

INTERIM REPORT – 2025 H1

Kepler S.p.A

Unaudited Interim Consolidated Financial Report as of and for the six months ended
June 30th 2025



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01

INTRODUCTION

- **GENERAL INFORMATION ABOUT KEPLER S.P.A. AND ITS CONSOLIDATED SUBSIDIARIES (THE “GROUP”)**
- **SIGNIFICANT EVENTS THROUGHOUT THE PERIOD**

GENERAL INFORMATION ABOUT 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, 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), Pasteur 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 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 Biofarma S.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 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 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 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. The Notes were redeemed in full in July 2025. See “Significant Events After the Period Conclusion”.

On August 8, 2022, Kepler S.p.A. 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, 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 the aim of becoming 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 Kepler S.p.A., 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.

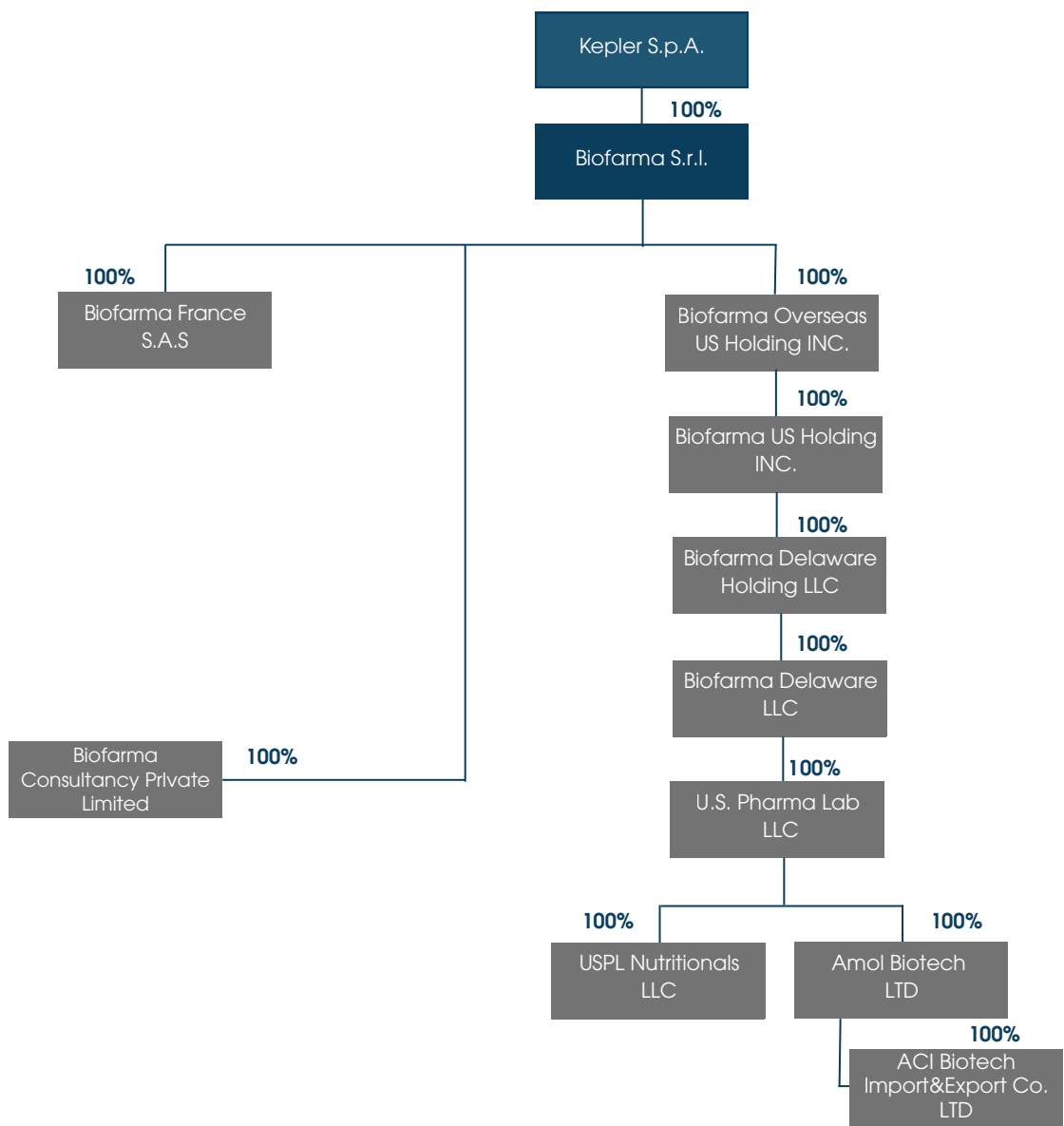
The US Pharma Acquisition was financed through a combination of equity including a significant reinvestment by US Pharma Lab's CEO Mr. Amol Luhadia and other Luhadia family members and contributions by Ardian, the Scarpa family, Biofarma's managers and other co-investors, into an indirect parent company of Biofarma, and debt. The debt issued by Kepler was in the form of: €80,854,470 Senior Secured Floating Rate Notes due 2029 and \$22,127,660 Senior Secured Floating Rate Notes due 2029 ("Kepler Private Notes"). The debt issued by Biofarma's subsidiary Delaware LLC was in the form of \$110,638,300 Senior Secured Floating Rate Notes due 2029 ("Delaware Private Notes" and, together with the Kepler Private Notes, "Private Notes").

