

INTERIM REPORT

2026 - 06

Kepler S.p.A

Unaudited Interim Consolidated Financial Report as of and for the six months ended
June 30th 2026



CONTENTS

0 1

INTRODUCTION **p . 0 3**

0 2

GROUP'S
ACTIVITIES AND
OPERATIONS **p . 0 8**

0 3

ANALYSIS OF
FINANCIAL
CONDITION AND
RESULTS OF
OPERATIONS **p . 1 1**

0 4

INTERIM
REPORT - 2026 06
KEPLER
S.P.A. **p . 1 7**

0 5

PRESENTATION
OF OUR
FINANCIAL
INFORMATION **p . 2 1**



01

INTRODUCTION

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

GENERAL INFORMATION ABOUT THE KEPLER S.P.A. AND ITS CONSOLIDATED SUBSIDIARIES (THE “GROUP”)

Kepler S.p.A. 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 Biofarma Group (or simply “Biofarma”), which operates in manufacturing and research and 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 acquired a 70% controlling stake), PastEuro S.r.l. (initially acquired a 75% controlling stake) and International Health Science S.r.l., On April 2022 and May 2022 the minority interests in PastEuro 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 Biofarma, S.r.l. with retrospective accounting and fiscal effects at acquisition date. The acquisition price for Euro 945 million 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 Euro 345.0 million Bridge Facilities (comprising the following virtual tranches: the Bridge Acquisition Tranche, the Bridge Refinancing Tranche and the Bridge General Corporate Purpose Tranche) and (ii) the Revolving Credit Facility Agreement, which provides for the Euro 60.0 million Revolving Credit Facility.

Then the entity successfully completed the offering of Euro 345 million aggregate principal amount of Senior Secured Floating Rate Notes due 2029 (the “Notes”), as part of the overall financing arrangements for the acquisition of all the equity interests in Biofarma S.r.l., which was completed on March 22, 2022. The Notes bore 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. The Notes were listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market thereof.

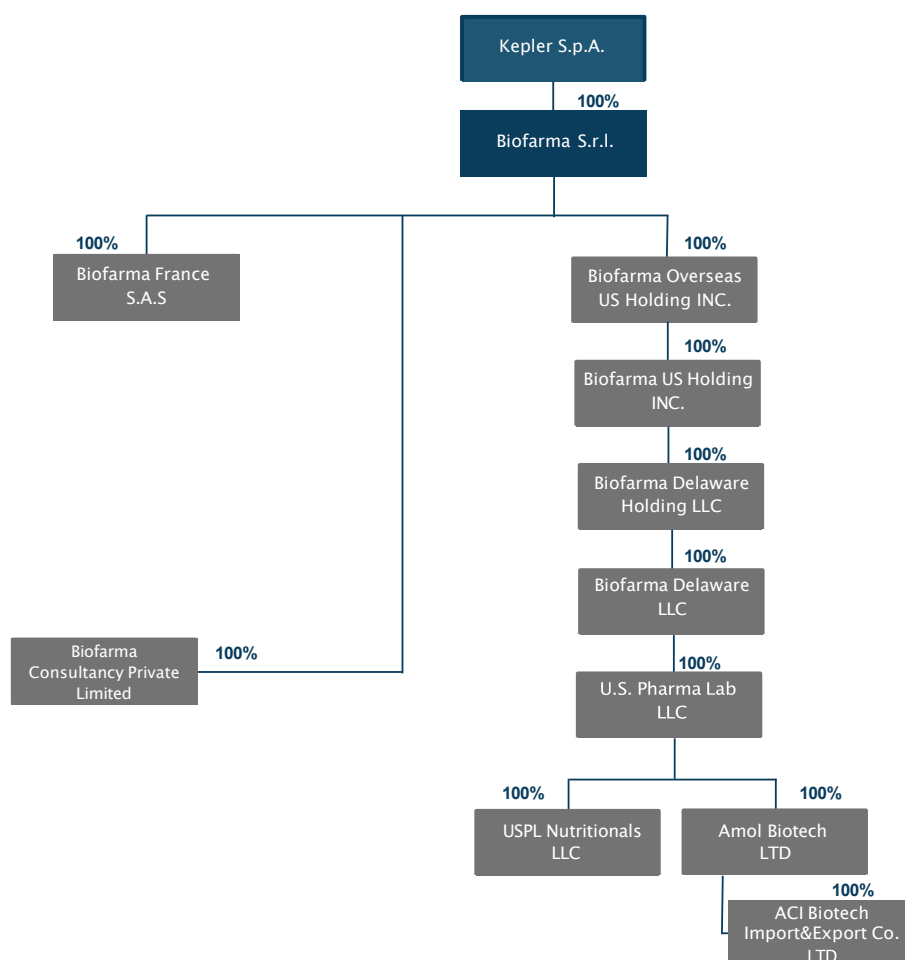
On August 8, 2022, Kepler S.p.A. signed an ISDA master agreement for an interest rate cap based on a notional amount of Euro 345 million with an underlying rate based on 3m Euribor, a maturity of 3 years (starting from 15/09/2022), and a strike at 0%, to hedge against the interest rate risk relating 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.

