monitors the cash turnover projections, including undrawn credit lines, and available cash and cash equivalents, based on expected cash flows.
The following tables set forth a maturity analysis of the financial liabilities at December 31, 2024 and 2023. The maturities are based on the period from the reporting date to the contractual maturity date of the obligations.

(in Euro thousand)	At December 31, 2023 (Restated)				
	Carrying value	Contractual cash flow	Within 1 year	From 1 to 5 years	Beyond 5 years
Borrowings	528.501	556.149	3.843	552.306	0
Lease liabilities	26.137	26.137	2.275	14.877	8.985
Other current financial liabilities	8.993	8.993	8.993	0	0
Trade payables	78.681	78.681	78.681	0	0
Non-derivative liabilities	**642.312**	**669.960**	**93.792**	**567.183**	**8.985**
Derivative financial instruments	-7.692	-7.692	-7.692	0	0
Total	**634.620**	**662.268**	**86.100**	**567.183**	**8.985**

(in Euro thousand)	At December 31, 2024				
	Carrying value	Contractual cash flow	Within 1 year	From 1 to 5 years	Beyond 5 years
Borrowings	555.936	583.859	9.243	574.615	-
Lease liabilities	24.817	24.817	3.341	20.849	627
Other current financial liabilities	10.529	10.529	10.529	-	-
Trade payables	65.599	65.599	65.599	-	-
Non-derivative liabilities	**656.881**	**684.804**	**88.712**	**595.464**	**627**
Derivative financial instruments	-2.229	-2.229	-2.229	0	0
Total	**654.652**	**682.575**	**86.483**	**595.464**	**627**

The value of the liability for the Senior Secured Notes contracts as of December 31, 2024 is based on a nominal amount of 554 thousand of Euro, offset by 28 thousand of Euro of amortized cost.

6.4 Equity risk

The Group's equity risk management objective is to maintain the going concern status to assure returns to shareholders and benefits to other stakeholders. The Group also aims to maintain an optimal capital structure to reduce debt costs.
Net invested capital is calculated as the sum of equity attributable to the shareholders and net financial debt.
Below is the breakdown of the Group's net financial debt at December 31, 2024 and 2023, determined in accordance with Committee of European Securities Regulators (CESR) Recommendation n. 05/054b, Paragraph 127, for implementation of EC Regulation n. 809/2004, and the gearing ratios at December 31, 2024:

	(in Euro thousand)	At December 31, 2024	At December 31, 2023 (Restated)
A	Cash and cash equivalents	19.517	33.412
	Liquidity (A)	19.517	33.412
B	Borrowings	9.242	8.243
C	Current Lease liabilities	3.341	2.275
D	Other financial liabilities	10.529	8.993
E	**Current financial indebtedness (B+C+D)**	**23.111**	**19.511**
	Net current financial indebtedness (E-A)	**3.594**	**-13.901**
G	Investments in financial assets	1.610	1.424
H	Derivative financial instruments	2.229	7.692
I	**Non-current financial assets (G+H)**	**3.839**	**9.116**
J	Borrowings	546.695	520.258
K	Non-current Lease liabilities	21.475	23.862
L	**Non-current financial indebtedness (J+K-I)**	**564.331**	**535.004**
M	**Financial indebtedness (G+L)**	**567.925**	**521.103**
N	Equity	1.011.292	1.056.749
	Gear ratio (M/N)	**56%**	**49%**

The non-current financial assets are mainly related to the value of the derivative financial instruments of Euro 2.229 thousand in 2024 (Euro 7.692 thousand in 2023). The current financial indebtedness is composed of other financial liabilities, which include Euro 7.125 thousand of banks overdraft and banks advance in 2024 (Euro 7.122 thousand in 2023), and current lease liabilities for Euro 3.404 thousand in 2024 (Euro 2.275 thousand in 2023). The non-current financial indebtedness in 2024 include Euro 546.695 thousand of non-current portion of the borrowings (Euro 520.258 in 2023) and Euro 21.475 thousand (Euro 23.862 thousand in 2023) related to the non-current portion of the lease liabilities. The borrowings for the periods 2024 and 2023 are composed, respectively, from 95% and 99% of Senior Secured Notes.

6.5 Financial assets and financial liabilities by category

The following table presents the financial assets and liabilities aggregated by category with their fair values stated as of December 31, 2024 and 2023:

(in Euro thousand)	At December 31, 2024		At December 31, 2023 (Restated)	
	Fair value through other comprehensive income	Amortized Cost	Fair value through other comprehensive income	Amortized Cost
Derivative financial instruments	2.229		7.692	
Investments in financial assets		1.610		1.424
Borrowings		555.937		528.501
Lease liabilities		24.816		26.137
Other current liabilities		17.654		27.829

The fair value of the derivatives was determined using valuation techniques based on observable inputs in active markets (Level 2).

7. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to apply accounting policies and methodologies that, in some cases, depend upon difficult or subjective assessments and estimates based on experience and assumptions deemed reasonable and realistic given the specific circumstances involved. Application of such estimates and assumptions affects the figures reported in the Consolidated Financial Statements, including the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the related explanatory notes. The final results of the items for which such estimates and assumptions have been made may vary from those reported in the financial statements that show the effects of the occurrence of the event subject to the estimate, due to the uncertainty that characterizes the assumptions and the conditions on which the estimates were based. The following is a brief description of the accounting policies that entail the greatest extent of management subjectivity in calculating estimates, and for which a change in the underlying conditions and assumptions could have a significant impact on the consolidated financial information.

(a) Provision for inventory obsolescence
The provision for inventory obsolescence reflects management's best prudent estimate of the losses expected by the Group, determined on the basis of past experience, past trends and expected market trends.
Slow-moving raw materials and finished products are analyzed regularly on the basis of past statistics and the possibility to sell them at a lower price than that in a normal market transaction. If the analysis results in the need to write down the inventory value, an inventory provision is recognized.

(c) Goodwill and fixed assets
Goodwill and fixed assets recognized in the Consolidated Financial Statements are tested for impairment by calculating the value in use of the cash generating units ("CGU") to which goodwill has been allocated. Using different methods for the different business segments, the Group conducted testing in which goodwill was allocated to a group of CGU that benefit from the synergies of the specific business combination (in accordance with IAS 36, paragraph 80).
The CGU has been identified, consistently with the Group's organizational and business structure , as uniform combinations able to generate cash flows independently from the continuing use of the assets allocated to them.
Value in use was measured as the present value of the estimated future cash flows for each CGU in its current condition, excluding estimated future cash flows that could derive from future restructuring plans or other structural change, using the Discounted Cash Flow (DCF) model.
More information on the methodology used is reported in Note 12.
The business plan, used for the impairment testing, prepared by the Group's management is based on financial performance projections of business plan for period 2025-2030 approved by Board of Directors on March 26, 2025. The business plan is based on variables controllable by the Group's management and theoretical changes in exogenous variables not directly controllable or manageable by the Group's management.

If the main estimates and assumptions used to prepare the business plans should change, the value in use and the calculation of the recoverable value of the assets could change. Therefore, the Group is not able to assure that the assets disclosed in the financial statements at December 31, 2024 will not suffer an impairment loss in the future.

8. SEGMENT REPORTING

The criteria used to identify Segments are consistent with the way in which the Group is managed. The division into Segments for reporting purposes corresponds to the structure of the reports periodically examined by the key management who is considered the chief operating decision maker.
The Group's operations are split into three business lines and more precisely Health Supplements, Medical Devices and Cosmetics.
The Group's management evaluates the performance of these Segments, using Revenues as unique indicator, based on business line and products sales' region. The caption Revenues in the table below is tied out with IFRS Consolidated Statement of Profit and Loss.

(In Euro Million)	**2024**	**2023**
Health Supplement	328,7	254,7
Medical Devices	59	50,2
Cosmetics	43,9	45,4
Consolidated	**431,6**	**350,4**

9. SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

In order to finance the global business growth and to obtain the liquidity for the capital expenditure, the Group drew down an additional 20 million of Euro of the existing RCF facility. Additionally, in November 2024 has established a further RCF facility (the "Additional Facility") which provides for incremental revolving credit commitments, in the aggregate principal amount of 43.5 million of Euro, which are undrawn as of the date December 31, 2024.
In September 2024, the Group perimeter enlarged for the establishment of a new legal entity in India, Biofarma Consultancy Private Limited, in order to leverage the regulatory and service support skills in the Asia Pacific region.
According to the reorganization of Italian manufacturing facilities, the Group announced the ramp down of the Cusano Milanino plant, with the aim to transfer the operations to Gallarate and Mereto plant. All equipment and personnel available for the relocation, are in process to be transferred to Gallarate or Mereto plant.

10. SUBSEQUENT EVENTS

The Group in 2025 started a process of transformation of ICT global platform and reinforced the Management structure by the appointment of a new Chief Transformation Officer.

Furthermore, the Group continues the optimization activities of sales department in Europe with the purpose to speed up the commercial synergies on global scale. Referring to other investments, construction work has commenced in US and in France for the new production sites.