The Private Notes were privately placed with certain institutional investors and 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 Private Notes were redeemed in full in July 2025. See "Significant Events After the Period Conclusion".

Kepler S.p.A. 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.

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 simplifying the corporate footprint within the French market.

The Group structure is listed below:



SIGNIFICANT EVENTS THROUGHOUT THE PERIOD



As of the end of June 2025, the Group continues to advance its strategic transformation initiatives, with particular focus on digital infrastructure and operational excellence.

The Group is actively progressing through a comprehensive, multi-year digital transformation program aimed at redesigning the global Information Technology architecture, processes, and reporting systems across all legal entities. This initiative is expected to significantly enhance data integration, operational efficiency, and decision-making capabilities at a global scale.

In parallel, the Group is accelerating the deployment of the Biofarma Way of Excellence program, that aims to strengthen leadership, boost collaboration, and improve efficiency and integration across the organization.

To support global business expansion and secure liquidity for planned capital expenditures, the Group in 2025 has drawn an additional €20 million from its existing Revolving Credit Facility (RCF), bringing the total amount utilized to €40 million as of the end of June 2025.



During the period, the Group completed the construction of its new production site, Biofarma France, which was officially inaugurated in July. This milestone represents a strategic advancement in the Group's industrial development, aimed at strengthening production capacity and reaffirming its commitment to product quality, manufacturing excellence, and sustainability.

The facility was built in line with the highest standards of energy efficiency, incorporating a fully electrified infrastructure, photovoltaic systems, energy recovery technologies, natural lighting, and charging stations for electric vehicles. Designed in close synergy with the local community, the site is expected to generate lasting and shared value over time.