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. That operation on French territory has been settled thanks to the constitution of Biofarma France legal entity, which is controlled by 100% by Biofarma S.r.l. and which is structured with the aim of becoming the legal and fiscal vehicle for all Kepler initiative in France. In line with the Group’s strategic objective to streamline its organizational and administrative structure, in June 2025 the Group finalized the merger of Laboratoire Pierre Caron and Codilab into Biofarma France. Both mergers are effective retroactively, for tax and accounting purposes, as of January 1, 2025. This consolidation represents a key step toward enhancing operational efficiency and becoming an industry leader in the French market.

In July 2025, Kepler S.p.A. successfully completed the offering of Euro 500.0 million in aggregate principal amount of its senior secured floating rate notes due 2029 (the “2025 Notes”). In conjunction with the offering, Kepler S.p.A. secured a new revolving credit facility of up to Euro 135.0 million. This facility replaced the previous one and is intended to support the Group’s general corporate and liquidity needs. Additionally, as part of the broader refinancing of the Group’s outstanding debt, Biofarma Delaware LLC (“Biofarma Delaware”), an indirect subsidiary of Kepler S.p.A., issued USD 110.6 million in senior secured notes due 2029 through a private placement (the “2025 Private Notes”). These new notes replaced an equivalent amount of previously outstanding Private Notes, which were redeemed in full on or around the issue date of the 2025 Private Notes.

In addition, the subscribers to the 2025 Private Notes committed to purchase up to an additional Euro 200.0 million-equivalent in senior secured notes, subject to certain conditions. These additional notes may be issued by either the Kepler S.p.A. or Biofarma Delaware in one or more future tranches. Proceeds from the offering of the 2025 Notes and the 2025 Private Notes were used to: (i) Redeem in full the outstanding Notes; Redeem the outstanding Private Notes; (ii) Repay outstanding amounts under the previous revolving credit facility; Fund general corporate purposes; and (iii) Cover fees and expenses related to the transactions. These financing transactions mark a strategic step for the Biofarma Group in strengthening its capital structure, extending debt maturities, decreasing cost of debt and enhancing financial flexibility.

The Group structure is represented below:



SIGNIFICANT EVENTS THROUGHOUT THE PERIOD

In the first half of 2026, the healthcare, nutraceutical, and beauty sectors continued to benefit from structurally supportive demand trends linked to wellness, preventive healthcare, and premium self-care products, with estimated underlying market growth of between 2% and 5%. At the same time, the market environment remained characterized by ongoing macroeconomic uncertainty, widespread raw material and logistics cost volatility, and evolving regulatory requirements across key jurisdictions. Biofarma continued to mitigate these external pressures through procurement diversification, effective operational planning, and close collaboration with suppliers and customers, while maintaining a disciplined approach to pricing and cost management. U.S. tariffs have had a limited impact on our business to date. Biofarma intends to implement selective price increases in the United States during the second half of the year to offset potential headwinds.

The new "Biofarma Identity" has been finalized and successfully deployed across the organization. A comprehensive set of strategic initiatives covering Organic Growth, Global Footprint Expansion, Innovation, Operational Excellence, and Customer Excellence has been defined and is being continuously monitored. Biofarma continued to invest in process optimization, quality system enhancements, and supply chain integration initiatives aimed at supporting scalability and improving customer service levels.

During the second quarter of 2026, Biofarma continued to execute its growth strategy, reinforcing its position as an integrated CDMO and development partner for the nutraceutical, cosmetics, medical devices, and pharmaceutical industries. Throughout the period, the Group maintained a strong focus on expanding its operational footprint. The French facility, established in the second half of last year, increased production output by more than 20%. This increased capacity, combined with additional technological capabilities, is contributing to strong revenue growth in the French market. Another significant milestone was the ramp-up of the new facility in North Brunswick. This major investment, comprising more than 15,000 square meters of total property and over 6,000 square meters of production space, will allow Biofarma to nearly double its production capacity in North America. The facility is expected to become fully operational during the second half of the year and will play a crucial role in expanding production capacity in the United States, the world's largest nutraceutical CDMO market.

As part of the Group's multi-year digital transformation program, the implementation of the new SAP S/4HANA ERP platform progressed according to plan during the period, with the system successfully going live at two of the Group's three Italian production sites in May. The transition was completed without significant operational disruptions or material issues, confirming the effectiveness of the preparation, testing, and change management activities carried out prior to the rollout. The remaining Italian site is expected to be migrated in line with the overall implementation roadmap at the beginning of next year.