11. BUSINESS COMBINATION

Business Combination of the financial year 2022

On March 27, 2022, Kepler S.p.A. acquired Biofarma S.r.l., Nutrilinea S.r.l., Apharm S.r.l. (initially acquired a 70% controlling stake), Pasteur S.r.l. (initially acquired a 75% controlling stake) and International Health Science S.r.l. (together also "Biofarma Group"). The minority interest in Pasteur S.r.l. and Apharm S.r.l. have been acquired in April and May 2022 respectively.

The total purchase price paid for the acquisition of Biofarma Group was equal to 945.794 thousand of Euro, while the costs incurred for the acquisition, were entirely recognized in the Profit or Loss for the year ended December 31, 2022.

The fair values of the assets and liabilities of the Biofarma Group and the related goodwill, as of the acquisition date, were reflected in the Consolidated Financial Statements. The Purchase Price Allocation ("PPA") procedure for the determination of the fair values of assets and liabilities acquired was conducted internally with the assistance of independent advisor and the results are set out below.

(in thousands of Euros)	**Net assets after PPA**
Goodwill	0
Intangible assets	442.917
Property plant and equipment	77.313
Investments	384
Non-current financial assets	106
Deferred tax assets	728
Inventories	49.990
Trade receivables	54.154
Tax receivables	13.719
Other current assets	3.798
Cash and cash equivalents	32.671
Non-current financial liabilities	-27.555
Deferred tax liabilities	-120.966
Provisions	-2.000
Employee benefits	-2.422
Provisions for risks and charges	-206
Current financial liabilities	-225.226
Trade payables	-55.098
Other current liabilities	-47.525
Total	**194.783**

(in thousands of Euro)	PPA Biofarma Group
Price paid for the acquisition (A)	945.794
Book value of net assets acquired (B)	108.103
Pre-existing Goodwill (C)	223.923
Goodwill before allocation (A-B+C)	**1.061.614**
Inventory step up	3.473
Customer relationship	325.577
Know how	77.104
Patent	27.415
Deferred Taxes	-120.966
Provision	-2.000
Total PPA Allocation	**310.603**
Residual Goodwill as of March 27, 2022	**751.011**

The acquisition ultimately resulted in the recognition of goodwill amounting to Euro 751.011 thousand.

On September 15, 2022, Kepler S.p.A. acquired the 100% of the shares of Codilab SAS and Laboratoire Pierre Caron SAS (together "Nutraskills").
The total purchase price paid for the acquisition of Nutraskills was equal to 53.539 thousand of Euro, while the costs incurred for the acquisition, were entirely recognized in the Profit or Loss for the year ended December 31, 2022.
The fair values of the assets and liabilities of the Nutraskills and the related goodwill, as of the acquisition date, were reflected in the Consolidated Financial Statements. The Purchase Price Allocation ("PPA") procedure for the determination of the fair values of assets and liabilities acquired was conducted internally with the assistance of independent advisor and the results are set out below.

(in thousands of Euros)	Net assets after PPA
Goodwill	0
Intangible assets	22.165
Property plant and equipment	2.902
Non-current financial assets	356
Inventories	5.733
Trade receivables	3.442
Tax receivables	659
Other current assets	182
Cash and cash equivalents	1.736
Deferred tax liabilities	-5.683
Non-current financial liabilities	-2.371
Trade payables	-3.192
Current tax liabilities	-402
Other current liabilities	-1.883
Total	**23.644**

(in thousands of Euro)	PPA Nutraskills
Price paid for the acquisition (A)	53.539
Book value of net assets acquired (B)	7.327
Pre-existing Goodwill (C)	0
Goodwill before allocation (A-B+C)	**46.212**
Customer relationship	19.500
Know how	2.500
Deferred Taxes	-5.683
Total PPA Allocation	**16.317**
Residual Goodwill as of September 15, 2022	**29.895**

Business Combination of the financial year 2023

On July 25, 2023, the Group purchased the entire share capital of US Pharma Lab, Inc. and its subsidiaries USPL Nutritionals LLC, Amol Biotech Ltd. and ACI Biotech Import & Export Co. (together "US Pharma").

The total purchase price paid for the US Pharma Acquisition was equal to Euro 307.545 thousand, while the costs incurred for the acquisition, amounting about Euro 13.000 thousand, were entirely recognized in the Profit or Loss for the year ended December 31, 2023.

The fair values of the assets and liabilities of US Pharma, Inc. and subsidiaries and the related goodwill, as of the acquisition date, were reflected in the Consolidated Financial Statements. The Purchase Price Allocation ("PPA") procedure for the determination of the fair values of assets and liabilities acquired was conducted internally and the results are set out below.

(in thousands of Euros)	Net assets after PPA
Goodwill	0
Intangible assets	127.991
Property plant and equipment	41.433
Non-current financial assets	831
Other non-current assets	750
Deferred tax assets	969
Inventories	21.434
Trade receivables	16.010
Tax receivables	0
Other current assets	1.100
Cash and cash equivalents	13.407
Deferred tax liabilities	-3.135
Non-current financial liabilities	-17.185
Current financial liabilities	-30.961
Trade payables	-20.151
Other current liabilities	-19.250
Total	**133.243**

(in thousands of Euro)	**PPA US Pharma**
Price paid for the acquisition (A)	307.545
Book value of net assets acquired (B)	7.649
Pre-existing Goodwill (C)	0
Goodwill before allocation (A-B+C)	**299.896**
Customer relationship	91.567
Know how	36.193
Deferred Taxes	-2.167
Total PPA Allocation	**125.593**
Residual Goodwill as of July 25, 2023	**174.303**

12. INTANGIBLE ASSETS

The changes in this item are detailed below.

(in thousands of Euros)	Development costs	Patent and intellectual property rights	Concessions , licenses and trademarks	Other intangible assets	Customer Relationship	Know-How	Goodwill	Work in progress	Total
Cost as at January 1, 2023 Restated	**1.845**	**29.295**	**182**	**10.389**	**345.077**	**79.604**	**780.906**	**5.138**	**1.252.436**
Business Combination (US Pharma)	-	-	-	232	91.567	36.193	174.303	-	302.295
Additions	476	733	43	637	-	-	-	3.233	5.122
Disposal	-	-	-	2	-	-	-	-	2
Cost as at December 31, 2023 Restated	**2.321**	**30.028**	**225**	**11.260**	**436.644**	**115.797**	**955.209**	**8.371**	**1.559.855**
Additions	2.853	1.406	31	2.929	-	-	-	3.020	10.239
Reclassifications	-	-	-	-	-	-	-	-5.907	-5.907
Cost as at December 31, 2024	**5.174**	**31.434**	**256**	**14.189**	**436.644**	**115.797**	**955.209**	**5.484**	**1.564.187**
Accumulated Depreciation at January 1, 2023 Restated	**-331**	**-2.683**	**-14**	**-2.040**	**-16.604**	**-5.845**	**-**	**-421**	**-27.938**
Amortisation	-579	-3.194	-57	-3.010	-24.923	-9.468	-	-	-41.231
Reclassifications	193	602	-17	63	-	-	-	-256	585
Accumulated Depreciation at December 31, 2023 Restated	**-717**	**-5.275**	**-88**	**-4.987**	**-41.527**	**-15.313**	**0**	**-677**	**-68.584**
Amortisation	-607	-3.600	-64	-3.044	-27.594	-11.580	-	-	-46.489
Reclassifications	-	-	-	-	-	-	-	-	-
Accumulated Depreciation at December 31, 2024	**-1.324**	**-8.875**	**-152**	**-8.031**	**-69.121**	**-26.893**	**-**	**-677**	**-115.073**
Net Book Balance as at December 31, 2023 Restated	**1.604**	**24.753**	**137**	**6.273**	**395.117**	**100.484**	**955.209**	**7.694**	**1.491.271**
Net Book Balance as at December 31, 2024	**3.850**	**22.559**	**104**	**6.158**	**367.523**	**88.904**	**955.209**	**4.807**	**1.449.115**

The Development Costs, as of December 31, 2024, are composed of 3.850 thousand of Euro for development regulatory and quality department projects related to premium customers (1.604 thousand of Euro as of 2023). The increase in 2024 is mainly due to gastro protection formulas as well as for new food supplements format.
Patent and intellectual property rights equal to 22.599 thousand of Euro, as of December 31, 2024, mainly includes patent arose by purchase price allocations (24.753 thousand of Euro as of 2023). The increase in 2024 is mainly due to new biochemical treatment of gastroesophageal reflux.
Other intangible assets of 6.158 thousand of Euro, as of December 31, 2024 (6.273 thousand of Euro as of 2023), includes various long term intellectual activity for new biochemical laboratories development in science project for the signed product lunching in 2025 and 2026. The increase in 2024 is mainly due to cholesterol reduction innovation.
Customer Relationship of 367.253 thousand of Euro, as of December 31, 2024, are entirely formed from the result of the purchase price allocation on the different client cluster Health Supplements, Medical devices and Cosmetics.
Know how amounting to 88.904 thousand of Euro, as of December 31, 2024, arose from purchase price allocation of previous years on different plants expertise, in particular for Biofarma and U.S. entities.
Work in progress of 4.807 thousand of Euro, as of December 31, 2024 (7.694 thousand of Euro as of 2023), are mostly related to biochemical formulas development projects in R&D and in regulatory affairs. The residual part is mainly related to partial implementation of new administrative and manufacturing solution software.
The goodwill allocated is set forth below by CGU:

Cash Generating Unit (CGU)	Year ended December 31, 2024	
Health Supplements	615.409	64%
Cosmetics	89.378	9%
Medical Devices	250.422	26%
Total	**955.209**	**100%**

Impairment test

As required by IAS 36, the Group tested the carrying amounts of the tangible and intangible assets recognized in its Consolidated Financial Statements at December 31, 2024 with respect to their recoverable amounts. Goodwill is tested for impairment at least annually, even when no indications of impairment losses are present.
In accordance with IAS 36, the Group identified the CGU representing the smallest identifiable group of assets able to generate largely independent cash inflows within the Consolidated Financial Statements. CGU were identified by considering the organizational structure, the type of business and the methods with which control is exercised over the operation of the CGU.
The CGU identified by the Group to monitor goodwill coincides with the aforementioned business in which the Group. The CGU in which goodwill is recognized/allocated, on which the impairment testing was based, are as follows:

- Health Supplements
- Cosmetics
- Medical Devices

The assets were tested for impairment by comparing the carrying amount attributed to the CGU, including goodwill, with its recoverable amount (value in use). The value in use is the present value of the estimated future cash flows to be derived from continuing use of the assets referring to the cash generating units and the terminal value allocated to them.
In conducting the impairment test, the Kepler Group used the most recent forecasts and projections of each CGU as included for 2024 in the business plan 2025-2030 approved by the Board of Direction as of March 26, 2025 (as described in the section on "estimates and assumptions"), presuming that the assumptions and targets would be met. In preparing its projections, management made assumptions based on past experience and expectations about the developments in the business segments in which the Group operates.
In 2024 the terminal value was calculated by using a growth (G) rate in line with the average inflation expected in the long term (2031-2050) for the main countries where the CGU operates.
The main assumptions underlying the calculation of WACC applied for the CGU's are reported below:

Valuation date	At December 31, 2024	
Cash Generating Unit (CGU)	**Health supplements**	**Medical Devices / Cosmetics**
Market premium risk	5,50%	5,50%
Beta unlevered	0.86	0.816
Beta levered	0.98	0.98
Additional risk premium	1,02%	1,01%
Risk free rate	3,89%	3,50%
Cost of own capital	10,30%	9,92%
Target debt ratio	15,64%	15,64%
Terminal growth rate (g)	2,00%	2,00%
WACC	**9,49%**	**9,19%**

No impairment loss emerged from the impairment test, which was approved by the Board of Directors on March 26, 2025. In detail, the recoverable amounts exceeded the aggregate of carrying amounts for each CGU as follow:

- Health Supplements, the recoverable amounts exceeded the aggregate of carrying amounts for Euro 141,8 million as of December 31, 2024, Euro 126,7 million as of December 2023 and Euro 42.9 million as of December 2022.
- Cosmetics, the recoverable amounts exceeded the aggregate of carrying amounts for Euro 4.1 million as of December 31, 2024, Euro 7.5 million as of December 2023 and Euro 14.7 million as of December 2022.
- Medical Devices, the recoverable amounts exceeded the aggregate of carrying amounts for Euro 17.3 million as of December 31, 2024, Euro 46.4 million as of December 2023 and Euro 9.8 million as of December 2022.

Since the recoverable amount is determined based on estimates, the Group cannot assure that goodwill will not suffer impairment loss in future periods.
The operating cash flow estimate was taken from Business Plan listed above. The estimated cash flows are based on the Directors' assumptions, which are cohesive with the Group's strategy in each business and market where it operates, and they depend on exogenous variables beyond management's control, such as the performance of currency exchange and interest rates, the infrastructural investments of the countries where the Group operates, and macro-policy or social factors having a local or global impact.

In accordance with IAS 36, such exogenous variables were estimated on the basis of information known when the business plans were drawn up and examined and consider the effects of the unstable macro-economic environment (such as war in Ukraine and Israel-Palestine for 2024 and 2024), which can bring to uncertain business development in the nutraceutical sector. However, each impairment plan has been based on actual conditions, where the Group faced macroeconomics effects as deflation trend, the pricing decrease of commodities, energy and logistics.
In addition, the Group performed a stress test analysis determining the WACC of indifference and the annual percentage of EBITDA reduction that reduce the headroom to zero for each CGU.

	At December 31, 2024	
Cash Generating Unit (CGU)	**WACC of indifference**	**EBITDA of indifference (annual reduction)**
Health Supplements	10,30%	-8,89%
Cosmetics	9,39%	-2,70%
Medical Devices	9,52%	-4,40%

13. PROPERTY, PLANT AND EQUIPMENT

(in thousands of Euros)	Land and buildings	Plant and machinery	Equipment	Other fixed assets	Work in progress and advances	Total
Cost as at January 1, 2023 Restated	**48.918**	**26.576**	**1.865**	**1.937**	**6.343**	**91.115**
Business Combination (US Pharma)	8.068	14.377	-	1.354	449	41.433
Additions	1.980	5.099	960	508	4.830	22.141
Disposal	-	-	-	-1	-4	-5
Cost as at December 31, 2023 Restated	**58.966**	**46.052**	**2.825**	**3.798**	**11.618**	**154.684**
Additions	2.757	9.895	1596	1.331	17089	32.667
Disposal	-7	-13	-	-16	-17	-53
Cost as at December 31, 2024	**61.715**	**55.934**	**4.421**	**5.113**	**28.689**	**187.298**
Accumulated Depreciation at January 1, 2023 Restated	**-741**	**-5.206**	**-665**	**-405**	**-209**	**-8.345**
Amortisation	-3.348	-7.770	-922	-753	-68	-14.917
Reclassifications	3.819	3.057	78	101	-7.642	-587
Other changes	12	23	-	5	-	-199
Accumulated Depreciation at December 31, 2023 Restated	**-258**	**-9.896**	**-1.509**	**-1.052**	**-7.919**	**-24.048**
Amortisation	-3.093	-9.290	-1020	-1.161	-	-14.564
Reclassifications	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Accumulated Depreciation at December 31, 2024	**-3.351**	**-19.186**	**-2.529**	**-2.213**	**-7.919**	**-38.612**
Net Book Balance as at December 31, 2023 Restated	**58.708**	**36.156**	**1.316**	**2.746**	**3.699**	**102.625**
Net Book Balance as at December 31, 2024	**58.364**	**36.748**	**1.892**	**2.901**	**20.770**	**120.675**

Land and buildings as of December 31, 2024 amount to Euro 58.364 thousand, (58.708 thousand Euro as of 2023 are composed of: Euro 43.019 thousand for Mereto plant facility and land (Euro 42.999 thousand as of 2023), Euro 3.322 thousand for Gallarate industrial plant (Euro 4.240 thousand as of 2023), Euro 2.577 thousand for the facility and lands in Monselice (Euro 2.551 thousand Euro as of 2023), Euro 8.222 thousand for land and plant in US and China (Euro 7.650 thousand as of 2023) and Euro 1.224 thousand for French manufactory facilities (Euro 1.260 thousand as of 2023). The investments in 2024 are mainly due to green fields in France and US, as well as due to Gallarate plant expansion.
Plant and machinery equal to 36.748 thousand of Euro, as of December 31, 2024 (36.156 thousand of Euro as of 2023) refer to production lines and industrial machinery in all the Groups plants. The increase in 2024 is mainly attributable to machinery for US plant for projects as liquid fill, packaging, probiotics etc.
The equipment's for 1.892 thousand of Euro, as of December 31, 2024 (1.316 thousand of Euro as of 2023), are related to tools and assets for laboratory and R&D.
Other fixed asset of 2.901 thousand of Euro, as of December 31, 2024 (2.746 thousand of Euro as of 2023) include mainly furniture, ICT hardware, machinery and company vehicles.
Work in progress is related to not yet completed investments in production lines and facilities. The increase of 2024 is mainly referred to the new facility in France (13.000 thousand of Euro) and to the new greenfield packaging facility in US (5.500 thousand of Euro).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The right of use of 25.482 thousand of Euro, as of December 31, 2024 (28.012 thousand of Euro as of 2023) are entirely related the application of IFRS 16 and is described in the next paragraph.
The following table presents the changes in the right-of-use asset in leases at the respective reporting dates:

(in thousands of Euros)	Right of use Land and buildings	Right of use Plant and machinery	Right of use Other fixed assets	Total
Cost as at January 1, 2023 Restated	**4.029**	**516**	**931**	**5.476**
Business Combination (US Pharma)	17.055	-	130	17.185
Additions	7.755	342	667	8.764
Disposal	-	-	-	-
Cost as at December 31, 2023 Restated	**28.839**	**858**	**1.728**	**31.425**
Additions	89	334	611	1.034
Disposal			-114	-114
Cost as at December 31, 2024	**28.928**	**1.192**	**2.226**	**32.346**
Accumulated Depreciation at January 1, 2023 Restated	**-525**	**-218**	**-376**	**-1.119**
Amortisation	-1.667	-265	-96	-2.028
Other changes	1	-	-267	-269
Accumulated Depreciation at December 31, 2023 Restated	**-2.191**	**-483**	**-739**	**-3.416**
Amortisation	-3.725	-190	-579	-4.493
Other changes	1.043	-	-	1.045
Accumulated Depreciation at December 31, 2024	**-4.873**	**-673**	**-1.318**	**-6.865**

The main category is related to land and buildings 24.055 thousand of Euro, as of December 31, 2024 (26.648 thousand of Euro as of 2023) that are mostly linked to residual portion of the facility U.S. entities plant not owned by the Group. The increase/decrease in 2024 is mainly due to US entity plant.
The related lease liabilities are composed as follows:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023 (Restated)
Current lease liabilities	3.341	2.275
Non-current lease liabilities	21.475	23.862
Total current and non-current financial liabilities	**24.816**	**26.137**

Lease liabilities as of December 31, 2024 are equal to Euro 24.816 thousand (Euro 26.137 thousand as of 2023) and are composed of Euro 3.341 thousand as current portion and Euro 21.475 thousand as due after twelve month from the closing date.