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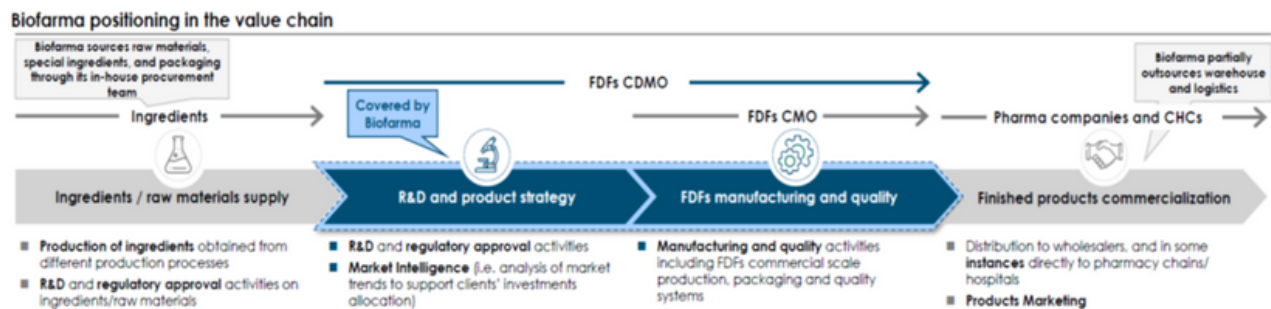
GROUP ACTIVITIES AND OPERATIONS

- 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)

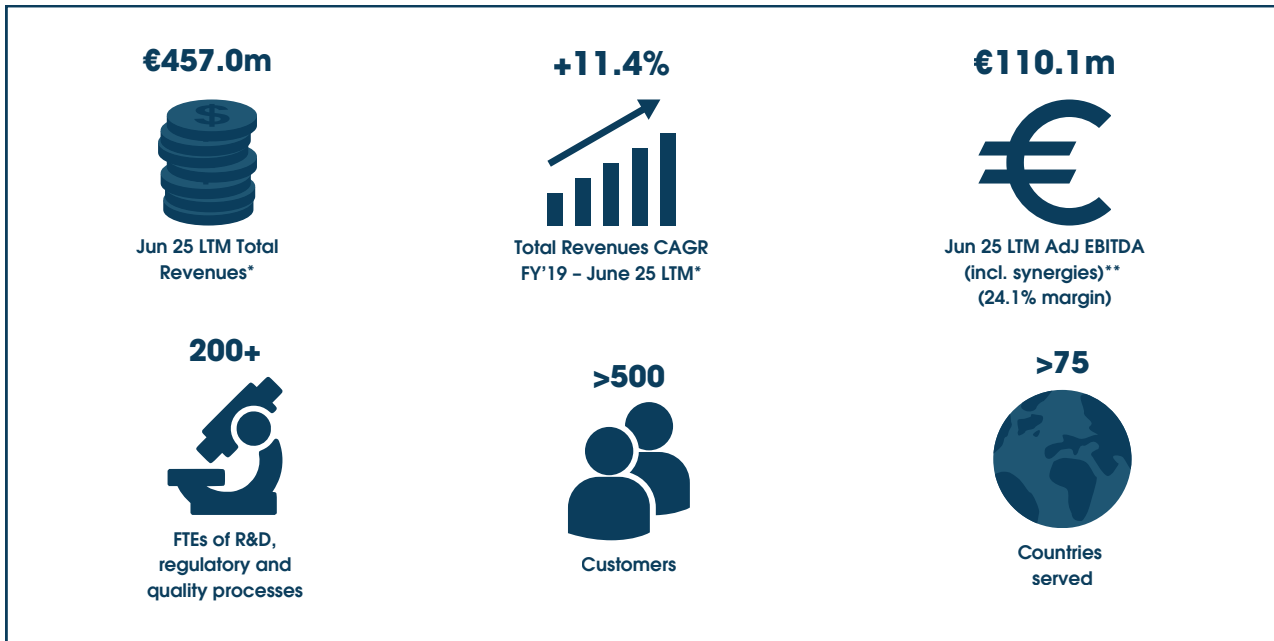


The Group offers an integrated and value-added CDMO value proposition to the customers through a wide range of services, from market intelligence and R&D to formulation, manufacturing and packaging of finished dosage forms (“FDFs”) for products. The Company also offer regulatory support services, primarily relating to the registration of nutraceutical product dossiers and the development of nutraceutical brands at both a local and an international level, through a dedicated team.