In parallel, the Group continued to support the development of new product concepts and formulation capabilities across multiple business segments, with increasing focus on science-based wellness solutions, functional cosmetics, and sustainability-oriented innovation. The quarter also saw continued expansion of Biofarma's innovation pipeline, supported by ongoing investments in R&D activities focused on nutraceutical formulations, functional ingredients, and next-generation personal care applications designed to address growing consumer demand for preventive health and holistic well-being solutions. The first application of Electrospinning project aims to develop a collagen-based patch designed to support skin regeneration, hydration, and improved dermal elasticity. Chewable Minitablets represent an emerging product category in the nutraceutical sector and can be used in the development of capsules or stick packs with greater dosing precision. The Cystoff project aims to provide an innovative alternative for customers seeking differentiation in this market while anticipating potential regulatory changes that may arise from the ongoing EFSA evaluation of D-mannose. The Wetmax project involves the application of Wetmaxx technology to hydrophobic powders to enhance their wettability and dispersibility upon contact with water through fluid-bed processing. The Nanoemulsion project, suitable for multiple applications such as high protection sunscreens, leverages fluid water-in-oil nanoemulsion technology to enable uniform dispersion of the dispersed phase, optimized skin adhesion, and an enhanced sensory profile despite the presence of a significant oil fraction.

As disclosed in our consolidated financial statements as of and for the year ended December 31, 2025 and in our financial report as of and for the year ended March 31, 2026, USPL is currently involved in a commercial dispute arising from its business expansion activities. The dispute is primarily between one of our customers and one of its suppliers and concerns the contractual ownership of certain intellectual property rights related to the customer's products. USPL has been added to that case as it is currently manufacturing certain products for its customer. No material developments occurred since the previous updates. The Company denies any wrongdoing and intends to vigorously defend against all claims. We are unable to reasonably estimate potential exposure at this stage but, based on current assessments and the information currently available, management does not expect this matter to have a material adverse effect on the Group's consolidated financial position, liquidity, or ability to execute its strategic priorities.

In February 2026, the Italian Tax Authorities initiated an audit of Biofarma S.r.l. concerning fiscal year 2023. As of the date of this report, the audit is at an early stage and the Italian Tax Authorities are still gathering and reviewing preliminary information and documentation. Further updates will be disclosed as appropriate.



02

GROUP'S ACTIVITIES AND OPERATIONS

- ♦ MAIN KPIs
- ♦ TOTAL REVENUES
BREAKDOWN

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.

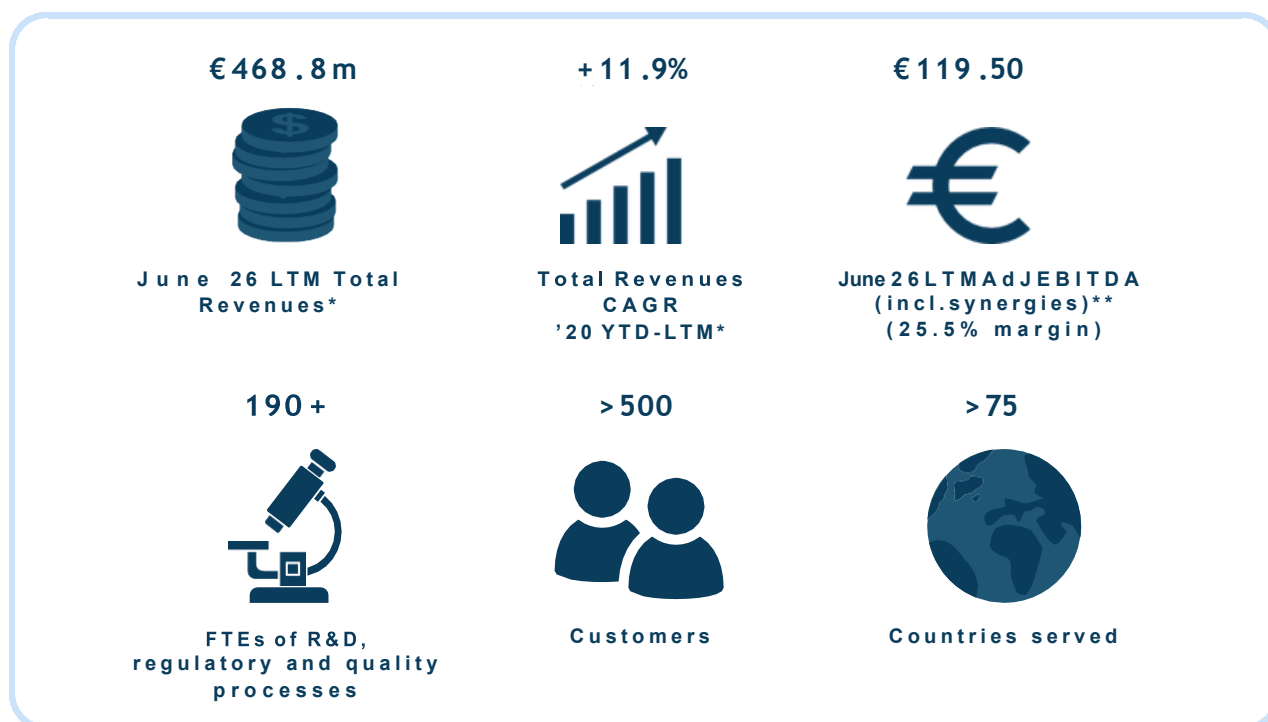
The Group positions itself as large Pharmaceutical Companies’ (“PharmaCos”) and Consumer Health Clients’ (“CHCs”) partner-of-choice for co-development projects thanks to:

- 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. Dry-Cap, T- Win).

Kepler’s differentiated positioning is based on:

- strong in-house R&D capabilities and a team of over 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



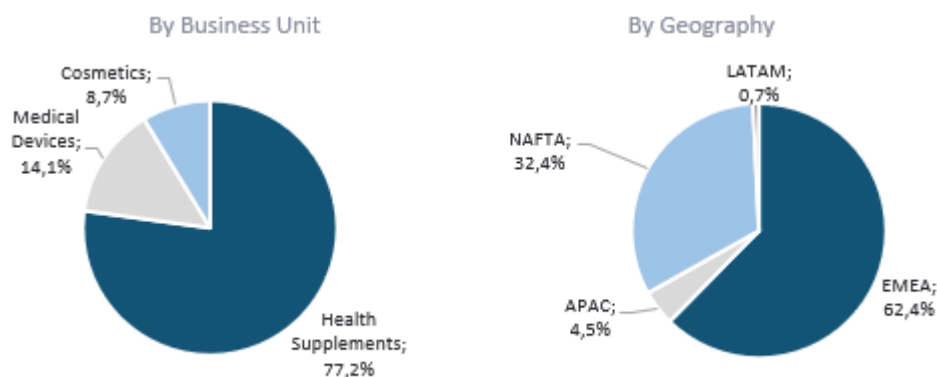
Notes:

(*) Incl. IHS, US Pharma Lab and Nutraskills Revenues for '20, '21, '22, '23, '24, '25 and LTM June 26;

(**) Pro Forma LTM Adj. EBITDA(with synergies) is equal to LTM Adjusted EBITDA plus synergies;

TOTAL REVENUES BREAKDOWN

06-26



Biofarma operates the business through three business units:

- **Health Supplements.** Through our Health Supplements business unit, we develop and manufacture 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 our geographies, the initial purchase of health supplements by end consumers is usually driven by doctors' recommendations.
- **Medical Devices.** Through our Medical Devices business unit, we develop and manufacture 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. Like health supplements, medical devices are typically recommended by doctors and sold to end-customers through pharmacies.
- **Cosmetics.** Through our Cosmetics business unit, we primarily develop and manufacture premium skin care products, such as anti-ageing creams, sun care and hair care products. Our strategic focus in this business unit is represented by "cosmeceuticals," consisting of cosmetic products that are purported to have therapeutic action. Our 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

- ♦ EXECUTIVE BUSINESS OVERVIEW
- ♦ REVENUES
 - REVENUES BY BUSINESS UNIT
 - REVENUES BY REGION
- ♦ CONSOLIDATED TOTAL NEW LEVERAGE
- ♦ SIGNIFICANT EVENTS AFTER THE PERIOD CONCLUSION

EXECUTIVE BUSINESS OVERVIEW

The following table provides an overview of the Group's operational results, based on managerial reporting, for the interim periods ending June 30, 2026, and June 30, 2025. Both periods consider the same consolidation perimeter (the Group excluding the Holdings). The financial data for the interim periods ending June 30, 2026, and June 30, 2025 presented herein is derived from the Group's accounting records and has been calculated by the management of the Group. This financial data has not been audited, reviewed, examined, compiled, nor have any agreed-upon procedures been applied with respect thereto by independent auditors. You should not place undue reliance on such unaudited financial information.