15. INVESTMENTS IN ASSOCIATES

The amount refers for 372 thousand of Euro to the equity interest of 45% in Cura Beauty Gmbh and for 12 thousand of investment in Italian Sector associations.

(in Euro thousand)	At December 31, 2024	At December 31, 2023 (Restated)
Associates	372	372
Other companies	12	12
Total investments in associates	**384**	**384**

16. INVESTMENTS IN FINANCIAL ASSETS

(in Euro thousand)	At December 31, 2024	At December 31, 2023 (Restated)
Investments in financial assets	1.610	1.424
Total investments in financial assets	**1.610**	**1.424**

At December 31, 2024 investments in financial assets amount to 1.610 thousand of Euro (Euro 1.424 thousand as of 2023) and are related to the security deposits for operating assets of the US subsidiaries.

17. DERIVATIVE FINANCIAL INSTRUMENTS

(in Euro thousand)	At December 31, 2024	At December 31, 2023 (Restated)
Derivative financial instruments	2.229	7.692
Total derivative financial instruments	**2.229**	**7.692**

At December 31, 2024 derivative financial instruments amount to 2.229 thousand Euro (7.692 thousands of Euro as of 2023). The fair value change is recognized directly in "Reserve for hedging operations of expected cash flows" netted of the effects of deferred tax liabilities.
The balance derives from the fair value measurement of Interest rate swap (IRS) stipulated by the Group to manage interest rate risk on part of the notes issued.
The ISDA master agreement for an interest rate cap based on a notional amount of Euro 345.000 thousand with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating to the Notes for a running premium of 152bps. Thus, the Group capped its EURIBOR exposure to 1.52% for 3 years, which is expected to generate savings in the current rising interest- rate environment.

18. DEFERRED TAX ASSETS

This item is detailed below:

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Deferred tax asset	3.408	7.377
Total deferred tax asset	**3.408**	**7.377**

The composition of this balance is shown below:

(in Euro thousand)	Actualization of employee benefits	Tax losses carry forward	Provisions for inventories obsolescence	Other differences in tax treatment	Total deferred tax assets
Balance at January 1, 2023 (Restated)	**-32**	**5.846**	**260**	**278**	**6.352**
Business Combination (US Pharma)	-	969	-	-	**969**
Effect on income statement	-11	-	130	-94	**25**
Effect on statement of comprehensive income	31	-	-	-	**31**
Balance at December 31, 2023 (Restated)	**-12**	**6.815**	**390**	**184**	**7.377**
Effect on income statement	-22	-5.345	403	976	**-3.988**
Effect on statement of comprehensive income	19	-	-	-	**19**
Balance at December 31, 2024	**-15**	**1.470**	**793**	**1.160**	**3.408**

In 2023 the amount of Euro 7.377 thousand was mainly related to the ACE tax break and tax losses carry forward, for which the Company evaluated, on the basis of projected tax results, the fully recoverability within 2029; in any case the tax losses don't' have any expire limit. These considerations have been confirmed in 2024 when the Company utilized most of the amount accrued in the previous years. The residual amount of 2024 is mainly represented by temporary differences in the tax treatment of assets depreciation and provisions.
Furthermore, in 2024 the Tax Authority accepted the request promoted by the Company through an advance ruling for the deductibility of some transaction costs related to the merger between Tauri S.p.A. and Biofarma S.r.l. occurred in 2022.

19. INVENTORIES

This item is detailed below:

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Raw materials	65.225	59.207
Work in progress and semi-finished goods	11.636	9.746
Finished products	8.590	9.215
Advances	0	53
Total inventories	**85.451**	**78.221**

(in Euro thousand)	Raw materials	Work in progress and semi-finished	Finished products
Balance at January 1, 2023	**45.901**	**8.858**	**7.810**
Business Combination (US Pharma)	15.713	4.341	1.381
Variation	-2.407	-3.453	24
Balance at December 31, 2023	**59.207**	**9.746**	**9.215**
Variation	6.018	1.890	-625
Balance at December 31, 2024	**65.225**	**11.636**	**8.590**

The inventory in 2024 amounted to Euro 85.451 thousand and increased by 7.230 thousand mainly due to the growth business in US entities.
Inventories are shown net of the provision for inventory obsolescence as detailed below:

(in Euro thousand)	Provision for inventories obsolescence
Balance at January 1, 2023	**1.907**
Business Combination (US Pharma)	807
Charge	954
Use	-207
Balance at December 31, 2023	**3.461**
Charge	1.728
Use	-686
Balance at December 31, 2024	**4.502**

No inventories were put up as collateral to guarantee loans received by the Group. The increase of the provision in 2024 is a combined effect of the growth of business and the depreciation of packaging stock.

20. TRADE RECEIVABLES

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Gross trade receivables	75.241	72.369
Provision for doubtful debts	1.683	1.187
Total trade receivables	**73.558**	**71.182**

At December 31, 2024 trade receivables amount to 73.558 thousand of Euro, which represent an increase of 2.376 thousand of Euro mainly due to the turnover increase.
The majority of credits are settled within 90 days and there are no mentionable credit risks. Thanks to a proactive credit management and highly customized products, that are difficult to replace with other suppliers, provide us a strong negotiation power in relation to credit collection versus our clients.
Write-downs are made based on careful analysis of past due accounts, customers in financial difficulties and clients with whom legal action has been initiated, in addition to estimated expected losses on receivables.
The doubtful debt provision reflects management's estimate based on the expected losses by the Group, based on past experience for similar receivables, current and historic amounts overdue, losses incurred, receipts, careful monitoring of the credit quality and projections on economic and market conditions, with the information known at the reporting date.
The table below presents the changes in the provision for doubtful debts:

(in Euro thousand)	Provision for doubtful debts
Balance at January 1, 2023	**1.354**
Business Combination (US Pharma)	-
Charge	538
Use	-705
Balance at December 31, 2023	**1.187**
Charge	519
Use	-23
Balance at December 31, 2024	**1.683**

The Group has reconsidered its credit portfolio also considering the numerous acquisitions carried out and has evaluated writing down some substandard positions relating to some customers being discontinued.

21. TAX RECEIVABLES

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Tax receivables	11.353	17.500
Total tax receivables	**11.353**	**17.500**

This item is detailed below:

(in Euro thousand)	At December 31, 2024	At December 31, 2023
VAT receivables	5.494	8.272
R&D receivables	2.545	3.212
Income Tax receivables	2.944	4.322
Other government receivables	370	1.694
Total tax receivables	**11.353**	**17.500**

The VAT receivables derive from the periodic settlement of VAT in the various Group companies, which resulted in a receivable towards the tax authorities. It is entirely attributable to Biofarma S.r.l.
The R&D receivables, totally attributable to Biofarma S.r.l. derives from a multi-year project for the development of products and processes in the nutraceutical and medical device business in accordance with the law pursuant to L. 160/2019 and L. 178/2020.
The value of tax receivables relates to tax advances higher than the amount due from final tax calculations and generated by the core business.
The other government grants receivables derive from grants provided by specific Italian measures (D.Lgs 50/2022). This receivable is attributable to Biofarma S.r.l. and is linked to 4.0 receivables for investment in new software and solutions in accordance with the law pursuant to L. 232/2017.

22. OTHER CURRENT ASSETS

The other current assets are stated in the financial statements net of the related provisions.

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Other assets-gross	4.529	6.015
Provision for other doubtful debts		-
Total other current assets	**4.529**	**6.015**

This item is detailed below:

(in Euro thousand)	At December 31, 2024	At December 31, 2023 (Restated)
Sundry receivables	563	3.760
Prepaid expenses and accrued income	1.683	2.032
Receivables towards controlling shareholder	1.260	210
Security deposits	1.018	5
Due from employees	4	8
Due from social security entities	-	-
Total other current assets	**4.529**	**6.015**

The amount mainly include bank credit for pro-soluto factoring not yet settled by the bank due to credit limit. The reduction in 2024 is due to a lower amount of credit settled at year end.
Receivables towards controlling shareholders totally refer to the receivables to Vegeta S.p.A. for tax credit transferred according to the tax consolidation agreement signed in 2023.
The prepaid expenses are primarily related to the advance payment for material supply and business related expenses. The increase is mainly related to the Group strategy to obtain the purchase price reduction using the financial advance payment to suppliers.
The increase is related to the subsidiary US Pharma Lab LLC letter of credit for the construction of the new King Arthur facility in North Brunswick to be received in leasing in 2025.