Kepler’s differentiated positioning is based on:

- Strong in-house R&D, regulatory and quality capabilities with a team of over 200 FTEs globally.
- State-of-the-art manufacturing capabilities, with several “pharma-like manufacturing equipment and quality control systems.

MAIN KPIs



Notes:

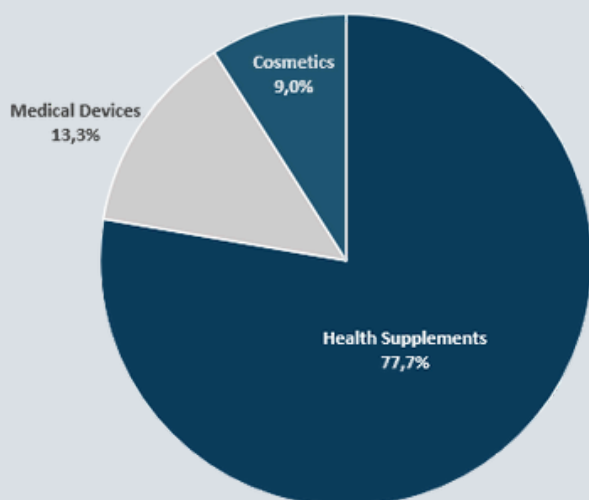
(*) Incl.IHS, US Pharma Lab and Nutraskills Revenues for '19, '20, '21, '22, '23, '24 and LTM June 25;

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

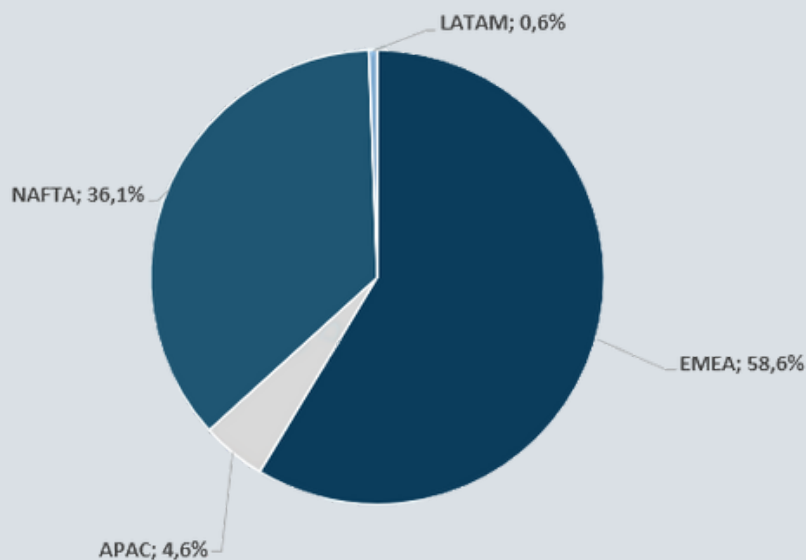
TOTAL REVENUES BREAKDOWN

H1-25

By Business Unit



By Geography



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**
 - BY BUSINESS UNIT
 - BY REGION
- **CONSOLIDATED TOTAL NET 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, 2025, and June 30, 2024. Both periods consider the same consolidation perimeter (the Group excluding the Holdings). The financial data in this document for the interim periods ending June 30, 2025 (along with comparative information for the six-month period ended June 30, 2024, which we have restated in this document and differs from the information for the six-month period ended June 30, 2024 previously disclosed), presented herein is derived from the Group's accounting records and has been calculated by the management of the Group. This data has not been audited, reviewed, examined, or compiled by our independent auditors or any independent auditors. Neither our independent auditors nor any other independent auditors have performed any procedures with respect thereto. This data may have not been prepared in accordance with statutory requirements, and as a result may differ in substantial respects and is not comparable to the other audited financial information. You should not place undue reliance on such unaudited financial information.