YTD (€m)	Jun-26A	Jun-25A	Δ (%)	Δ
Net Sales	247,6	246,6	0,4%	1,0
Government Grants	0,6	--		0,6
Total Revenues	248,2	246,6	0,7%	1,7
Raw Material Costs	(106,9)	(110,0)	(2,8%)	3,1
First Margin	141,4	136,6	3,5%	4,7
<i>First Margin (%)</i>	<i>56,9%</i>	<i>55,4%</i>	<i>+154bps</i>	
Third Party Works Costs	(8,9)	(8,9)	(1,0%)	0,1
Direct Personnel Costs	(22,5)	(20,5)	9,9%	(2,0)
Other Direct Production Costs	(11,4)	(10,4)	10,3%	(1,1)
Transformation Margin	98,5	96,8	1,8%	1,7
<i>Transformation Margin (%)</i>	<i>39,7%</i>	<i>39,3%</i>	<i>+43bps</i>	
Indirect Personnel Costs	(10,7)	(11,0)	(2,8%)	0,3
Maintenance Costs	(5,5)	(4,8)	14,1%	(0,7)
Logistics and Storage Costs	(4,5)	(4,2)	6,9%	(0,3)
Other Indirect Production Costs	(2,8)	(2,8)	0,2%	(0,0)
Second Margin	75,0	73,9	1,4%	1,0
<i>Second Margin (%)</i>	<i>30,2%</i>	<i>30,0%</i>	<i>+22bps</i>	
Total SG&A Costs	(27,4)	(21,4)	27,7%	(5,9)
<i>% of revenue</i>	<i>(11,0%)</i>	<i>(8,7%)</i>	<i>(233bps)</i>	
EBITDA	47,6	52,5	(9,3%)	(4,9)
<i>EBITDA Margin (%)</i>	<i>19,2%</i>	<i>21,3%</i>	<i>(211bps)</i>	
Adjustments	6,6	1,8	277,8%	4,9
Adjustments IFRS	3,7	2,4	53,7%	1,3
Adj. EBITDA	57,9	56,6	2,2%	1,3
<i>Adj. EBITDA Margin (%)</i>	<i>23,3%</i>	<i>23,0%</i>	<i>+36bps</i>	

Notes:

(*) EBITDA for managerial purposes defined as statutory EBITDA(i) (profit)/loss of non-operating Holding Companies; plus (ii) certain one-off costs related to non-recurring consulting services; plus (iii) ceasing costs related to certain suppliers. The figures consider the same consolidation perimeter

(**) Adj. EBITDA defined as EBITDA (as defined above) plus/minus the effect of the adjustments related to the result of the minorities.

During the first half of 2026, total revenues remained broadly stable compared to the prior year, increasing by €1.7 million (+0.7%). The performance was supported by the continued strength of the core business, which more than offset the adverse impact of the USD/EUR exchange rate. On a constant currency basis (2025 FX), revenues would have reached €253.1 million, corresponding to a growth of approximately 2.7%, confirming the underlying positive commercial momentum.

First margin increased by €4.7 million (+3.5%), outperforming revenue growth. This improvement was primarily driven by favorable procurement dynamics, which supported gross profitability, together with a more favorable sales mix characterized by a higher contribution from value-added products and services.

Transformation Margin improved by €1.7 million (+1.8%), reflecting the positive contribution from the higher First Margin. The increase was partially offset by higher direct production costs incurred to support business expansion and increased manufacturing activity.

Second Margin increased by €1.0 million (+1.4%), benefiting from the improvement in Transformation Margin. The positive performance was achieved despite continued investments aimed at strengthening the operational structure and supporting future growth.

SG&A expenses increased significantly by €5.9 million (+27.7%) compared to the same period of the previous year. This increase mainly reflects the ongoing strengthening of the organizational structure, higher corporate overhead costs in Sales, R&D, and Digital Transformation to support the Group's strategic initiatives and business development, as well as increased extraordinary costs related to the ramp-up of new plants and legal expenses.

EBITDA decreased by €4.9 million (-9.3%) year-on-year. The decline was mainly attributable to the start-up and ramp-up costs associated with the U.S. greenfield project, as well as other non-recurring operating expenses, which temporarily affected profitability during the period.

ADJUSTED EBITDA increased by €1.3 million (+2.2%) compared to the previous year, demonstrating the resilience of the Group's underlying operating performance. Excluding non-recurring items, the business continued to deliver solid profitability, confirming the effectiveness of the Group's operational strategy and the strength of its core activities. Main adjustments include the costs connected to the ramp-up of the new US green field plant and extraordinary legal fees incurred in the period.

REVENUES BY BUSINESS UNIT

YTD €M	June 26	June 25	25A vs. 24A	25 vs. 24A
Health Supplements	191,5	191,6	(0,1)	(0,1%)
Medical Devices	35,1	32,8	2,3	7,0%
Cosmetics	21,6	22,2	(0,6)	(2,7%)
Total	248,2	246,6	1,60	0,6%

Health Supplements: total Revenues stood at €191.5m, in line with 2025, showing overall stability despite the negative impact of the USD/EUR exchange rate. At constant exchange rates total Revenues would be € 196.4m, marking an increase of 2.6%.

Medical Devices: total Revenues stood at €35.1m, increasing 7.0% compared to the first half of 2025, mainly driven by increasing demand of gastro products.

Cosmetics: total Revenues amounted to €21.6m, decreased by c. 2.7% compared to the first half of 2025. The year-on-year performance primarily reflects delays in sales volumes across selected customers and product categories.