23. CASH AND CASH EQUIVALENTS

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Cash and cash equivalent	19.517	33.412
Total cash and cash equivalents	**19.517**	**33.412**

This item is detailed below:

(in Euro thousand)	At December 31, 2024	At December 31, 2023
Bank deposits	19.514	33.409
Cash and cash equivalents on hand	3	3
Total cash and cash equivalents	**19.517**	**33.412**

Please refer to consolidated statement of cash flows for a detailed analysis of changes in cash and cash and equivalents occurred.

24. SHAREHOLDER'S EQUITY

The equity of the Group at December 31, 2024 is set forth below:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023 (Restated)
Issued share capital	3.000	3.000
Share premium reserve	834.123	834.123
Other reserves	283.543	283.210
Foreign currency translation reserve	-6.108	225
Reserve for hedging operations of expected cash flows	1.694	5.846
Retained earnings	-69.655	-27.157
Result of the year	-35.305	-42.498
Total shareholders' equity	1.011.292	1.056.749
Non-controlling interest	-	-
Total shareholder's equity	**1.011.292**	**1.056.749**

The share capital subscribed and paid-in amounts to Euro 3.000 thousand.
The share premium reserve amount to Euro 834.123 thousand and represents the value of the capital contribution made by the shareholders in connection with the Kepler S.p.A. constitution.
The reserve for hedging operations of expected cash flows amount to Euro 1.694 thousand, as of December 31, 2024 (Euro 5.846 thousand as of 2023) and refers to changes in the fair value of IRS derivatives.
The other reserves amount to Euro 283.543 thousand as of December 31, 2024 (Euro 283.210 thousand as of 2023). The amount includes also the actuarial reserve for Euro 933 thousand (852 thousand of euro as of 2023).
The foreign currency translation reserve is related to the translation to Euro from the currencies of US dollars (USD) and Chinese Renminbi (RMB), of the entities that joined the Group in 2023 due to US Pharma Acquisition, and Indian Rupees (INR), of the new entity acquired in 2024.

25. BORROWINGS AND OTHER FINANCIAL LIABILITIES

(in thousands of Euros)	At December 31, 2024	At December 31, 2023 (Restated)
Borrowings	555.937	528.501
Other financial liabilities	10.529	8.993
Total borrowings and other financial liabilities	**566.465**	**537.494**

The total amount of Borrowings and other financial liabilities is detailed in the table below:

(in Euro thousand)	At December 31, 2023 (Restated)	December 31, 2024	Portion due within one year	Between 1 and 5 years	Portion due after 5 years
Borrowings:					
Senior Secured Floating Rate Notes (Euro 345 million)	333.475	335.656	1.224	334.432	-
Senior Secured Floating Rate Notes (Euro 80 million)	78.543	78.924	358	78.567	-
Senior Secured Floating Rate Notes (US Dollars 22 million)	18.126	18.879	89	18.790	-
Senior Secured Floating Rate Notes (US Dollars 110 million)	90.792	94.411	471	93.940	-
Revolving Credit Facility (Euro 13 million)	530	-	-	-	-
Revolving Credit Facility (Euro 20 million)	-	20.096	96	20.000	-
Unicredit (Euro 3,5 million)	-	3.500	3.500	-	-
Tatooine Loan (Euro 4,4 million)	4.400	1.605	1.605	-	-
Bank of China (Renminbi 10 million)	-	1.152	1.152	-	-
Credit Agricole (Euro 350 thousand)	97	24	24	-	-
Credit Agricole (Euro 425 thousand)	151	45	45	-	-
Credit Agricole (Euro 700 thousand)	636	504	137	367	-
LCL (Euro 700 thousand)	636	504	137	367	-
BNP (Euro 350 thousand)	135	65	65	-	-
CMB (Euro 425 thousand)	196	89	89	-	-
BNP (Euro 400 thousand)	297	217	80	137	-
Credit Agricole (Euro 600 thousand)	144	81	63	18	-
CIC (Euro 100 thousand)	34	8	8	-	-
CMB (Euro 100 thousand)	36	11	11	-	-
Credit Agricole (Euro 100 thousand)	34	8	8	-	-
BPI (Euro 200 thousand)	140	100	40	60	-
Credit Agricole (Euro 200 thousand)	97	57	40	17	-
Total borrowings	528.501	555.937	9.243	546.694	
Other financial liabilities:					
Banks overdraft and banks advance	7.122	7.125	7.125	-	-
Reverse factor	1.871	3.404	3.404	-	-
Total other financial liabilities	**8.993**	**10.529**	**10.529**	-	-
Total borrowings and other financial liabilities	**537.493**	**566.466**	**19.772**	**546.694**	

The movement of current and non-current borrowings is detailed below:

(in Euro thousand)	Borrowings
Balance at January 1, 2023 (Restated)	**345.903**
Business Combination (US Pharma)	30.961
Proceeds	206.865
Repayments	-44.763
Amortized cost	-12.249
Net interests	1.784
Exchange rate effect	-
Balance at December 31, 2023 (Restated)	**528.501**
Proceeds	24.652
Repayments	-3.714
Amortized cost	-271
Net interests	-687
Exchange rate effect	7.456
Balance at December 31, 2024	**555.937**

The first Senior Secured Floating Rate Notes were issued on 20th May 2022 for a total amount of Euro 345.000.000 thousand. The maturity date is 15th May 2029. The interest rate (spread 5,75%) is based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0% and capped to 1,52% for 3 years, as detailed above in Note 6. The total amount of the amortizing costs as of December 31, 2024 is Euro 11.569 thousand. The second Senior Secured Floating Rate Notes were issued by Kepler S.p.A. for a total amount of Euro 80.854.470 and USD 22.127.660 thousand, and by Biofarma Delaware, LLC for USD 110.638.300 in order to perform the acquisition of US Pharma in 2023.The Notes mature on May 15, 2029, bear interest equal to the applicable EURIBOR or Term SOFR (with 0%floor) plus 6.50% per annum, subject to certain margin adjustments. These Notes are placed with institutional investors and were issued under a new indenture having terms substantially aligned with the terms of the indenture governing Kepler S.p.A.'s previous Senior Secured Floating Rate Notes.

The Revolving Credit Facility of 20.000 thousand of Euro is a portion of the total cash available from this facility that in 2024 has been increase from 60.000 thousand of Euro to 104.000 thousand of Euro. The interest rate is composed of a margin, from 2% to 3% based on the net leverage ratio, and the Euribor.

The other minor borrowings are related to loans of the subsidiaries of the Group, especially French entities.

As of December 31, 2024 the Acquisition PPNs facility, available for an amount of Euro 115.000 thousand is undrawn. The facility has a 3-year availability period starting from the US acquisition (July 2023) and the use is subject to financial leverage ratio higher than 5.25x. Even if undrawn, the Company has regularly settled on quarterly basis the commission fees, equal to 1.669 thousand of Euro in 2024 and 417 thousand of Euro in 2023. None of the facilities are subjected to financial covenants testing, however, the facilities are covered by the following pledges:

- Pledge on the shares representing the entire share capital of Kepler S.p.A. established pursuant to a pledge deed signed on March 21, 2022 between, inter alios, Denis S.p.A. and BNP Paribas as security agent (as confirmed and extended from time to time);

- Pledge on the shares representing the entire share capital of Biofarma S.r.l. established pursuant to a pledge deed signed on March 21, 2022 between, inter alios, Kepler S.p.A. and BNP Paribas as security agent (as confirmed and extended from time to time);
- Assignment of intercompany credits claimed by Kepler S.p.A. as guarantee against Biofarma S.r.l. by virtue of a deed of assignment of credits under guarantee signed on April 8, 2022 between, inter alios, Kepler S.p.A. and BNP Paribas as security agent (as confirmed and extended from time to time).

The Other current financial liabilities are composed for:
- Euro 3.404 thousand for reverse factoring agreements (Euro 1.871 thousand as of 2023);
- Euro 7.125 thousand for bank overdraft and bank advance (Euro 7.964 thousand as of 2023).