The following table also includes certain financial measures that are not recognized or defined by IFRS or any other generally accepted accounting principles and that may not be permitted to appear on the face of our audited financial statements or notes thereto. Neither our independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the presentation of these non-IFRS measures. The non-IFRS measures presented herein may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS or any other generally accepted accounting principles. You should not place undue reliance on such unaudited non-IFRS measures.

YTD (€m)	Jun-25	Jun-24	Δ (%)	Δ
Net Sales	246,5	230,8	6,8%	15,7
Government Grants	--	2,0	(100,0%)	(2,0)
Total Revenues	246,5	232,8	5,9%	13,7
Raw Material Costs	(109,3)	(105,0)	4,1%	(4,3)
First Margin	137,2	127,8	7,4%	9,4
<i>First Margin (%)</i>	<i>55,7%</i>	<i>54,9%</i>	<i>+76bps</i>	
Third Party Works Costs	(8,9)	(10,8)	(17,5%)	1,9
Direct Personnel Costs	(20,5)	(18,6)	10,3%	(1,9)
Other Direct Production Costs	(11,0)	(9,9)	11,9%	(1,2)
Transformation Margin	96,7	88,5	9,3%	8,2
<i>Transformation Margin (%)</i>	<i>39,2%</i>	<i>38,0%</i>	<i>+122bps</i>	
Indirect Personnel Costs	(11,0)	(10,0)	9,6%	(1,0)
Maintenance Costs	(4,8)	(4,6)	6,1%	(0,3)
Logistics and Storage Costs	(4,2)	(4,2)	0,3%	(0,0)
Other Indirect Production Costs	(2,8)	(3,1)	(9,2%)	0,3
Second Margin	73,9	66,6	10,9%	7,2
<i>Second Margin (%)</i>	<i>30,0%</i>	<i>28,6%</i>	<i>+135bps</i>	
Total SG&A Costs	(21,4)	(18,0)	19,2%	(3,5)
<i>% of revenue</i>	<i>(8,7%)</i>	<i>(7,7%)</i>	<i>(97bps)</i>	
EBITDA*	52,4	48,7	7,8%	3,8
<i>EBITDA Margin (%)</i>	<i>21,3%</i>	<i>20,9%</i>	<i>+38bps</i>	
Adjustments	1,8	1,2	46,1%	0,6
Adjustments IFRS	2,4	1,8	37,1%	0,7
Adj. EBITDA**	56,6	51,6	9,7%	5,0
<i>Adj. EBITDA Margin (%)</i>	<i>23,0%</i>	<i>22,2%</i>	<i>+80bps</i>	

(*) EBITDA for managerial purposes is defined as statutory EBITDA minus (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. EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, IFRS or other generally accepted accounting principles. EBITDA is not a recognized financial measures under IFRS or other generally accepted accounting principles and should not be considered a substitute measure to operating result, operating cash flows or any other measures of performance or our liquidity.

(**) Adj. EBITDA is defined as EBITDA (as defined above) plus/minus the effect of the adjustments thereof attributable to minority interests. Adj. EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, IFRS or other generally accepted accounting principles. Adj. EBITDA is not a recognized financial measures under IFRS or other generally accepted accounting principles and should not be considered a substitute measure to operating result, operating cash flows or any other measures of performance or our liquidity.

Total Revenues Growth: +€13.7M / +5.9% YoY

The company delivered a solid topline performance, achieving a year-over-year revenue increase of €13.7 million, equivalent to a 5.9% growth. This result was primarily driven by significant expansion in the U.S. market, which effectively more than offset orders delays in the European region. The European performance was impacted in Q1 by the final phase of the de-stocking that characterized the European demand during 2024. Net Sales grew by 6.8%, although this was partially offset by a more conservative perspective on government grants compared to the previous year.

First Margin Expansion: +€9.4M / +7.4% YoY

The first margin increased by €9.4 million, representing a 7.4% growth, outpacing revenue growth. This margin expansion reflects enhanced efficiency in managing direct costs, largely supported by procurement optimization initiatives, especially within the European operations.