REVENUES BY REGION

YTD €M	June 26	June 25	26A vs. 25A	26 vs. 25A
EMEA	154,9	144,6	10,3	7,1%
APAC	11,1	11,4	(0,3)	(2,6%)
NAFTA	80,4	89,1	(8,7)	(9,8%)
LATAM	1,8	1,5	0,3	21,6%
Total	248,2	246,6	1,6	0,6%

EMEA: for the first half of 2026, total revenues increased by c.7.1% compared to the same period of the previous year. The increase was mainly driven by strong growth in Italy and the good performance recorded in the region.

Asia and Pacific (APAC): for the first half of 2026, total revenues remained broadly stable compared to the same period of the previous year.

North America (NAFTA): for the first half of 2026, total revenues decreased by c. 9.8% compared to the same period of the previous year, mainly driven by negative FX impact for about € 5m and temporary operational transition activities during the period. As these activities have now been completed, performance is expected to gradually recover over the second half of the year.

Latin America (LATAM): for the first half of 2026, total revenues are negligible still referred to an area to develop.

CONSOLIDATED TOTAL NET LEVERAGE

Leverage	Jun-26
Senior Secured Notes	500,0
RCF Draws	--
Private Placement	97,1
Short-term bank financing	23,0
Long-term bank financing	32,7
Cash	(13,0)
NFP for Bond Holders	639,8
Pro Forma Adjusted EBITDA	119,5
<i>Leverage for Bond Holders</i>	<i>5,4x</i>

Notes:

(*) Pro Forma LTM Adj. EBITDA (with synergies) is equal to LTM Adjusted EBITDA plus synergies

The Net Financial Position in the period is equal to €639.8 m and it is composed of:

- €597.1 financial debt for Senior secured notes and private placement.
- €55.7m short- and long-term financial loans, mainly referred to leasing and a financial facility in France.
- -€13.0 m cash availability on bank accounts.

The Consolidated Total Net Leverage table above does not include accrued and unpaid interest which is not considered “Indebtedness” under the exiting finance documents, but which is considered short-term debt in our Financial statements due to the requirements of the IFRS.

The Pro Forma LTM Adjusted EBITDA with synergies is equal to € 119.5m and it is composed of:

- LTM adjusted EBITDA, equal to € 110.3m;
- Biofarma Group synergies, equal to €7.0m related to procurement synergies, organization optimization and packaging efficiencies;
- LSS and INCO synergies equal to €2.2m.

This last group of synergies is based on the “Biofarma Way of Excellence”, a project designed to drive continuous process improvement across geographies and functions. More than 80 employees have been trained as Black and Green Belts, with over 200 projects launched, generating structural cost savings and enhancing global efficiency.

SIGNIFICANT EVENTS AFTER THE PERIOD CONCLUSION

Following the end of the reporting period, no significant events have occurred that would materially affect the Company's financial position, results of operations, or cash flows.



04

INTERIM REPORT - 2026 06 KEPLER S.P.A.

- ♦ SUMMARY CONSOLIDATED
STATEMENT OF FINANCIAL
POSITION INFORMATION OF
KEPLER S.P.A.
- ♦ CONSOLIDATED STATEMENT
OF CHANGES IN
SHAREHOLDERS' EQUITY
- ♦ SUMMARY INCOME
STATEMENT OF KEPLER S.P.A.
- ♦ SUMMARY CASH FLOW
STATEMENT INFORMATION OF
KEPLER S.P.A.

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION INFORMATION OF KEPLER S.P.A

Please note that the Summary Consolidated Statement of Financial Position information as of and for the six months ended June 30, 2026, presented here in is derived from the financial information of Kepler S.p.A. and its consolidated subsidiaries.

€ thousands	As of June 30, 2026	As of December 31, 2025
Assets		
Goodwill	955.209	955.209
Intangible Assets	432.897	452.757
Property, plant and equipment	186.564	171.174
Right-of-use assets	33.738	31.625
Investments in subsidiaries and other companies	2.058	2.113
Derivative financial instruments	-	-
Other non current assets	-	2.930
Deferred tax assets	5.185	5.185
Non-current Assets	1.615.651	1.620.993
Inventories	89.997	84.713
Trade receivables	72.401	59.368
Tax receivables	5.569	5.846
Other current assets	5.373	11.289
Cash at bank and on hand	13.022	25.427
Current Assets	186.363	186.643
Total Assets	1.802.014	1.807.636

€ thousands	As of June 30, 2026	As of December 31, 2025
Liabilities and Shareholders' equity		
Share capital	3.000	3.000
Reserve	1.112.345	1.123.871
Retained earnings	(152.580)	(104.960)
Profit/(Loss) for the year	(11.862)	(47.620)
Equity attributable to the owners of the parent	950.904	974.291
Equity attributable to non-controlling interests		
Total Shareholders' equity	950.904	974.291
Borrowings	588.966	584.105
Other non-current liabilities	2.968	1.070
Non-current Lease liabilities	32.349	33.112
Retirement benefit obligations	1.849	1.800
Provisions	239	779
Deferred tax liabilities	86.628	91.252
Non-current Liabilities	713.000	712.117
Borrowings	16.053	15.998
Current Lease liabilities	4.158	4.090
Other financial liabilities	13.956	8.414
Trade payables	84.973	70.629
Current tax liabilities	888	1.550
Other current liabilities	18.081	20.546
Current Liabilities	138.110	121.227
Total Liabilities and Shareholders' equity	1.802.014	1.807.636