26. RETIREMENT BENEFIT OBLIGATIONS

(in thousands of Euros)	At December 31, 2024	At December 31, 2023 (Restated)
Retirement benefit obligations	2.403	2.612
Total retirement benefit obligations	**2.403**	**2.612**

The changes in this item are presented below:

(in thousands of Euros)	Retirement benefit obligations
Balance at January 1, 2023 (Restated)	**2.256**
Business Combination (US Pharma)	-
Finance costs	497
Actuarial gains/(losses)	-412
Use	-238
Charge	509
Balance at December 31, 2023 (Restated)	**2.612**
Finance costs	78
Actuarial gains/(losses)	177
Use	-531
Charge	67
Balance at December 31, 2024	**2.403**

The actuarial assumptions used to determine the obligation for employee benefits are detailed below:

	At December 31, 2024	At December 31, 2023
Economic assumptions		
Inflation rate	2,00%	2,00%
Discount rate	2,93%	3,17%
"TFR" (provision for severance indemnities) rate of increase	3,00%	3,00%
Demographic assumptions		
Probability of resignations/dismissals/mortality	7%	7%
Probability of advance payouts	5%	5%

The reference actuarial model for severance indemnity valuation is based on various demographic and economic assumptions. For some of the hypotheses used, where possible, explicit reference was made to the Company's direct experience, for the others the reference best practice was considered.
It should be noted that:

- the annual discount rate used to determine the present value of the obligation was deduced, in line with par. 83 of IAS 19, by the Iboxx Corporate AA index with duration 5-7 recorded at the valuation date. To this end, the return with a duration comparable to the duration of the group of workers being valued was chosen;
- the annual rate of increase of the severance indemnity as provided for by art. 2120 of the Civil Code, is equal to 75% of inflation plus 1.5 percentage points.

The accounting sum of the previous elements makes it possible to identify the value of the provision expected at the end of the observation period (Expected DBO) which, compared with the recalculated DBO at the end of the period on the basis of the collective effective resulting at that date and the new assumptions evaluations, allows the identification of actuarial gains or losses denominated Actuarial Gains/Losses (AGL).
These Actuarial Gains/Losses are divided into three types:

- from experience: due to the variations that the group subject to evaluation has undergone between one evaluation and another, in terms of new entries, resignations, retirements, advance requests, etc... different from what was hypothesized;
- from changes in demographic assumptions: determined by changes to the demographic assumptions between one valuation and another;
- from changes in financial assumptions: determined by changes in economic assumptions and mainly due to the change in the annual discount rate.

27. PROVISIONS

The changes and the detail of this item are presented below:

(in thousands of Euros)	Provision for litigation risks	Other provisions	Total
Balance at January 1, 2023 Restated	**0**	**2.457**	**2.457**
Charge	210	0	210
Use	0	-1.065	-1.065
Release	0	-1.392	-1.392
Balance at December 31, 2023 Restated	**210**	**0**	**210**
Charge	2059	1735	3794
Use	-210	-	-210
Release	-	-	-
Balance at December 31, 2024	**2.059**	**1.735**	**3.794**

In 2024 the balance increased by Euro 3.584 thousand, mainly due to the net effect of the following:

- 1.648 thousand of Euro regards charges a restructuring provision. As deeply detailed in Note 9, in 2024, the Board of directors approved the reorganization plan of Group's production facilities, ordering the closure of the Cusano Milanino site. According to this decision, a restructuring provision has been recognized, which includes:

- personnel exit incentive plans for Euro 1.100 thousand
- disposal of machinery and equipment for Euro 147 thousand
- inventory write-downs for Euro 71 thousand
- costs for moving and installing machinery at Gallarate site for Euro 200 thousand;
- costs for restoring the building for Euro 128 thousand and Euro 88 thousand for a non-competition agreement with layoff manager;

- charges for two claims with two customers and with an agent for which the Company concluded its business relationship for 2.059 thousand Euro;
- uses of 210 thousand of Euro for a quality claim charged in 2023.

In 2023 Other provisions decreased by 2.457 thousand. More precisely the uses and releases relate to risk with Tax Authority for 2.000 thousand of Euro (previously included in the net asset acquired of Biofarma Group) and risk for extraordinary energy costs charges for 457 thousand of Euro (charged in 2022).In 2023 the Group concluded the negotiation with tax authority by reaching a transaction agreement of 608 thousand of Euro which has been completely settled. By consequences the 2022 accrued provision has been released also for the remaining part of 1.392 thousand of Euro.
The accrued provision of 457 thousand Euro to a potential price adjustment for energy supply costs has been used due to an agreement with energy provider for which no additional costs will be applied.

28. DEFERRED TAX LIABILITIES

This item is detailed below:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Deferred tax liabilities	101.034	113.788
Total	**101.034**	**113.788**

The composition of this balance is shown below:

(in thousands of Euros)	Provisions for risks	Customer relationship (purchase price allocation)	Patent (purchase price allocation)	Know-how (purchase price allocation)	Inventory (purchase price allocation)	Derivatives	Foreign exchange and other differences	Other differences in tax treatment	Total deferred tax liabilities
Balance at January 1, 2023	**0**	**91.253**	**7.167**	**20.528**	**0**	**3.557**	**0**	**13**	**122.518**
Business combination		1.751		1.384	0		0		**3.135**
Effect on Income Statement		-6.909	-637	-2.623	0		0	16	**-10.153**
Effect on statement of comprehensive income						-1711			**-1.711**
Balance at December 31, 2023	**0**	**86.095**	**6.530**	**6.530**	**0**	**1.846**	**0**	**29**	**113.897**
Effect on Income Statement		-7.630	-637	-3.193				17	**-11.444**
Effect on statement of comprehensive income						-1311			**-1.311**
Balance at December 31, 2024	**0**	**78.465**	**5.893**	**16.096**	**0**	**535**	**0**	**46**	**101.035**

The caption is equal to Euro 101.035 thousand as of December 31, 2024 and decreased by Euro 12.755 thousand mainly due to the amortization of the assets allocated in Purchase Price Allocation process mentioned in paragraph "Business Combination".
The amount includes also Euro 535 thousand in 2024 (Euro 1.846 thousand in 2023) of tax impact on the IRS derivate.

28. TRADE PAYABLES

This item is detailed below:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Trade payables	65.599	78.681
Total trade payables	**65.599**	**78.681**

The trade payables equal to 65.599 thousand of Euro, as of December 31, 2024 (78.681 thousand of Euro as of 2023) refers for 44.607 thousand of Euro to the raw material supplies (51.361 thousand of Euro as of 2023), 18.368 thousands of Euro for packaging material and consumables (23.385 thousand of Euro as of 2023) and remaining 2.623 thousand of Euro for other services (3.935 thousand of Euro as of 2023). The decrease in 2024 is mainly due to shorter payment terms negotiated with supplier in order to avoid purchase cost increase.

30. CURRENT TAX LIABILITIES

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Current tax liabilities	3.043	1.615
Total current tax liabilities	**3.043**	**1.615**

The composition of this balance is shown below:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Income Tax liabilities	2.039	0
Employee Tax	900	875
Other	98	339
VAT liabilities	5	401
Tot current tax liabilities	**3.043**	**1.615**

The caption Current tax liabilities, as of December 31, 2024, is mainly related to Income tax liabilities for Euro 2.039 thousand.
The caption, as of December 31, 2024, includes also VAT payable to be settled within 12 months and to tax duties referred to direct employees and external consultants for Euro 905 thousand (Euro 1.276 thousand as of 2023).

31. OTHER CURRENT AND NON-CURRENT LIABILITIES

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Other current liabilities	17.654	27.829
Other non-current liabilities	1.210	-
Total	**18.864**	**27.829**

This item is detailed below:

(in thousands of Euros)	At December 31, 2024	At December 31, 2023
Due to employees	7.120	10.099
Accrued expenses and deferred income	3.172	1.708
Social security	3.024	2.757
Contract liabilities	2.521	-
Advances	1.468	2.839
Sundry payables	838	10.045
Due to supplementary pension fund	387	320
Sundry tax liabilities	204	2
Due to directors and statutory auditors	125	57
Withholding taxes	4	2
Total other current and non-current liabilities	**18.864**	**27.829**

Employees and social security liabilities, equal to 10.145 thousand of Euro as of December 31, 2024 (12.856 thousand of Euro as of 2023), are mainly related to payroll and social duties and funds. The decrease in 2024 is mainly due to lower bonuses accrued for the fiscal year.
Accrued expenses amounted to Euro 3.172 thousand as of December 31, 2024 (Euro 1.708 thousand as of 2023). The increase is mainly linked to two claims between USPL and a customer that have been already settled.
Contract liabilities, for Euro 2.521 thousand as of December 31, 2024 (of which Euro 1.210 thousand of non-current liabilities), are related to a contribution received by USPL from a customer for some equipment which will be repaid by the application of a fixed rebate into the future supplies.
Advances refer to advances received from customers, for Euro 1.468 thousand as of December 31, 2024 (Euro 2.839 thousand as of 2023) and are mainly related to anticipated settlement for finished products to be manufactured to confirm the order and engage formally the Group manufactory activity.
Sundry payables amounted to Euro 838 thousand as of December 31, 2024 (Euro 10.045 thousand as of 2023). In 2023 the amount was composed from Euro 10.000 thousand due to an earn out for the former Nutraskills Group owner. This has been defined in 2024, resulting in paying a lower amount of Euro 9.5 million due to the failure to achieve the contractual performance expected by the French entities.

NOTES TO THE INCOME STATEMENT

The income statement for the fiscal years 2024 encompasses a twelve-month period.
The 2023 financial data reflect contributions from US and Chinese companies from July 25, 2023 to year end.