Transformation Margin Improvement: +€8.2M / +9.3% YoY

The transformation margin saw a notable improvement of €8.2 million, or 9.3% year-over-year. This was driven by the implementation of optimized operational processes and a disciplined approach to cost management, the deployment of new and more efficient manufacturing lines and the insourcing of production processes.

Second Margin Growth: +€7.2M / +10.9% YoY

The second margin increased by €7.2 million, marking a 10.9% improvement compared to the previous year. This growth is a direct result of the enhancements achieved in direct margins and less than proportional dynamic in indirect operations costs.

SG&A Expenses: -€3.5M / -19.2% YoY

SG&A expenses increased by €3.5 million, an increase of 19.2%. This reflects the establishment of a more structured and scalable organization designed to support both current operations and future growth ambitions.

EBITDA Growth: +€3.8M / +7.8% YoY

EBITDA increased by €3.8 million, corresponding to a 7.8% growth. This demonstrates a robust improvement in profitability, which has outpaced the growth in revenues.

Adjusted EBITDA: +€5.0M / +9.7% YoY

Adjusted EBITDA rose by €5.0 million, or 9.7% year-over-year, confirming the presence of structural improvements and the sustainability of earnings quality.

REVENUES BY BUSINESS UNIT

	Jun 25	Jun 24	Var%	Var
Health Supplements	191,4	173,4	10,4%	18,0
Medical Devices	32,8	31,4	4,6%	1,4
Cosmetics	22,2	26,1	(14,6)%	(3,8)
Government Grants	0,0	2,0	(100)%	(2,0)
Total	246,5	232,8	5,8%	13,6

Health Supplements: Total Revenues stood at €191.4m, increased by c. 10.4% compared to the first six months of 2024, mainly thanks to the acceleration in the US market.

Medical Devices: Total Revenues stood at €32.8m, up by c. 4.6% compared to the first six months of 2024, thanks to the growth of differentiated products within large accounts.

Cosmetics: Total Revenues amounted to €22.2m, c. 14.6% lower than the first six months of 2024, mainly due to delay in customers orders.

Other Revenue decreased of €2.0 related to lower accounted government grants.

REVENUES BY REGION

	Jun 25	Jun 24	Var%	Var
EMEA	144,5	147,4	(2,0)%	(2,9)
APAC	11,4	12,5	(8,6)%	(1,1)
NAFTA	89,1	69,8	27,6%	19,2
LATAM	1,5	1,2	29,1%	0,3
Government Grants	0,0	2,0	(100,0)%	(2,0)
GLOBAL SALES	246,5	232,8	5,8%	13,6

EMEA: For the first six months of 2025, total Revenues decreased by c. 2% compared to the same period of the previous year. The decrease in Italy was due to lower business with tier 2 clients was offset by a strong growth in the other EMEA countries compared to the same period of last year.

Asia and Pacific (APAC): For the first six months of 2025, Total Revenues decreased by €1.1m compared to the same period of the previous year, mainly due to the delay of orders received.

North America (NAFTA): For the first six months of 2025, Total Revenues increased by c. 27.6% compared to the same period of the previous year, mainly due to the growing market demand, higher sales to some strategic customers based on new projects and the relatively slow start of previous year.

Latin America (LATAM): For the first six months of 2025, total revenues are negligible still referred to an area to develop, even if Biofarma has recorded almost 29.1% of growth in that region.

CONSOLIDATED TOTAL NET LEVERAGE

Leverage	Jun-25
Senior Secured Notes	345,0
RCF Draws	40,0
Private Placement	194,1
Short-term bank financing	21,7
Long-term bank financing	18,3
Cash	(17,6)
NFP for Bond Holders	601,5
Pro Forma Adjusted EBITDA*	110,1
<i>Leverage for Bond Holders</i>	<i>5,5x</i>

(*) 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 €601.5m and it is composed of:

- €539.1m financial debt for Senior secured notes and private placement.
- €40.0m of the Revolving credit facility.
- €40.0m short- and long-term financial loans, mainly referred to leasing and a financial facility in France.
- -€17.6 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 existing 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 € 110.1m and it is composed of:

- LTM Adjusted EBITDA, equal to € 101.7m
- Synergies in Europe, equal to €2.5m
- Synergies in US, equal to € 2.2m
- LSS and INCO synergies equal to €3.7m.