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' 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 December 31, 2025	3.000	834.123	283.782	5.966	0	(104.960)	(47.620)	974.291	0	974.291
Allocation of the profit (loss) for the period						(47.620)	47.620	0		
Capital contribution								0		
Other movements		(600)	(8.107)	(2.818)				(11.525)		(11.525)
Actuarial gains/(losses)								0		0
Cash Flow Hedge					0			0		0
Result for the year							(11.862)	(11.862)		(11.862)
Total comprehensive income for the period	0	0	0	0	0	0	(11.862)	(11.862)	0	(11.862)
Balance as of June 30, 2026	3.000	833.523	275.675	3.148	0	(152.580)	(11.862)	950.904	0	950.904

SUMMARY INCOME STATEMENT OF KEPLER S.P.A

The Summary Income Statement for the six months ended June 30, 2026, presented herein for 2026 and 2025, are derived from the financial information of Kepler S.p.A. and its consolidated subsidiaries.

€ thousands	As of June 30, 2026	As of December 31, 2025
Revenue	243.178	460.224
Other revenue and income	5.562	3.811
Total revenue and income	248.740	464.035
Purchase of goods and changes in inventory	(114.035)	(207.242)
Cost of services	(40.406)	(76.960)
Personnel costs	(51.036)	(89.590)
Other operating costs	(1.398)	(1.597)
Depreciation and amortisation expenses	(34.460)	(66.678)
Total operating costs	(241.335)	(442.066)
Operating profit/(loss)	7.405	21.969
Financial Income (expenses)	(23.857)	(76.365)
Profit/(loss) before taxes	(16.452)	(54.396)
Income taxes (expenses)	4.590	6.777
Profit/(loss) for the year	(11.862)	(47.620)

SUMMARY CASH FLOW STATEMENT INFORMATION OF KEPLER S.P.A.

Cash Flow as of and for the six months ended June 30, 2026.

(In Euro Thousand)	June 30, 2026
Result before tax	- 16.452
<i>Adjustment for:</i>	
Depreciation of property, plant and equipment	11.549
Amortization of intangible assets	22.911
Finance income	(884)
Finance cost	24.741
Increase/(decrease) in provisions and employee benefit	-
Increase/(decrease) in provisions	-
Operating cash flows before movements in working capita	41.865
Change in trade receivables	(13.033)
Change in trade payables	14.344
Change in inventories	(5.284)
Settlement of provisions for risks	(540)
Retirement benefit obligations paid	-
Change in other assets and liabilities	6.852
Change in Deferred Taxes	-
Cash generated by/(used in) operations	44.204
Income taxes paid	(1.094)
Net cash from/(used in) operating activities	43.111
Investments in intangible assets	(3.051)
Investments in property, plant and equipment	(25.937)
Proceeds on disposal of property, plant and equipment	-
Interest received	-
Dividends received	-
Net cash (used in)/from investing activities	(28.988)
Interest paid	(23.238)
Proceeds from securities/notes	-
Repayment of securities/notes and long-term loans	(900)
Proceeds from long-term loans	-
(Repayment)/proceeds of lease liabilities	-
Proceeds from reverse factoring and from banks advances	-
Repayment from reverse factoring and from banks advance	6.318
Acquisition of minority interest	-
Dividends paid	(8.707)
Net cash (used in)/from financing activities	(26.527)
Effect of foreign exchange rate changes	-
Net increase/(decrease) in cash and cash equivalents	(12.404)
Cash and cash equivalents at the beginning of the period	25.427
Cash and cash equivalents at the end of the period	13.022



05

PRESENTATION OF OUR FINANCIAL INFORMATION

- ♦ GENERAL INFORMATION ABOUT THE GROUP
- ♦ BASIS AND METHOD OF CONSOLIDATION
- ♦ ACCOUNTING POLICIES
- ♦ RECENTLY ISSUED ACCOUNTING STANDARDS
- ♦ ACCOUNTING STANDARDS, AMENDMENTS, AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION NOT EFFECTIVE YET AND NOT APPLIED IN ADVANCE BY THE GROUP
- ♦ ACCOUNTING PRINCIPLES, AMENDMENTS, AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

GENERAL INFORMATION ABOUT THE GROUP

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union, and with the provisions issued in enactment of Italian Legislative Decree n. 38/2005, Article 9. The term “EU-IFRS” means the International Financial Reporting Standards (IFRS), all International Accounting Standards (IAS), and all Interpretations of the International Financial Reporting Interpretations Committee (IFRIC, previously known as the Standing Interpretations Committee, or SIC) which, as of the date of approval of the Consolidated Financial Statements, have been endorsed by the European Union in accordance with the procedures established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002. The Consolidated Financial Statements were prepared according to the best knowledge of the EU-IFRS and the best doctrine applicable. Any future changes in interpretation or orientation will be reflected in subsequent periods as established at the time by applicable accounting standards.