32. REVENUES

(in Euro thousand)	2024	2023
Revenues	431.578	350.405
Total revenues	**431.578**	**350.405**

This item is detailed below:

(in Euro thousand)	2024	2023
Revenues from sales of product	432.808	351.449
Awards for customers	-1.493	-1.500
Other sales revenues	262	456
Total revenues	**431.578**	**350.405**

Revenues from sales of products amounted to Euro 432 thousand in 2024 (Euro 351.449 thousand in 2023) and are related to the Group's core business for manufactured goods related to Health supplements, Cosmetic products and Medical devices. A detailed analysis is included in the Segment reporting section.
The amount awards for customers for Euro -1.493 thousand in 2024 (Euro -1.500 thousand in 2023) relates to customers rebate agreements for annual purchases quantity volumes.
Other sales revenues for Euro 262 thousand in 2024 (Euro 456 thousand in 2023) mainly includes certificates of analysis and clinical studies directly attributable to product sales.

33. OTHER OPERATING INCOME

(in Euro thousand)	2024	2023 (Restated)
Other operating income	15.366	5.018
Total other operating income	**15.366**	**5.018**

This item is detailed below:

(in Euro thousand)	2024	2023 (Restated)
Other operating income and revenues	15.366	3.515
Grants for operating expenses	-	1.503
Total other operating income	**15.366**	**5.018**

The other operating income in 2024 is mainly composed of penalties to customer not related to the core business (Euro 2.101 thousand), insurance payments (Euro 417 thousand) and other recharges to the customers.
The increase in 2024 is mostly referred to the earn-out of Nutraskills, for which the Company paid a lower amount of 9.5 million of Euro for the failure to achieve the contractual performance expected by the French entities.
The grants for operating expenses increase is linked to the development of new product and technologies by the Italian entity, for which no request for contribution has been made in 2024.

34. COST OF RAW MATERIALS

(in Euro thousand)	2024	2023 (Restated)
Cost of raw materials	205.233	180.305
Total cost of raw materials	**205.233**	**180.305**

This item is detailed below:

(in Euro thousand)	2024	2023 (Restated)
Raw materials purchases	209.909	172.642
Purchases of ancillary materials and consumables	6.882	7.663
Total cost of raw materials	**205.233**	**180.305**

The total amount of Cost of raw materials is equal to Euro 205.233 thousand in 2024 (Euro 180.305 thousand in 2023) and mainly related to ingredients, packaging as well as semifinished products. The increase in 2024 is mainly due to sales growth trend.

35. COST FOR SERVICES

(in Euro thousand)	2024	2023 (Restated)
Cost for services	76.318	60.899
Total cost for services	**76.318**	**60.899**

The detailed services costs split is listed below:

(in Euro thousand)	2024	2023 (Restated)
Outsource production	23.534	20.151
Consultants & Lawyers	10.854	6.753
Utilities	5.841	4.288
Transportation	5.350	2.893
Logistics	4.995	5.138
Maintenance	4.866	3.774
Laboratory cost	4.320	2.462
Directors and Auditors	2.563	2.555
Other	2.552	1.803
Administrative cost	2.316	2.528
Insurance	2.093	1.581
Cleaning	2.009	1.957
Waste disposal	1.057	819
Travel	1.011	739
Environmental expenses	924	832
Fairs	814	646
ICT Expenses	686	1.409
Telephone	327	234
Training and Learning	134	241
Marketing	73	96
Total cost for services	**76.318**	**60.899**

Cost for services is mainly composed by outsourced production for Euro 23.534 thousand in 2024 (Euro 20.151 thousand in 2023), related to the manufacturing of one or more production phases.
In 2024 Consultants & Lawyer services, equal to 6.753 thousand of Euro, are mainly composed from R&D, quality and regulatory external consultant's costs for Euro 4.897 thousand and from operations costs linked to Lean Six Sigma project for Euro 1.381 thousand.
Utilities, equal to Euro 5.841 thousand in 2024 (Euro 4.288 thousand in 2023), are related to electricity and natural gas costs. During the year there has been a mixed effect of major consumption, in line with the business growth, and reduction on the service prices.
Transport costs of Euro 5.350 thousand in 2024 (Euro 2.893 thousand in 2023) are related to both inbound and outbound material flows.
Logistic costs equal to Euro 4.995 thousand in 2024 (Euro 5.138 thousand in 2023) are related to externalized handling and warehouse services. The decrease in 2024 is driven by lower material movement among plants due to insourced activities and better plant saturation.
Maintenance costs and cleaning, equal to Euro 6.875 thousand in 2024 (Euro 5.731 thousand in 2023), are both related to activity on production lines and on the facilities. Those costs increased in order to keep the high standard of quality and in order to support the increase of the business.
Laboratory costs equal to Euro 4.320 thousand in 2024 (Euro 2.462 thousand in 2023) are linked to external analysis performed on the products.
The directors and Auditors costs equal to Euro 2.563 thousand in 2024 (Euro 2.555 thousand in 2023) include charges from supervisory board, directors' compensation and auditors' fee.
The Group is also increasing the insurance coverage, expanding it to more advanced insurance products and it is equal to Euro 2.093 thousand in 2024 (Euro 1.581 thousand in 2023).
The ICT costs, equal to Euro 686 thousand in 2024 (Euro 1.409 thousand in 2023), are mainly related to software maintenance and development and are linked to the new group needs and to the new worldwide vision.
The other costs equal to Euro 2.552 thousand in 2024 (Euro 1.803 thousand in 2023) are mainly related to: payroll provider service costs, equal to Euro 591 thousand in 2024 (Euro 246 thousand in 2023), travel agency service costs, equal to Euro 110 thousand of Euro in 2024 (Euro 100 thousand in 2023), new short term rental contracts linked to housing for the Group managers, Euro 303 thousand of Euro in 2024 (Euro 275 thousand in 2023), and other short term rental contracts and minor services for the remaining part.

36. PERSONNEL COSTS

(in Euro thousand)	2024	2023
Personnel costs	78.786	54.662
Total personnel costs	**78.786**	**54.662**

This item is detailed below:

(in Euro thousand)	2024	2023
Wage and salaries	60.417	40.007
Social security contributions	13.387	9.689
Accrual for defined contribution and defined benefit plans	2.959	2.332
Other personnel costs	2.023	2.634
Total personnel costs	**78.786**	**54.662**

The personnel costs of 78.786 thousand of Euro in 2024 (54.662 thousand of Euro in 2023) are mainly composed by the total wages, salaries and social security of 73.804 thousand of Euro (49.696 thousand of Euro in 2023). The accruals are linked to welfare and benefits plans. The other personnel costs mainly include the cost of Euro 1.000 thousand as personnel exit incentive plans for the restructuring provision related to the closing of Cusano Milano plant due to the Group reorganization plan.
The plan provides for the assignment of a certain category of Tatooine S.p.A. shares (direct subsidiary of Vegeta and indirect parent company of the Company) by some managers of Biofarma S.r.l.; the latter give managers the right to receive a preferential return, subject to a four-year vesting period. For some managers, the purchase of these shares was completed through the taking out of a loan with the indirect parent company Tatooine at an interest rate (range from 2% to 5% per year) based on the year of undersigning. This plan resulted in the recording of a cost equal to 169 thousand Euro in 2024 (298 thousand Euro in 2023).
The major changes driven by the business of the personal costs of Euro 24.124 thousand in 2024 is mainly linked to the increase of the Group size, complexity and number of employees, the personnel exit incentive plans accrued for the restructuring provision related to the closing of Cusano Milano facility due to the Group reorganization plan and the increase of the inflation on labour.
The Group's employee headcount numbers at the reporting date are shown below:

	2024	2023
Management	29	23
White-collar employees	593	414
Blue-collar employees	869	653
Total	**1.491**	**1.090**

37. OTHER OPERATING COSTS

(in Euro thousand)	2024	2023 (Restated)
Other operating costs	3.157	10.947
Total other operating costs	**3.157**	**10.947**

This item is detailed below:

(in Euro thousand)	2024	2023 (Restated)
Transaction costs	1.161	6.771
Other costs	1.207	3.730
Indirect taxes	610	381
Membership dues	179	65
Total other operating costs	**3.157**	**10.947**

The other costs of 1.207 thousand of Euro in 2024 (3.730 thousand of Euro in 2023) are linked to administrative costs, general operation costs, some personnel compensation and few other items. Those costs refer to external activities and to medical devices' new European regulation testing.

38. DEPRECIATION AND AMORTIZATION EXPENSES

(in Euro thousand)	2024	2023 (Restated)
Depreciation and amortization expenses	65.545	56.149
Total depreciation and amortization expenses	**65.545**	**56.149**

This item is detailed below:

(in Euro thousand)	2024	2023 (Restated)
Depreciation of property, plant and equipment	19.058	14.918
Amortization of intangible assets	46.487	41.231
Total depreciation and amortization expenses	**65.545**	**56.149**

The depreciation of property, plant and equipment is related to the operational machinery used in manufacturing and resulting from previous years investments, as well as the right of use of US and Italian entities'' land and buildings in application of the general requirements in IFRS 16.
The depreciation of intangible assets is mainly referred to patent, know-how and customer relationship arisen in the purchase price allocation process.