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 40 initiatives have already been launched, generating structural cost savings and enhancing global efficiency.

Our initiatives are grounded in Lean Six Sigma / Operational Excellence and Cost Deployment methodologies—continuous improvement programs focused on increasing productivity, streamlining processes, and eliminating bottlenecks. In addition, we are implementing the Indirect Cost Optimization (InCo) program to further reduce overhead costs.

SIGNIFICANT EVENTS AFTER THE PERIOD CONCLUSION



In July 2025, Kepler S.p.A. successfully completed the offering of €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 €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, an indirect subsidiary of Kepler S.p.A., Biofarma Delaware LLC (“Biofarma Delaware”), issued \$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 €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:

- Redeem in full the outstanding Notes;
- Redeem the outstanding Private Notes;
- Repay outstanding amounts under the previous revolving credit facility;
- Fund general corporate purposes; and
- 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.



04

INTERIM REPORT - 2025 H1 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.**
- **EBITDA: DETAILS FROM STATUTORY TO ADJUSTED**

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, 2025, presented here in is derived from the financial information of Kepler S.p.A. and its consolidated subsidiaries.

€ thousands	As of June 30, 2025	As of December 31, 2024
Assets		
Goodwill	955.209	955.209
Intangible Assets	472.161	493.905
Property, plant and equipment	139.198	120.674
Right-of-use assets	15.208	25.482
Investments in subsidiaries and other companies	1.935	1.994
Derivative financial instruments	390	2.229
Other non current assets	3.669	-
Deferred tax assets	3.358	3.408
Non-current Assets	1.591.129	1.602.902
Inventories	84.327	85.451
Trade receivables	88.084	73.558
Tax receivables	5.996	11.353
Other current assets	8.725	4.529
Cash at bank and on hand	17.598	19.517
Current Assets	204.731	194.408
Total Assets	1.795.860	1.797.310

€ thousands	As of June 30, 2025	As of December 31, 2024
Liabilities and Shareholders' equity		
Share capital	3.000	3.000
Reserve	1.123.557	1.113.252
Retained earnings	(104.960)	(69.655)
Profit/(Loss) for the year	(17.242)	(35.305)
Equity attributable to the owners of the parent	1.004.355	1.011.292
Equity attributable to non-controlling interests		
Total Shareholders' equity	1.004.355	1.011.292
Borrowings	555.937	546.695
Other non-current liabilities	1.985	1.210
Non-current Lease liabilities	17.583	21.475
Retirement benefit obligations	2.004	2.403
Provisions	1.182	3.794
Deferred tax liabilities	95.969	101.034
Non-current Liabilities	674.660	676.611
Borrowings	8.558	9.242
Current Lease liabilities	3.128	3.341
Other financial liabilities	12.427	10.529
Trade payables	72.022	65.599
Current tax liabilities	2.227	3.043
Other current liabilities	18.483	17.654
Current Liabilities	116.845	109.407
Total Liabilities and Shareholders' equity	1.795.860	1.797.310

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, 2024	3.000	834.123	283.543	(6.108)	1.694	(69.656)	(35.305)	1.011.291	0	1.011.291
Allocation of the profit (loss) for the period						(35.305)	35.305	0		
Capital contribution								0		
Other movements				11.698				11.698		11.698
Actuarial gains/(losses)			5					5		5
Cash Flow Hedge					(1.397)			(1.397)		(1.397)
Result for the year							(17.242)	(17.242)		(17.242)
Total comprehensive income for the period	0	0	5	0	(1.397)	0	(17.242)	(18.634)	0	(18.634)
Balance as of June 30, 2025	3.000	834.123	283.548	5.590	297	(104.961)	(17.242)	1.004.355	0	1.004.355

SUMMARY INCOME STATEMENT OF KEPLER S.P.A.