The Consolidated Financial Statements have been prepared on a going concern basis, as the Directors have verified the Group's ability to meet its obligations in the foreseeable future and specifically in the next 12 months.

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. Below is a description of the financial statements and related classification criteria adopted by the Group as envisaged in IAS 1 – Presentation of Financial Statements:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities as either current or non-current;
- the consolidated income statement has been prepared by classifying operating costs by their nature;
- the consolidated statement of comprehensive income includes both the net profit for the period as shown in the consolidated income statement and the other changes inequity resulting from transactions not entered into with shareholders of the Company;
- the consolidated statement of cash flows has been prepared by showing the cash flows resulting from operations by way of the “indirect approach”.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit and loss, and derivative financial instruments, which have been measured at fair value. The carrying amounts of hedged assets and liabilities have been adjusted to reflect the fair value changes for the hedged risks (fair value hedge).

BASIS AND METHOD 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

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.

The financial statements of subsidiaries are prepared with reporting periods ending on March 31.

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.

A list of subsidiaries and associates, which includes information on their headquarters and the respective ownership interests, is provided below.

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

ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENTS

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. Amortization 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.

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 REVENUE

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 recognized 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 INCOME

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;

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.

EARNING 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.

RECENTLY ISSUED ACCOUNTING STANDARDS

The following accounting standards, amendments and interpretations of IFRS Accounting Standards were first applied by the Group as of January 1, 2025:

- On 15 August 2023, the IASB issued an amendment entitled “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”. The document requires an entity to identify a methodology to be applied consistently to assess whether a currency can be exchanged for another, and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes. The adoption of this amendment did not have a material impact on the Group's consolidated financial statements.

ACCOUNTING STANDARDS, AMENDMENTS, AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION, NOT EFFECTIVE YET AND NOT APPLIED IN ADVANCE BY THE GROUP

As of the reporting date of this document, the competent bodies of the European Union have completed the endorsement process required for the adoption of the amendments and standards described below; however, such standards are not yet mandatorily applicable and have not been early adopted by the Group as of 31 December 2025:

- 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:

1. 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;
2. 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 FVOCI.

The amendments will be effective for financial statements covering periods beginning on or after 1 January 2026, with early application permitted. Management does not expect the adoption of this amendment to have a material impact on the Group's consolidated financial statements.

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

The amendments will be effective for financial statements covering periods beginning on or after 1 January 2026, with early application permitted. Management does not expect the adoption of this amendment to have a material impact 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:
 1. IFRS 1 First-time Adoption of International Financial Reporting Standards;
 2. IFRS 7 Financial Instruments: Disclosures and related guidelines on the implementation of IFRS 7;
 3. IFRS 9 Financial Instruments;
 4. IFRS 10 Consolidated Financial Statements; e
 5. IAS 7 Statement of Cash Flows.

The amendments will be effective for financial statements covering periods beginning on or after 1 January 2026. Management does not expect the adoption of this amendment to have a material impact on the Group's consolidated financial statements.

ACCOUNTING PRINCIPLES, AMENDMENTS, AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION

As of the reporting date of this document, the competent bodies of the European Union have completed the endorsement process required for the adoption of the amendments and standards described below; however, such standards are not yet mandatorily applicable and have not been early adopted by the Group as of 31 December 2025.

- 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:
 1. 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;
 2. submit two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

The new principle also:

1. requests more information on the performance indicators defined by management;
2. introduces new criteria for the aggregation and disaggregation of information;
3. 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. Management is currently assessing the potential impact of the adoption 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:
 1. has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
 2. 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.

Management is currently assessing the potential impact of the adoption of this new standard on the Group's consolidated financial statements.

- On 13 November 2025, the IASB issued a document entitled “Translation to a Hyperinflationary Presentation Currency – Amendment to IAS 21”, which clarifies the procedures for translation by an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:
 1. its functional currency is that of a non-hyperinflationary economy and it is translating its financial position and performance into the currency of a hyperinflationary economy; or
 2. it is translating the financial position and performance of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, into the currency of a hyperinflationary economy.

The amendments will be effective for financial statements for periods beginning on or after 1 January 2027. Management does not expect the adoption of this amendment to have a material impact on the Group’s consolidated financial statements.

- 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.



WWW.BIOFARMAGROUP.IT/EN/INVESTORS/

INVESTORS@BIOFARMAGROUP.IT

www.biofarmagroup.com