39. FINANCE INCOME AND COSTS

(in Euro thousand)	2024	2023 (Restated)
Finance income and costs	57.489	45.438
Total finance income and costs	**57.489**	**45.438**

This item is detailed below:

(in Euro thousand)	2024	2023 (Restated)
Interest income	7.596	5.776
Foreign exchange income	3.347	617
Other financial income	764	10
Dividends	315	158
Total finance income	**12.023**	**6.561**
Bond interests	63.233	45466
IFRS 16 effect on interests	2.186	1287
Factoring Interest	1.240	304
Other finance costs	1.065	3781
Interest expense on leases	943	0
Bank interest expense	610	468
Foreign exchange losses	156	196
Interest costs on employee benefits	79	497
Total finance costs	**69.512**	**51.999**
Total finance income and costs	**-57.489**	**-45.438**

Interest income of 7.596 thousand of Euro in 2024 (5.776 thousand of Euro in 2023) is mostly related to 7.633 thousand of Euro in 2024 (5.776 thousand of Euro in 2023) for positive hedge effect on the bridge loan of 345.000 thousand of Euro. The interest income has been generated as the difference between the variable contract loan rate and the hedge rate of 7,27%.
Dividends are the income received by Biofarma S.r.l. from Cura Beauty GmbH and the other financial income are almost entirely related to positive exchange rate fluctuation.
Bond interest refers to the Senior Secured Floating Rate Notes and Revolving Credit Facilities. The other finance costs in 2024 are entirely composed by the fee paid for the additional Super Senior Revolving Credit Facility of Euro 43.500 thousand. In 2023 figures equal to 3.781 thousand of Euro are included 1.950 thousand of Euro for a not executed option fee on exchange rate regarding US Pharma acquisition and other minors. As opposite, the main financial costs are represented by interest expenses on the Senior Secured Notes as explained in previous chapters.

40. INCOME TAXES

This item is detailed below:

(in thousands of Euros)	2024	2023 (Restated)
Current taxes	3.177	-300
Deferred taxes	-7.456	-10.178
Total income taxes	**-4.279**	**-10.478**

The table below presents the reconciliation of the theoretical tax rate (the tax rate in effect in the countries of the Group companies) and the effective tax rate:

(in thousands of Euros)	2024	2023 (Restated)
Profit before tax from continuing operation	-39.584	-52.977
Theoretical tax rate	24%	24%
Theoretical income taxes	**-9.500**	**-12.714**
Effect of tax rate in foreign jurisdictions	-1.713	600
Tax effects of:		
- Non-deductible expenses	15.308	10397
- Tax exempt income	-732	-1298
- Tax incentives	-340	-280
- Current-year losses for which no deferred tax asset is recognised		
Recognition of previously unrecognised tax losses	-4.736	-3895
Changes in estimates related to prior years	-4.102	-4654
IRAP allocated by Italian companies	1.536	1366
Effective income taxes	**-4.279**	**-10.478**
Effective tax rate	11%	20%

As already mentioned, during the 2023 the following entities:

- Vegeta S.p.A. (parent company of Tatooine S.p.A.);
- Tatooine S.p.A. (parent company of Kelt S.p.A.);
- Kelt S.p.A. (parent company of Denis S.p.A.);
- Denis S.p.A. (parent company of Kelpler S.p.A.);
- Kepler S.p.A. (parent company of Biofarma S.r.l.) and
- Biofarma S.r.l.

signed an agreement in order to apply the tax regime for groups called "Consolidato Fiscale Nazionale" regulated by Articles 117 to 129 of the Legislative Decree of December 22, 1986, no. 917 and the Decree of the Minister of Economy and Finance of March 1, 2018. This taxation regime allows determining and declaring a comprehensive taxable income for the group as the algebraic sum of the incomes and/or losses of each of the companies.

41. RELATED-PARTY TRANSACTIONS

The following tables set forth the transactions and balances of the Group with related parties for the years ended December 31, 2024.

Statement of Financial Position balances and Income Statement transactions

	At December 31, 2024					
(in Euro thousand)	Assets			Liabilities		
	Financial receivables	Trade receivables	Other receivables	Commercial payables	Financial payables	Other payables
CURA BEAUTY GMBH	-	1.308	-	24	-	-
AGROTECH SRL	-	-	-	10	-	-
MONTEFARMACO OTC SPA	-	1.378	-	84	-	-
NAMED SRL	-	311	-	-	-	-
SPECCHIASOL SRL	-	99	-	-	-	-
GIELLEPI SPA	-	-	-	925	-	-
FARMA-DERMA SRL	-	257	-	0	-	-
KELT SRL	-	20	-	-	-	4
DENIS SRL	-	20	-	-	-	1
TATOOINE SRL	-	103	-	-	1.605	9
VEGETA SRL	-	-	-	-	50	1.263
1300 Airport Road LLC	-					5.995
1200 Airport Road LLC	-					2.576
USA Formulations LLC	-	8	-	-	-	-
Amol Pharmaceuticals Private Limited	-	-	-	815	-	-
Total	**0**	**3.503**	**0**	**1.858**	**1.655**	**9.849**

	At December 31, 2024				
(in Euro thousand)	Income			Expenses	
	Sales revenues	Other revenues	Interest income	Costs for raw materials and services	Interest expense
CURA BEAUTY GMBH	10.557	1	-	154	-
AGROTECH SRL	11.583		-	26	-
MONTEFARMACO OTC SPA	-	-	-	7.511	-
NAMED SRL	1.247	4	-	-	-
SPECCHIASOL SRL	1.854	-	-	-	-
GIELLEPI SPA	207	1	-	-	-
FARMA-DERMA SRL	-	-	-	12	-
KELT SRL	-	20	-	-	-
DENIS SRL	-	20	-	-	-
TATOOINE SRL	-	65	-	-	-
VEGETA SRL	-	-	-	118	-
1300 Airport Road LLC	-	-	-	-	809
1200 Airport Road LLC	-	-	-	-	344
USA Formulations LLC	139	-	-	-	-
Amol Pharmaceuticals Private Limited	-	-	-	-	-
	25.586	**110**	**0**	**7.820**	**1.152**
As a % of F/S item	6%	1%		3%	

43. DESCRIPTION OF THE GROUP'S RELATED PARTIES

Cura Beauty GmbH

The transactions with Cura Beauty are related to commercial operations performed on market basis and the sales price applied to Cura Beauty GMBH is completely in line with sales policy and profit margin application used with other clients. The company is active in the Austrian market and purchase from the Group finished products and services.

Giellepi S.p.A.

The transactions with Giellepi are related to purchase of raw materials on payables and to commercial operations performed on market basis on receivables.

Montefarmaco S.p.A.

The transactions with Montefarmaco are mainly related to purchase of packaging materials on payables and to commercial operations performed on market basis on receivables. Both purchase and sales prices applied by and to Montefarmaco are completely in line with market condition.

Named S.r.l.

The transactions with Named are related to commercial operations performed on market basis and the sales price applied to Named is completely in line with sales policy and profit margin application used with other clients.

Farma-derma S.r.l.
The transactions with Farma-derma are related to commercial operations performed on market basis and the sales price applied to Farma-derma is completely in line with sales policy and profit margin application used with other clients.

Specchiasol S.r.l.
The transactions with Specchiasol are related to commercial operations performed on market basis and the sales price applied to Specchiasol is completely in line with sales policy and profit margin application used with other clients.

Agrotech S.r.l.
The transactions are related to some spot consumables not related to the core business.

Denis S.pA., Kelt S.p.A. and Tatooine S.pA.
The transactions with the companies, who represent direct and indirect shareholders respectively, are related to some spot intercompany services not related to the core business.

Vegeta S.pA.
The transactions with Vegeta relate to the tax consolidation agreement signed in 2023.

USA Formulations LLC
The transactions are mostly related to management fees received on Account of Shared Service of few employees for US companies.

Amol Pharmaceuticals Privated Limited
The transactions are related to commercial sales, purchase of goods and services performed on market basis and the sales price and profit margin applied are in line with sales and profit policy.

Airport Road LLC
The transactions are related to lease agreements for which Airport Road LLC is the lessor some of the US manufacturing plants.

44. KEY MANAGEMENT PERSONNEL COMPENSATION

The following positions are considered to comprise the Group's key management personnel: i) Group Chief Executive Officer; ii) General Manager US; iii) Chief Operations Officer; iv) Group Chief Procurement Officer; v) Group Chief Human Resources Officer vi) Group Chief Financial Officer; vii) Group Sales Director; viii) Group M&A Director; ix) Group General Counsel.

The compensation paid to the key management personnel are reported in the table below:

(in Euro thousand)	2024	2023	2022
Base salary	3.047	3.065	1.870
Short term employee benefits	1.811	1.821	1.119
Post employment pension benefits	402	310	201
Termination benefits	1.800	-	-
Share based-payments transactions	98	95	66
Total compensation	**7.158**	**5.291**	**3.256**

The Group's key management personnel in Europe and in US, are involved in Management Incentive Plans (MIP) that will consent them to participate at the gain of a potential exit. At the moment such MIP did not provide any impact on the profit and loss statements because out of the money.

SIGNATURE

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