The Summary Income Statement for the six months ended June 30, 2025, presented herein for 2025 and 2024, are derived from the financial information of Kepler S.p.A. and its consolidated subsidiaries.

€ thousands	As of June 30, 2025	As of June 30, 2024
Revenue	243.701	230.818
Other revenue and income	2.014	2.003
Total revenue and income	245.715	232.821
Purchase of goods and changes in inventory	(111.457)	(104.993)
Cost of services	(38.977)	(41.381)
Personnel costs	(45.506)	(37.788)
Other operating costs	(1.496)	(2.658)
Depreciation and amortisation expenses	(32.297)	(27.976)
Total operating costs	(229.734)	(214.796)
Operating profit/(loss)	15.980	18.025
Financial Income (expenses)	(36.738)	(25.883)
Profit/(loss) before taxes	(20.757)	(7.858)
Income taxes (expenses)	3.515	(3.206)
Profit/(loss) for the year	(17.242)	(11.064)

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

Cash Flow as of and for the six months ended June 30, 2025.

(In Euro Thousand)	June 30, 2025
Result before tax	(20.757)
<i>Adjustment for:</i>	
Depreciation of property, plant and equipment	9.153
Amortization of intangible assets	23.144
Finance income	(2.971)
Finance cost	39.709
Increase/(decrease) in provisions and employee benefit	
Increase/(decrease) in provisions	
Operating cash flows before movements in working capital	48.278
Change in trade receivables	(14.526)
Change in trade payables	6.423
Change in inventories	1.124
Settlement of provisions for risks	(2.612)
Retirement benefit obligations paid	(399)
Change in other assets and liabilities	(1.932)
Change in Deferred Taxes	0
Cash generated by/(used in) operations	36.355
Income taxes paid	(1.353)
Net cash from/(used in) operating activities	35.002
Investments in intangible assets	(1.400)
Investments in property, plant and equipment	(26.792)
Proceeds on disposal of property, plant and equipment	0
Interest received	0
Net cash (used in)/from investing activities	(28.192)
Interest paid	(25.364)
Repayment of securities/notes and long-term loans	(1.158)
Proceeds from long-term loans	20.000
Repayment of lease liabilities	(4.105)
Proceeds from reverse factoring and from banks advances	1.898
Net cash (used in)/from financing activities	(8.729)
Effect of foreign exchange rate changes	0
Net increase/(decrease) in cash and cash equivalents	(1.919)
Cash and cash equivalents at the beginning of the period	19.517
Cash and cash equivalents at the end of the period	17.598

EBITDA: DETAILS FROM STATUTORY TO ADJUSTED

	Jun-25	Jun-24
Reported Statutory EBITDA	48,3	46,9
Holding cost exclusion (A)	0,9	0,3
Extraordinary items in Biofarma S.r.l. (B)	5,6	3,2
Other Adjustments (C)	1,8	1,2
Adjusted EBITDA	56,6	51,6

A. Holding non-recurring costs not included in management reports.

B. Extraordinary items (5.6m)

- Non-recurring Strategic consulting costs (€2.1m).
- Management layoff, retention, and non-compete (€1.5m)
- One-time costs from Italian Entity (€2.1m).

C. Other Adjustments (€1.8m)

- 45% EBITDA from non-consolidated investments (€0.6m).
- One-time costs from US entities (€1.2m).



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 in equity 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 June 30.

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	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.
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.

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.

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 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.

GRANTS 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.

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, 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".

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

- 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

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

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:

- 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..

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 FVOCI.

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;
 - AS 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.



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